

PLATINUM UNDERWRITERS HOLDINGS LTD

Form S-4

October 12, 2005

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As Filed with the Securities and Exchange Commission on October 12, 2005
Registration No. 333-

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Form S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

Platinum Underwriters Finance, Inc.

(Exact name of Registrant as Specified in its Charter)

Platinum Underwriters Holdings, Ltd.

(Exact name of Registrant as Specified in its Charter)

Delaware <i>(State or Other Jurisdiction of Incorporation or Organization)</i>	6719 <i>(Primary Standard Industrial Classification Code Number)</i>	81-0566888 <i>(I.R.S. Employer Identification No.)</i>	Bermuda <i>(State or Other Jurisdiction of Incorporation or Organization)</i>	6719 <i>(Primary Standard Industrial Classification Code Number)</i>	98-0416483 <i>(I.R.S. Employer Identification No.)</i>
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**2 World Financial Center
225 Liberty Street
Suite 2300
New York, New York 10281
(212) 238-9600**

**The Belvedere Building
69 Pitts Bay Road
Pembroke, HM 08
Bermuda
(441) 295-7195**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrants' Principal Executive Offices)

**CT Corporation System
111 Eighth Avenue
New York, New York 10011
(212) 894-8940**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copy to:

**Linda E. Ransom, Esq.
Jonathan L. Freedman, Esq.
Dewey Ballantine LLP
1301 Avenue of the Americas
New York, New York 10019
(212) 259-8000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Series B 6.371% Senior Guaranteed Notes due 2007	\$137,500,000	100%	\$137,500,000	\$16,183.75
Guarantee of Platinum Holdings(1)				

(1) Pursuant to Rule 457(n), no registration fee will be paid in connection with the guarantee.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 12, 2005

PROSPECTUS

\$137,500,000

Platinum Underwriters Finance, Inc.

\$137,500,000 Series B 6.371% Senior Guaranteed Notes due 2007

Unconditionally Guaranteed by

Platinum Underwriters Holdings, Ltd.

Offer to exchange all of its outstanding Series A 6.371% Senior Guaranteed Notes due 2007 (which we refer to as the Notes) for an equal amount of Series B 6.371% Senior Guaranteed Notes due 2007, which have been registered under the Securities Act of 1933 (which we refer to as the Exchange Notes).

The Exchange Offer

We will exchange all outstanding Notes that are validly tendered and not validly withdrawn for an equal principal amount of Exchange Notes that are freely tradeable, except in limited circumstances described below.

You may withdraw tenders of outstanding Notes at any time prior to the expiration of the exchange offer. The exchange offer expires at 5:00 p.m., New York City time, on _____, 2005, unless extended. We currently do not intend to extend the expiration date.

The exchange of outstanding Notes for Exchange Notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The Exchange Notes

The Exchange Notes are being offered to satisfy certain of our obligations under the Exchange and Registration Rights Agreement entered into in connection with the placement of the outstanding Notes.

The terms of the Exchange Notes to be issued in the exchange offer are substantially identical to the outstanding Notes, except that the Exchange Notes will be freely tradeable, except in limited circumstances described below.

Resales of Exchange Notes

The Exchange Notes may be sold in the over-the-counter market, in negotiated transactions or through a combination of such methods.

Please see Risk Factors beginning on page 10 for a discussion of certain factors you should consider in connection with the exchange offer.

If you are a broker-dealer and you receive Exchange Notes for your own account, you must acknowledge that you will deliver a prospectus in connection with any resale of such Exchange Notes. By making such acknowledgement, you will not be deemed to admit that you are an underwriter under the Securities Act of 1933, as amended (the Securities Act). Broker-dealers may use this prospectus in connection with any resale of Exchange Notes received in exchange for outstanding Notes where the outstanding Notes were acquired by the broker-dealer as a result of market-making activities or trading activities. We have agreed to make this prospectus, and any amendment or supplement thereto, available to any such broker-dealer for use in connection with any resale of any Exchange Notes for a period of the lesser of 180 days after the expiration of the exchange offer (as such date may be extended) and the date on which all broker-dealers have sold all Exchange Notes held by them. A broker-dealer may not participate in the exchange offer with respect to outstanding Notes acquired other than as a result of market-making activities or

trading activities. See Plan of Distribution.

If you are an affiliate of Platinum Underwriters Finance, Inc. or Platinum Underwriters Holdings, Ltd., and are engaged in, or intend to engage in, or have an agreement or understanding to participate in, a distribution of the Exchange Notes, you cannot rely on the applicable interpretations of the Securities and Exchange Commission, or SEC, and you must comply with the registration requirements of the Securities Act in connection with any resale transaction.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2005.

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ABOUT THIS PROSPECTUS

Unless otherwise indicated, all references in this prospectus to the Company, Platinum, we, us and our refer Platinum Underwriters Holdings, Ltd. and its consolidated subsidiaries, including Platinum Underwriters Finance, Inc., unless the context requires otherwise. Platinum Holdings refers to Platinum Underwriters Holdings, Ltd., which is a Bermuda holding company. Platinum Finance refers to Platinum Underwriters Finance, Inc., which is a Delaware holding company. Platinum Holdings and its subsidiaries operate through three licensed reinsurance subsidiaries: Platinum Underwriters Reinsurance, Inc. (Platinum US), Platinum Re (UK) Limited (Platinum UK) and Platinum Underwriters Bermuda, Ltd. (Platinum Bermuda). Unless the context otherwise requires, notes refers to the outstanding Notes and the Exchange Notes.

You should rely only on the information contained in, and incorporated by reference in, this document. Neither Platinum Finance, Platinum Holdings nor the exchange agent has authorized anyone to provide you with information different from that contained in this document. We are not offering to exchange, or soliciting any offers to exchange, securities pursuant to the exchange offer in any jurisdiction in which those offers or exchanges would not be permitted. The information contained in this document is accurate only as of the date of this document regardless of the time of delivery of this document or the time of any exchange of securities in the exchange offer.

This document incorporates important business and financial information about us from documents filed with the SEC that have not been included in or delivered with this document. This information is available without charge upon written or oral request. See Where You Can Find More Information beginning on page iii.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents we incorporate herein by reference may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), with respect to our beliefs, plans, goals, expectations, and estimates. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us.

In particular, statements using words such as may, should, estimate, expect, anticipate, intend, believe, potential, or words of similar import generally involve forward-looking statements. For example, we have included certain forward-looking statements in Management s Discussion and Analysis of Financial Condition and Results of Operations with regard to trends in results, prices, volumes, operations, investment results, margins, risk management and exchange rates. This prospectus and the documents incorporated by reference herein also contain forward-looking statements with respect to our business and industry, such as those relating to our strategy and management objectives and trends in market conditions, market standing, product volumes, investment results and pricing conditions.

In light of the risks and uncertainties inherent in all future projections, the inclusion of forward-looking statements in this prospectus and the documents incorporated by reference herein should not be considered as a representation by us or any other person that our objectives or plans will be achieved. Numerous factors could cause our actual results to differ materially from those in forward-looking statements, including the following:

- (1) conducting operations in a competitive environment;
- (2) our ability to maintain our A.M. Best Company rating;
- (3) significant weather-related or other natural or man-made disasters over which the Company has no control;

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- (4) the effectiveness of our loss limitation methods and pricing models;
- (5) the adequacy of the Company's liability for unpaid losses and loss adjustment expenses;
- (6) the availability of retrocessional reinsurance on acceptable terms;
- (7) our ability to maintain our business relationships with reinsurance brokers;
- (8) general political and economic conditions, including the effects of civil unrest, war or a prolonged U.S. or global economic downturn or recession;
- (9) the cyclicity of the property and casualty reinsurance business;
- (10) market volatility and interest rate and currency exchange rate fluctuation;
- (11) tax, regulatory or legal restrictions or limitations applicable to the Company or the property and casualty reinsurance business generally;
- (12) changes in the Company's plans, strategies, objectives, expectations or intentions, which may happen at any time at the Company's discretion; and

(13) the uncertainty as to the ultimate magnitude of our losses pursuant to Hurricanes Katrina and Rita.

As a consequence, current plans, anticipated actions and future financial condition and results may differ from those expressed in any forward-looking statements made by or on behalf of the Company. The foregoing factors, which are discussed in more detail in Risk Factors, should not be construed as exhaustive. Additionally, forward-looking statements speak only as of the date they are made, and we undertake no obligation to release publicly the results of any future revisions or updates we may make to forward-looking statements to reflect new information or circumstances after the date hereof or to reflect the occurrence of future events.

ENFORCEABILITY OF CIVIL LIABILITIES

Platinum Holdings and Platinum Bermuda are Bermuda companies, and certain of our officers and directors are or will be residents of various jurisdictions outside the United States. A substantial portion of our assets (in particular the assets of Platinum Bermuda) and of such officers and directors, at any one time, are or may be located in jurisdictions outside the United States. Therefore, it could be difficult for investors to effect service of process within the United States on us or any of our officers and directors who reside outside the U.S. or to recover against Platinum Holdings or any such individuals on judgments of courts in the U.S., including judgments predicated upon civil liability under the U.S. federal securities laws. We have been advised by Conyers Dill & Pearman, our Bermuda counsel, that there is doubt as to whether the courts of Bermuda would enforce (1) judgments of U.S. courts obtained in actions against us or such individuals predicated upon the civil liability provisions of the U.S. federal securities laws and (2) original actions brought in Bermuda against us or such individuals predicated solely upon U.S. federal securities laws. There is no treaty in effect between the U.S. and Bermuda providing for such enforcement, and there are grounds upon which Bermuda courts may not enforce judgments of U.S. courts. Certain remedies available under the laws of U.S. jurisdictions, including certain remedies available under the U.S. federal securities laws, would not be allowed in Bermuda courts as contrary to Bermuda's public policy. Notwithstanding the foregoing, we have agreed that we may be served with process with respect to actions against us arising out of violations of the U.S. federal securities laws in any U.S. federal or state court in the Borough of Manhattan, the City of New York, the State of New York, relating to the transactions covered by this prospectus by serving CT Corporation System, 111 Eighth Avenue, New York, New York 10011, telephone (212) 894-8940, our U.S. agent appointed for that purpose.

WHERE YOU CAN FIND MORE INFORMATION

Platinum Holdings is subject to the informational requirements of the Exchange Act. Accordingly, Platinum Holdings files annual, quarterly and current reports, proxy statements and other information with the SEC. You may inspect and copy these reports, proxy statements and other information at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the

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SEC at 1-800-SEC-0330 for further information on the public reference facilities. You may also obtain copies of this material, or inspect it without charge at the SEC's web site, the address of which is www.sec.gov, or at Platinum Holdings' web site, the address of which is www.platinumre.com. Platinum Holdings also furnishes its shareholders with annual reports containing the consolidated financial statements audited by an independent accounting firm. Platinum Holdings' web site is not incorporated into or otherwise a part of this prospectus.

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. Platinum Finance and Platinum Holdings incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act until the completion of the exchange offer.

SEC Filings (File No. 001-31341)	Period
Annual Report on Form 10-K and as amended on Form 10-K/ A	Year Ended December 31, 2004 (including information specifically incorporated by reference into Platinum Holdings' Form 10-K from Platinum Holdings' definitive Proxy Statement for its 2005 annual general meeting of shareholders).
Quarterly Report on Form 10-Q	Quarter Ended March 31, 2005.
Quarterly Report on Form 10-Q and as amended on Form 10-Q/ A	Quarter Ended June 30, 2005.
Current Reports on Form 8-K	(i) filed on January 11, 2005, February 23, 2005, April 14, 2005, April 28, 2005, May 18, 2005 and August 9, 2005 under Items 1.01 and 9.01; (ii) filed on February 23, 2005 and June 23, 2005 under Item 5.02; (iii) filed on May 13, 2005 under Items 1.01 and 1.02; (iv) filed on May 24, 2005 and on September 22, 2005 under Items 1.01, 8.01 and 9.01; (v) filed on May 27, 2005 and August 17, 2005 under Items 1.01, 2.03, 8.01 and 9.01; (vi) filed on June 15, 2005, August 2, 2005, September 15, 2005 and October 6, 2005 under Items 8.01 and 9.01 and (vii) filed on July 29, 2005 only with respect to information filed under Item 8.01 and only Exhibit 99.3 under Item 9.01.

You may request a copy of these filings, at no cost, by writing or calling us at the following address or telephone number:

Platinum Underwriters Holdings, Ltd.
 The Belvedere Building
 69 Pitts Bay Road
 Pembroke, HM 08, Bermuda
 (441) 295-7195
 Attention: Secretary

Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference in this prospectus.

To obtain timely delivery, security holders must request the information no later than five business days before the date they must make their investment decision. Any request for copies of documents should be made no later than _____, 2005 to ensure timely delivery of such documents prior to the expiration date of the

exchange offer. In the event that Platinum Finance extends the exchange offer, you must submit your request at least five business days before the expiration date, as extended. If you request any such documents from us, we will mail them to you by first class mail, or another equally prompt means, within one business day after we receive your request.

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RECENT DEVELOPMENTS

Hurricane Katrina, Hurricane Rita and Other Loss Events

On September 15, 2005, we issued a press release announcing that we estimate our losses, net of reinstatement premiums, tax benefits and retrocessional recoveries, from Hurricane Katrina will be approximately 0.5% to 0.6% of the total insurance industry losses arising from the hurricane. Due to the structure of our reinsurance contracts and the application of our retrocessional program, we expect that the larger the industry loss the lower our share of that loss.

Our loss estimates from Hurricane Katrina are preliminary and based on portfolio modeling, a review of individual contracts and preliminary indications from clients and brokers. We have received very few claims notices to date. The unique nature of the loss and the potential for legal and regulatory developments to impact the magnitude of the loss is expected to introduce significant uncertainty and delay into the loss adjustment and settlement processes. Consequently, the actual impact on our results arising from Hurricane Katrina may differ materially from the current estimate.

In addition, we estimated the net after-tax negative impact on third quarter results from other catastrophic events, including Hurricanes Dennis and Emily and the floods in Europe, to be approximately \$16 million.

On October 6, 2005, we issued a press release announcing that, based on the currently available information, we estimate our losses, net of reinstatement premiums, tax benefits and retrocessional recoveries, from Hurricane Rita will be approximately \$45 million. Our loss estimates from Rita are preliminary and based on portfolio modeling, a review of individual contracts and preliminary indications from clients and brokers. We have received very few claims notices to date. Consequently, the actual impact on our results arising from Rita may differ materially from the current estimate.

We noted in both press releases that we expect to be profitable for the full year of 2005, assuming no significant catastrophe losses or other unusual adverse events for the balance of the year. In the September 15 press release, we also indicated that, because of Katrina, we do not expect to meet our previously announced earnings guidance for 2005. We intend to provide updated guidance when we report financial results for the third quarter ended September 30, 2005, after the close of the New York Stock Exchange on Thursday, October 27, 2005.

Offering of Common Shares

On September 22, 2005, Platinum Holdings announced that it had sold 5,839,286 of its common shares. The net proceeds to Platinum Holdings were approximately \$161,865,008. The shares were offered at \$28.00. All shares were offered by Platinum Holdings and were sold pursuant to its effective shelf registration statement. Merrill Lynch & Co. acted as the underwriter of the offering.

Exchange Offer for 7.50% Notes

On September 27, 2005, we launched an exchange offer through which we offered to exchange up to \$250,000,000 aggregate principal amount of our outstanding Series A 7.50% Notes due June 1, 2017 issued by Platinum Finance and unconditionally guaranteed by Platinum Holdings (which we refer to as the Series A 7.50% Notes) for up to \$250,000,000 aggregate principal amount of Series B 7.50% Notes due June 1, 2017 issued by Platinum Finance and unconditionally guaranteed by Platinum Holdings, which have been registered under the Securities Act (which we refer to as the Series B 7.50% Notes), pursuant to a separate prospectus. We refer to the Series A 7.50% Notes and the Series B 7.50% Notes collectively as the 7.50% Notes. This exchange offer is currently scheduled to remain open through October 28, 2005.

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere or incorporated by reference in this prospectus. Because this is a summary, it may not contain all the information that may be important to you. You should read the entire prospectus, accompanying letter of transmittal and information incorporated by reference before making an investment decision.

We are a Bermuda holding company organized in 2002. In November 2002, we completed an initial public offering of 33,044,000 common shares (which we refer to as the Initial Public Offering). Concurrently with the completion of the Initial Public Offering, we completed an offering of 5,500,000 equity security units (which we refer to as ESUs) at a price of \$25 per unit. Each ESU consisted of a contract to purchase our common shares on November 16, 2005, and an ownership interest in a Senior Guaranteed Note due 2007 of Platinum Finance, our indirect wholly-owned subsidiary. Also, concurrently with the Initial Public Offering, we and The St. Paul Travelers Companies, Inc., formerly The St. Paul Companies, Inc., (St. Paul), entered into several agreements for the transfer of the continuing reinsurance business and certain related assets of St. Paul to the Company.

In May 2005, Platinum Finance issued \$250,000,000 aggregate principal amount of Series A 7.50% Notes. The proceeds of the Series A 7.50% Notes were used primarily to increase the capital of Platinum Bermuda and Platinum US. As described in Recent Developments , holders of the Series A 7.50% Notes are currently being offered the opportunity to exchange such Series A 7.50% Notes for an equal aggregate principal amount of Series B 7.50% Notes pursuant to a separate prospectus.

On August 16, 2005, Platinum Finance successfully completed the remarketing of \$137.5 million aggregate principal amount of the Senior Guaranteed Notes due 2007 (which we refer to as the Senior Notes) at a price of 100.7738% through a Rule 144A offering with registration rights. The Senior Notes originally bore interest at a rate of 5.25% per annum. Interest was reset to a rate of 6.371% per annum and will accrue from August 16, 2005 on the remarketed notes (which we refer to as the Notes). Interest is payable on the Notes on May 16 and November 16 of each year, commencing November 16, 2005. The Notes no longer form a part of the ESUs. The remarketing was conducted pursuant to the terms of the ESUs. The Notes were issued by Platinum Finance and unconditionally guaranteed by Platinum Holdings.

The remarketing was conducted on behalf of holders of the ESUs and neither Platinum Holdings nor Platinum Finance received any cash proceeds from the remarketing. Proceeds from the remarketing were used to purchase a portfolio of U.S. Treasury securities to be substituted for the Senior Notes as a component of the ESUs and to pay the remarketing fee. There were no excess proceeds to be distributed to holders of the ESUs in connection with the remarketing.

Platinum Underwriters Finance, Inc.

Platinum Finance, a holding company, is our wholly-owned indirect subsidiary and owns all of the stock of Platinum Underwriters Reinsurance, Inc. and Platinum Administrative Services, Inc.

Platinum Underwriters Holdings, Ltd.

We are a leading provider of property and marine, casualty and finite risk reinsurance coverages, through reinsurance intermediaries, to a diverse clientele of insurers and select reinsurers on a worldwide basis. We operate through three licensed reinsurance subsidiaries: Platinum US, Platinum Bermuda and Platinum UK.

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We have organized our worldwide reinsurance business around the following three operating segments: Property and Marine, Casualty and Finite Risk. In each of our operating segments, we offer our reinsurance products to providers of commercial and personal lines of insurance. The following table sets forth the net premiums written by the Company for the six months ended June 30, 2005 and 2004, the years ended December 31, 2004 and 2003, and the period from November 1, 2002 to December 31, 2002 (the 2002 Period) by operating segment and by type of reinsurance (\$ in thousands):

	Six Months Ended		Years Ended December 31,					
	June 30,		2004		2003		2002 Period	
	2005	2004	2004		2003		2002 Period	
Property and Marine								
Excess-of-loss	\$ 214,048	\$ 205,854	\$ 366,184	22%	\$ 224,715	19%	\$ 56,549	19%
Proportional	105,954	67,281	138,255	8%	128,193	11%	32,792	11%
Total Property and Marine	320,002	273,135	504,439	30%	352,908	30%	89,341	30%
Casualty								
Excess-of-loss	337,033	291,779	593,752	37%	389,992	33%	155,377	52%
Proportional	67,526	44,947	83,647	5%	84,008	7%	9,552	3%
Total Casualty	404,559	336,726	677,399	42%	474,000	40%	164,929	55%
Finite Risk								
Excess-of-loss	43,237	75,176	270,629	16%	250,634	22%	43,844	15%
Proportional	148,960	125,596	193,546	12%	94,600	8%		0%
Total Finite Risk	192,197	200,772	464,175	28%	345,234	30%	43,844	15%
Total								
Excess-of-loss	594,318	572,809	1,230,565	75%	865,341	74%	255,770	86%
Proportional	322,440	237,824	415,448	25%	306,801	26%	42,344	14%
Total	\$ 916,758	\$ 810,633	\$ 1,646,013	100%	\$ 1,172,142	100%	\$ 298,114	100%

The Property and Marine operating segment includes principally property and marine reinsurance coverages that are written in the United States and international markets. This business includes catastrophe excess-of-loss reinsurance treaties, per-risk excess-of-loss treaties and proportional treaties. We write a limited amount of other types of reinsurance on an opportunistic basis.

The Casualty operating segment includes principally reinsurance treaties that cover umbrella liability, general and product liability, professional liability, workers compensation, casualty clash, automobile liability, surety and trade credit. This segment also includes accident and health reinsurance treaties, which are predominantly reinsurance of health insurance products. We generally write casualty reinsurance on an excess-of-loss basis. Most frequently, we respond to claims on an individual risk basis, providing coverage when a claim for a single original insured reaches

our attachment point. We write some excess-of-loss treaties on an occurrence basis that respond when all of a ceding company's claims from multiple original insureds arising from a single claims event exceed our attachment point. On an opportunistic basis, we may write proportional treaties in this segment.

The Finite Risk operating segment includes principally structured reinsurance contracts with ceding companies whose needs may not be met efficiently through traditional reinsurance products. The classes of risks underwritten through finite risk contracts are fundamentally the same as the classes covered by traditional products. Typically, the potential amount of losses paid is finite or capped. In return for this limit on losses, there is typically a cap on the potential profit margin specified in the treaty. Profits above this margin are returned to the ceding company. The three main categories of finite risk contracts are quota share, multi-year excess-of-loss and whole account aggregate stop loss.

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Our Strategy

Our goal is to achieve attractive long-term returns for our shareholders, while establishing Platinum as a disciplined risk manager and market leader in selected classes of property and casualty reinsurance, through the following strategies:

Operate as a Multi-Class Reinsurer. We seek to offer a broad range of reinsurance coverage to our ceding companies. We believe that this approach enables us to more effectively serve our clients, diversify our risk and leverage our capital.

Focus on profitability, not market share. Our management team pursues a strategy that emphasizes profitability rather than market share. Key elements of this strategy are prudent risk selection, appropriate pricing and adjustment of our business mix to respond to changing market conditions.

Exercise disciplined underwriting and risk management. We exercise underwriting and risk management discipline by (i) maintaining a diverse spread of risk in our book of business across product lines and geographic zones, (ii) emphasizing excess-of-loss contracts over proportional contracts, (iii) managing our aggregate catastrophe exposure through the application of sophisticated property catastrophe modeling tools and (iv) monitoring our accumulating exposures on our non-property catastrophe exposed coverages.

Operate from a position of financial strength. As of June 30, 2005, we had a total capitalization of \$1,660,228,000. Our capital position is unencumbered by any potential adverse development of unpaid losses for business written prior to January 1, 2002. Our investment strategy focuses on security and stability in our investment portfolio by maintaining a diversified portfolio that consists primarily of investment grade fixed-income securities. We believe these factors, combined with our strict underwriting discipline, allow us to maintain our strong financial position and to be opportunistic when market conditions are most attractive.

Platinum Holdings' common shares are traded under the symbol PTP on the New York Stock Exchange.

Our corporate headquarters are located at The Belvedere Building, 69 Pitts Bay Road, Pembroke, HM 08, Bermuda, and our telephone number is (441) 295-7195. Platinum Finance's corporate headquarters are located at 2 World Financial Center, 225 Liberty Street, Suite 2300, New York, NY 10281. Our website address is www.platinumre.com. The information contained on our website is not a part of this prospectus.

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Summary of the Terms of the Exchange Offer

On August 16, 2005, Platinum Finance completed the private offering of the outstanding Notes. This prospectus is part of a registration statement covering the exchange of the outstanding Notes for the Exchange Notes.

The outstanding Notes were issued, and the Exchange Notes offered hereby will be issued, under an indenture dated as of October 10, 2002 among Platinum Finance, as issuer, Platinum Holdings, as guarantor, and JPMorgan Chase Bank, N.A. (as successor entity to JPMorgan Chase Bank), as trustee, as supplemented by the first supplemental indenture dated as of November 1, 2002 and as further supplemented by the second supplemental indenture dated as of August 16, 2005 among Platinum Finance, as issuer, Platinum Holdings, as guarantor, and JPMorgan Chase Bank, N.A., as trustee (which agreements we refer to collectively herein as the Indenture).

In connection with the private offering, Platinum Finance and Platinum Holdings entered into an Exchange and Registration Rights Agreement, dated as of August 16, 2005, with Goldman, Sachs & Co. and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the remarketing agents in the private offering (which we refer to as the Exchange and Registration Rights Agreement), in which Platinum Finance and Platinum Holdings agreed, among other things, to deliver this prospectus to you as part of the exchange offer and to use its best efforts to complete the exchange offer within 45 days after the date that this registration statement shall become effective, which effective date must be within 180 days of original issuance of the outstanding Notes. You are entitled to exchange in the exchange offer your outstanding Notes for Exchange Notes, which are identical in all material respects to the outstanding Notes except:

the Exchange Notes have been registered under the Securities Act; and

the Exchange Notes will not be subject to restrictions on transfer or to any increase in annual interest rate for failure to fulfill certain obligations under the Exchange and Registration Rights Agreement to file and cause to be effective a registration statement.

After the exchange offer is completed, you will no longer be entitled to any registration rights with respect to your Notes. The Exchange Notes will be the obligations of Platinum Finance and will be entitled to the benefits of the Indenture relating to the Notes. The Exchange Notes will also be fully, unconditionally and irrevocably guaranteed as to payment of principal and interest by Platinum Holdings.

The Exchange Offer Platinum Finance is offering to exchange up to \$137,500,000 aggregate principal amount of outstanding Notes for up to \$137,500,000 aggregate principal amount of Exchange Notes. Outstanding Notes may be exchanged only in integral multiples of \$1,000.

Resale Based on an interpretation by the Staff of the SEC, set forth in no-action letters issued to third parties, Platinum Finance and Platinum Holdings believe that the Exchange Notes issued pursuant to the exchange offer in exchange for outstanding Notes may be offered for resale, resold and otherwise transferred by you (unless you are an affiliate of Platinum Finance or Platinum Holdings within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that you are acquiring the Exchange Notes in the ordinary course of your business and that you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of the Exchange Notes. Each participating broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer in

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exchange for outstanding Notes that were acquired as a result of market-making or other trading activity must acknowledge that it will deliver a prospectus in connection with any resale of the Exchange Notes. See Plan of Distribution. You must also not act on behalf of any person who could not truthfully make the foregoing representations.

Any holder of outstanding Notes who:

is an affiliate of Platinum Finance or Platinum Holdings;

does not acquire Exchange Notes in the ordinary course of its business; or

tenders in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of Exchange Notes

cannot rely on the position of the Staff of the SEC enunciated in no-action letters and, in the absence of an exemption therefrom, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale of the Exchange Notes. Platinum Finance and Platinum Holdings have not obtained, and do not plan to request, a no-action letter from the Staff of the SEC with respect to this exchange offer.

Expiration Date; Withdrawal of Tender The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2005, or such later date and time to which Platinum Finance extends it, which date we refer to as the _____ expiration date. Platinum Finance does not currently intend to extend the expiration date. A tender of outstanding Notes pursuant to the exchange offer may be withdrawn at any time prior to the expiration date. Any outstanding Notes not accepted for exchange for any reason will be returned without expense to the tendering holder promptly after the expiration or termination of the exchange offer.

Certain Conditions to the Exchange Offer The exchange offer is subject to customary conditions which Platinum Finance and Platinum Holdings may waive. Please read the section of this prospectus captioned "The Exchange Offer - Certain Conditions to the Exchange Offer" for more information regarding the conditions to the exchange offer.

Procedures for Tendering Outstanding Notes If you wish to participate in the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a facsimile of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must also mail or otherwise deliver the letter of transmittal, or a facsimile of the letter of transmittal, together with the outstanding Notes and any other required documents, to the exchange agent at the address set forth on the cover page of the letter of transmittal. If you hold outstanding Notes through The Depository Trust Company, or DTC, and wish to participate in the exchange offer, you must comply with the Automated

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Tender Offer Program, or ATOP, procedures of DTC, by which you will agree to be bound by the letter of transmittal. By signing, or agreeing to be bound by, the letter of transmittal, you will represent to Platinum Finance and Platinum Holdings that, among other things:

any Exchange Notes that you receive will be acquired in the ordinary course of your business;

you have no arrangement or understanding with any person or entity to participate in a distribution of the Exchange Notes;

you are not an affiliate, as defined in Rule 405 of the Securities Act, of Platinum Finance or Platinum Holdings, or, if you are an affiliate, you will comply with any applicable registration and prospectus delivery requirements of the Securities Act;

if you are not a broker-dealer, you are not engaged in and do not intend to engage in the distribution of the Exchange Notes;

if you are a broker-dealer that will receive Exchange Notes for your own account in exchange for outstanding Notes that were acquired as a result of market-making activities, that you will deliver a prospectus, as required by law, in connection with any resale of such Exchange Notes; and

you are not acting on behalf of any person who could not truthfully make the foregoing representations.

Special Procedures for Beneficial Owners

If you are a beneficial owner of outstanding Notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender such outstanding Notes in the exchange offer, you should contact such registered holder promptly and instruct such registered holder to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your outstanding Notes, either make appropriate arrangements to register ownership of the outstanding Notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the expiration date.

Guaranteed Delivery Procedures

If you wish to tender your outstanding Notes and (i) your outstanding Notes are not immediately available or (ii) you cannot deliver your outstanding Notes, the letter of transmittal or any other documents required by the letter of transmittal or (iii) you cannot comply with the applicable procedures under DTC's ATOP prior to the expiration date, you must tender your outstanding Notes according to the guaranteed delivery procedures set forth in this prospectus under The Exchange Offer Guaranteed Delivery Procedures.

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Effect on Holders of Outstanding Notes	<p>As a result of the making of, and upon acceptance for exchange of all validly tendered outstanding Notes pursuant to the terms of, the exchange offer, Platinum Finance and Platinum Holdings will have fulfilled a covenant contained in the Exchange and Registration Rights Agreement and, accordingly, there will be no increase in the interest rate on the outstanding Notes under the circumstances described in the Exchange and Registration Rights Agreement. If you are a holder of outstanding Notes and you do not tender your outstanding Notes in the exchange offer, you will continue to hold such outstanding Notes and you will be entitled to all the rights and limitations applicable to the outstanding Notes in the Indenture, except for any rights under the Indenture or the Exchange and Registration Rights Agreement that by their terms terminate upon the consummation of the exchange offer. The tender of outstanding Notes under the exchange offer will reduce the principal amount of the outstanding Notes, which may have an adverse effect upon, and increase the volatility of, the market price of the outstanding Notes due to a reduction in liquidity.</p> <p>The trading market for outstanding Notes not exchanged in the exchange offer may be more limited than it is at present. Therefore, if your outstanding Notes are not exchanged in the exchange offer, it may become more difficult for you to sell or transfer your unexchanged outstanding Notes.</p>
Consequences of Failure to Exchange	<p>All untendered outstanding Notes will continue to be subject to the restrictions on transfer provided for in the outstanding Notes and in the Indenture. In general, the outstanding Notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, Platinum Finance and Platinum Holdings do not currently anticipate that Platinum Finance or Platinum Holdings will register the outstanding Notes under the Securities Act.</p>
Material U.S. Federal Income Tax Considerations	<p>The exchange of outstanding Notes for Exchange Notes in the exchange offer will not be a taxable event for United States federal income tax purposes. See Material U.S. Federal Income Tax Considerations.</p>
Use of Proceeds	<p>We will not receive any cash proceeds from the issuance of Exchange Notes pursuant to the exchange offer.</p>
Exchange Agent	<p>JPMorgan Chase Bank, N.A. is the exchange agent for the exchange offer. The address and telephone number of the exchange agent are set forth in the section of this prospectus captioned The Exchange Offer Exchange Agent.</p>

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	Summary of the Terms of the Exchange Notes
Issuer	Platinum Underwriters Finance, Inc.
Guarantor	Platinum Underwriters Holdings, Ltd.
The Exchange Notes	\$137,500,000 principal amount of Series B 6.371% Senior Guaranteed Notes due 2007.
Maturity	November 16, 2007.
Interest Rate	6.371% per annum.
Interest Payment Dates	May 16 and November 16 of each year, commencing on November 16, 2005.
Ranking	<p>The Exchange Notes and the guarantee will not be secured by any property or assets of Platinum Finance or Platinum Holdings, and will rank junior to any senior secured debt that Platinum Finance or Platinum Holdings, respectively, may incur in the future. The Exchange Notes will not be subordinated to any of Platinum Finance's other debt obligations and therefore will rank equally with all of Platinum Finance's other existing and future unsecured and unsubordinated indebtedness, including the \$250 million aggregate principal amount of its outstanding 7.50% Notes. The guarantee will not be subordinated to any of Platinum Holdings' other debt obligations and therefore will rank equally with all of Platinum Holdings' other existing and future senior unsecured and unsubordinated indebtedness, including its guarantee of \$250 million aggregate principal amount of 7.50% Notes of Platinum Finance.</p> <p>Both Platinum Finance and Platinum Holdings conduct substantially all of their operations through their subsidiaries and their subsidiaries generate substantially all of the operating income and cash flow of Platinum Finance and Platinum Holdings. The Exchange Notes will not be guaranteed by any of their subsidiaries and will be effectively subordinated to all existing and future indebtedness and other liabilities of their subsidiaries. As of June 30, 2005, Platinum Finance's subsidiaries had approximately \$1,270 million in liabilities and obligations that would have effectively ranked senior to the Exchange Notes, and Platinum Holdings' subsidiaries had approximately \$1,559 million in liabilities and obligations (including the liabilities and obligations of Platinum Finance's subsidiaries) that would have effectively ranked senior to the guarantee. See Description of the Exchange Notes Ranking.</p> <p>The Indenture under which the Exchange Notes will be issued does not limit the ability of Platinum Finance or Platinum Holdings to issue or incur other additional senior indebtedness.</p>
Tax Event Redemption	Platinum Finance may redeem the Exchange Notes at its option on not less than 30 days, but not more than 60 days prior written notice, in whole or in part, upon the occurrence and continuation of a tax event under the circumstances and at the redemption amount set forth under the caption Description of the Exchange Notes Tax Event Redemption.

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Guarantee	The Exchange Notes will be irrevocably and unconditionally guaranteed on a senior, unsecured basis by Platinum Holdings.
Form and Denomination	The Exchange Notes will be issuable in denominations of \$1,000 or any integral multiples of \$1,000 in excess thereof.
Covenants	The Indenture governing the Exchange Notes contains certain covenants that, among other things, limit the ability of Platinum Finance and any Significant Subsidiary (as defined in the Indenture) to create, issue, assume, incur or guarantee any indebtedness for borrowed money that is secured by a mortgage, pledge, lien, security interest or other encumbrance on any voting stock (as defined in the Indenture) of a Significant Subsidiary. See Description of the Exchange Notes Limitations on Liens.
Trustee	JPMorgan Chase Bank, N.A.
Governing Law	The Indenture is, and the Exchange Notes will be, governed by, and construed in accordance with, the laws of the State of New York.
U.S. Federal Income Taxation	We will treat the Exchange Notes as indebtedness that is subject to the regulations governing contingent payment debt instruments. Under such characterization, you will be required to include any original issue discount in income during your ownership of the Exchange Notes, subject to some adjustments. Additionally, you may be required to recognize as ordinary income all or a portion of the gain, if any, realized on a sale, exchange or other disposition of the Exchange Notes.
ERISA Considerations	Holder of outstanding Notes who exchange such outstanding Notes for the Exchange Notes must carefully consider the restrictions on purchases of Exchange Notes set forth under ERISA Considerations.
Risk Factors	See Risk Factors and other information included in this prospectus and the documents incorporated by reference herein for a discussion of factors you should carefully consider before deciding to invest in the Exchange Notes.
Listing	The Exchange Notes will not be listed on an exchange.

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RISK FACTORS

An investment in the Exchange Notes is subject to significant risks inherent in our business. You should carefully consider the risks and uncertainties described in our Annual Report on Form 10-K/A for the year ended December 31, 2004, which is incorporated herein by reference, the risks and uncertainties described below and the other information included in this prospectus before investing in the Exchange Notes. If any of the events described occur, our business and financial results could be adversely affected in a material way.

*This prospectus also contains forward-looking statements about our business and results of operations that could be impacted by various risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors, including the risks and uncertainties described below and elsewhere in this prospectus. See *Special Note Regarding Forward Looking Statements*.*

Increased competition could adversely affect our profitability.

The property and casualty reinsurance industry is highly competitive. We compete with reinsurers worldwide, many of which have greater financial, marketing and management resources than we do. Some of our competitors are large financial institutions that have reinsurance segments, while others are specialty reinsurance companies. Financial institutions have also created alternative capital market products that compete with reinsurance products, such as reinsurance securitization.

Following the September 11, 2001 terrorist attack, a number of individuals and companies in the reinsurance industry established new, well-capitalized, Bermuda-based reinsurers to benefit from improved market conditions, and a number of existing competitors raised additional capital. Many of the reinsurers that entered the reinsurance markets have or could have more capital than we have. In addition, there may be established companies or new companies of which we are not aware that may be planning to commit capital to this market. The full effect of this additional capital on the reinsurance market and on the terms and conditions of the reinsurance contracts of the types we expect to underwrite may not be known for some time. Competition in the types of reinsurance business that we underwrite is based on many factors, including premium charges and other terms and conditions offered, services provided, ratings assigned by independent rating agencies, speed of claims payment, claims experience, perceived financial strength and experience and reputation of the reinsurer in the line of reinsurance to be underwritten.

Traditional as well as new capital market participants from time to time produce alternative products (such as reinsurance securitizations, catastrophe bonds and various derivatives such as swaps) that may compete with certain types of reinsurance, such as property catastrophe. Over time, these numerous initiatives could significantly affect supply, pricing and competition in our industry.

A downgrade in the rating assigned by A.M. Best to our operating subsidiaries could adversely affect our ability to write new business.

A.M. Best Company (A.M. Best) has assigned a financial strength rating of A (Excellent) to our operating subsidiaries. This rating is the third highest of sixteen rating levels. According to A.M. Best, a rating of A indicates A.M. Best's opinion that a company has an excellent ability to meet its ongoing obligations to policyholders. This rating is subject to periodic review by A.M. Best and may be revised downward or revoked at the sole discretion of A.M. Best. A.M. Best may increase its scrutiny of rated companies, revise their rating standards or take other action. If A.M. Best revises the rating standard associated with our current rating, our rating may be downgraded or we may need to raise additional capital to maintain our rating.

On March 31, 2005, A.M. Best issued a press release announcing that it had placed under review with negative implications the financial strength ratings of A (Excellent) of Platinum US, Platinum UK and Platinum Bermuda, that it had downgraded and placed under review with negative implications the debt rating of the equity security units issued by Platinum Finance to bbb from bbb+ and that it had

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downgraded and placed under review with negative implications the indicative ratings assigned to securities available under our shelf registration statement to bbb from bbb+ on senior unsecured debt, to bbb from bbb on subordinate debt and to bb+ from bbb on preferred shares. A.M. Best stated in its press release that these rating actions followed A.M. Best's determination that our risk-adjusted capital position had declined more than originally estimated from prior year levels due to the losses incurred as a result of hurricanes in the southeastern U.S. in 2004 and the resulting increase to our operating leverage. A.M. Best further stated in the press release that Platinum Bermuda, which assumes a significant amount of business from our other operating companies, had realized a disproportionate reduction in its risk-adjusted capital position. A.M. Best also acknowledged in the press release that we had provided A.M. Best with a plan to strengthen in the near term our financial position, including that of Platinum Bermuda, and stated that if our plan were executed successfully, A.M. Best expected that our A (Excellent) financial strength rating would be affirmed with a stable outlook.

In May 2005, Platinum Finance issued \$250 million aggregate principal amount of Series A 7.50% Notes, unconditionally guaranteed by Platinum Holdings. Following Platinum Finance's issuance of Series A 7.50% Notes, A.M. Best issued a press release on May 26, 2005, affirming Platinum Holdings' financial strength rating of A (Excellent) and issuer credit ratings of a of its reinsurance subsidiaries. Concurrently, A.M. Best affirmed the issuer credit rating of bbb of Platinum Holdings and all its existing debt ratings. All ratings have been removed from under review and assigned a stable outlook.

A.M. Best is generally considered to be a significant rating agency with respect to the evaluation of insurance and reinsurance companies. Ratings are used by ceding companies and reinsurance intermediaries as an important means of assessing the financial strength and quality of reinsurers. In addition, a ceding company's own rating may be adversely affected by a downgrade in the rating of its reinsurer. Therefore, a downgrade of our rating may dissuade a ceding company from reinsuring with us and may influence a ceding company to reinsure with a competitor of ours that has a higher insurance rating.

It is increasingly common for our reinsurance contracts to contain terms that would allow the ceding companies to cancel the contract or require collateral to be posted for a portion of our obligations if we are downgraded below a certain rating level. Whether a client would exercise this cancellation right would depend, among other factors, on the reason for such downgrade, the extent of the downgrade, the prevailing market conditions and the pricing and availability of replacement reinsurance coverage. Therefore, we cannot predict in advance the extent to which this cancellation right would be exercised, if at all, or what effect such cancellations would have on our financial condition or future operations, but such effect potentially could be material.

We may from time to time secure our obligations under our various reinsurance contracts using trusts and letters of credit. We have entered into agreements with several ceding companies that require us to provide collateral for our obligations under certain reinsurance contracts with these ceding companies under various circumstances, including where our obligations to these ceding companies exceed negotiated thresholds. These thresholds may vary depending on our rating from A.M. Best or other rating agencies and a downgrade of our ratings or a failure to achieve a certain rating may increase the amount of collateral we are required to provide. We may provide the collateral by delivering letters of credit to the ceding company, depositing assets into trust for the benefit of the ceding company or permitting the ceding company to withhold funds that would otherwise be delivered to us under the reinsurance contract. The amount of collateral we are required to provide typically represents a portion of the obligations we may owe the ceding company, often including estimates made by the ceding company of claims that were incurred but not reported (IBNR). Since we may be required to provide collateral based on the ceding company's estimate, we may be obligated to provide collateral that exceeds our estimates of the ultimate liability to the ceding company.

On May 10, 2005, Standard & Poor's Ratings Service, a Division of The McGraw-Hill Companies, Inc. (Standard & Poor's) issued a press release announcing that it had assigned its BBB counterparty credit and senior debt ratings to Platinum Holdings and its BBB debt rating to the equity security units

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issued by Platinum Holdings. Standard & Poor's explained that the equity security units are rated as senior debt, but because of their equity-like characteristics, Standard & Poor's views the equity security units as hybrid equity.

Standard & Poor's further announced in the press release that it had also assigned its preliminary BBB senior debt, preliminary BBB subordinated debt, and preliminary BB+ preferred stock ratings to the Company's universal shelf registration filed in 2004. Standard & Poor's stated that its outlook on these ratings is stable.

Standard & Poor's further stated that the ratings are based on the Company's strong competitive position, earnings, and capitalization, and highly skilled and experienced personnel. Standard & Poor's also stated that partially offsetting these strengths are the Company's short tenure as an independent company, relative concentration of U.S. business, property catastrophe risk, and an uncertain environment for the finite risk segment.

Standard & Poor's expects our operating performance to improve in 2005, as rate adequacy remains strong, and on the assumption that higher than average catastrophe losses are not repeated. Standard & Poor's further expects an overall combined ratio of 91%-94% in 2005. Standard & Poor's ratings, however, are subject to periodic review by Standard & Poor's and may be revised or revoked in their sole discretion.

We may from time to time obtain ratings from other rating agencies, though we are unable to predict the impact of any such ratings at this time.

The occurrence of severe catastrophic events could have a material adverse effect on our financial condition or results of operations.

Because we underwrite property and casualty reinsurance and have large aggregate exposures to natural and man-made disasters, we expect that our loss experience generally will include infrequent events of great severity. The frequency and severity of catastrophe losses are inherently unpredictable. Consequently, the occurrence of losses from a severe catastrophe or series of catastrophes could have a material adverse effect on our results of operations and financial condition. In addition, catastrophes are an inherent risk of our business and a severe catastrophe or series of catastrophes could have a material adverse effect on our ability to write new business, and our financial condition and results of operations, possibly to the extent of eliminating our shareholders' equity and statutory surplus (which is the amount remaining after all liabilities, including liabilities for losses and loss adjustment expense (LAE), are subtracted from all admitted assets, as determined under statutory accounting principles prescribed or permitted by U.S. insurance regulatory authorities). Increases in the values and geographic concentrations of insured property and the effects of inflation have historically resulted in increased severity of industry losses in recent years, and, although we seek to limit our overall exposure to risk by limiting the amount of reinsurance we write by geographic zone, we expect that those factors will increase the severity of catastrophe losses in the future. In this regard, we have recently increased our exposure to smaller hurricanes in Florida.

Uncertainty related to estimated losses related to Hurricanes Katrina and Rita may further impact our financial results.

On September 15, 2005, we issued a press release announcing that we estimate our losses, net of reinstatement premiums, tax benefits and retrocessional recoveries, from Hurricane Katrina will be approximately 0.5% to 0.6% of the total insurance industry losses arising from the hurricane. Due to the structure of our reinsurance contracts and the application of our retrocessional program, we expect that the larger the industry loss the lower our share of that loss. Third party sources have estimated that aggregate insurance industry losses from Hurricane Katrina could be as high as \$60 billion. It is not currently known what the ultimate actual insured losses from Hurricane Katrina will be.

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Further, on October 6, 2005, we issued a press release announcing that, based on the currently available information, we estimate our losses, net of reinstatement premiums, tax benefits and retrocessional recoveries, from Hurricane Rita will be approximately \$45 million.

Our loss estimates from Hurricanes Katrina and Rita are preliminary and based on portfolio modeling, a review of individual contracts and preliminary indications from clients and brokers. We have received very few claims notices to date. The unique nature of the loss and the potential for legal and regulatory developments to impact the magnitude of the loss is expected to introduce significant uncertainty and delay into the loss adjustment and settlement processes. Consequently, the actual impact on our results arising from Hurricanes Katrina and Rita may differ materially from the current estimate.

In addition, our estimates are subject to a high level of uncertainty arising out of extremely complex and unique causation and coverage issues associated with the attribution of losses to wind or flood damage or other perils such as fire, business interruption or riot and civil commotion. For example, the underlying policies generally do not cover flood damage; however, water damage caused by wind may be covered. We expect that these issues will not be resolved for a considerable period of time and may be influenced by evolving legal and regulatory developments.

Our actual losses from Hurricanes Katrina and Rita may exceed our estimates as a result of, among other things, the receipt of additional information from clients, the attribution of losses to coverages that for the purpose of our estimates we assumed would not be exposed, which may be affected by class action lawsuits or state regulatory action, and inflation in repair costs due to the limited availability of labor and materials, in which case our financial results could be further materially adversely affected.

If the loss limitation methods and pricing models we employ are not effective, our financial condition or results of operations could be materially adversely affected.

Our property and casualty reinsurance contracts cover unpredictable events such as hurricanes, windstorms, hailstorms, earthquakes, volcanic eruptions, fires, industrial explosions, freezes, riots, floods and other natural or man-made disasters. We seek to limit our overall exposure to risk by limiting the amount of reinsurance we write by geographic zone, peril and type of program or contract. Our risk management uses a variety of means, including the use of contract terms, diversification criteria, probability analysis and analysis of comparable historical loss experience. We estimate the impact of certain catastrophic events using catastrophe modeling software and contract information to evaluate our exposure to losses from individual contracts and in the aggregate. For example, the majority of the natural peril catastrophe reinsurance we write relates to exposures within the United States, Europe and Japan. Accordingly, we monitor our exposure to events that affect these regions, such as hurricanes and earthquakes in the United States, flood and wind in Europe and typhoons and earthquakes in Japan.

We take an active role in the evaluation of commercial catastrophe exposure models, which form the basis for our own proprietary pricing models. These computer-based loss modeling systems utilize direct exposure information obtained from our clients and independent external data to assess each client's potential for catastrophe losses. We believe that modeling is an important part of the underwriting process for catastrophe exposure pricing. However, these models depend on the quality of the information obtained from our clients and the external data we obtain from third parties and may prove inadequate for determining the pricing for certain catastrophe exposures.

Many of our reinsurance contracts do not contain an aggregate loss limit or a loss ratio limit, which means that there is no contractual limit to the losses that we may be required to pay pursuant to such reinsurance contracts. Substantially all of our property reinsurance contracts with natural catastrophe exposure have occurrence limits that limit our exposure. Substantially all of our high layer property, casualty and marine excess-of-loss contracts also contain aggregate loss limits, with limited reinstatements of an occurrence limit, which restore the original limit under the contract after the limit has been depleted by losses incurred on that treaty.

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Various provisions of our contracts, such as limitations or exclusions from coverage or choice of forum, may not be enforceable in the manner we intend, due to, among other things, disputes relating to coverage and choice of legal forum. Underwriting is a matter of judgment, involving important assumptions about matters that are inherently difficult to predict and beyond our control, and for which historical experience and probability analysis may not provide sufficient guidance. One or more catastrophic or other events could result in claims that substantially exceed our expectations, which could have a material adverse effect on our financial condition or our results of operations, possibly to the extent of eliminating our shareholders' equity and statutory surplus.

If we are required to increase our liabilities for losses and LAE, our operating results may be adversely affected.

We are required by applicable insurance laws and regulations and generally accepted accounting principles in the United States (U.S. GAAP) to establish liabilities on our consolidated balance sheet for payment of losses and LAE that will arise from our reinsurance products. At any time, these liabilities may prove to be inadequate to cover our actual losses and LAE. To the extent these liabilities may be insufficient to cover actual losses or LAE, we will have to add to these liabilities and incur a charge to our earnings, which could have a material adverse effect on our financial condition, results of operations and cash flows.

The liabilities established on our consolidated balance sheet do not represent an exact calculation of liability, but rather are estimates of the expected cost of the ultimate settlement of losses. All of our liability estimates are based on actuarial and statistical projections at a given time, facts and circumstances known at that time and estimates of trends in loss severity and other variable factors, including new concepts of liability and general economic conditions. Changes in these trends or other variable factors could result in claims in excess of the liabilities that we have established.

Unforeseen losses, the type or magnitude of which we cannot predict, may emerge in the future. These additional losses could arise from changes in the legal environment, catastrophic events, extraordinary events affecting our clients such as reorganizations and liquidations or changes in general economic conditions.

In addition, because we, like other reinsurers, do not separately evaluate each of the individual risks assumed under reinsurance treaties, we are largely dependent on the original underwriting decisions made by ceding companies. We are subject to the risk that our ceding companies may not have adequately evaluated the risks to be reinsured and that the premiums ceded to us may not adequately compensate us for the risks we assume.

Under U.S. GAAP, Platinum US, Platinum UK and Platinum Bermuda are not permitted to establish liabilities until an event occurs which may give rise to a loss. Once such an event occurs, liabilities are established based upon estimates of the total losses incurred by the ceding companies and an estimate of the portion of such loss our three operating subsidiaries have reinsured. As a result, only liabilities applicable to losses incurred up to the reporting date may be established, with no allowance for the provision of a contingency reserve to account for unexpected future losses. Losses arising from future events will be estimated and recognized at the time the loss is incurred. Such future losses could be substantial.

Retrocessional reinsurance may become unavailable on acceptable terms.

In order to limit the effect on our financial condition of large and multiple losses, we may buy retrocessional reinsurance, which is reinsurance for our own account. From time to time, market conditions have limited, and in some cases have prevented, insurers and reinsurers from obtaining the types and amounts of reinsurance that they consider adequate for their business needs. If we are unable or unwilling to obtain retrocessional reinsurance, our financial position and results of operations may be materially adversely affected by catastrophic losses. Elimination of all or portions of our retrocessional coverage could subject us to increased, and possibly material, exposure or could cause us to underwrite less business.

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A retrocessionaire's insolvency or its inability or unwillingness to make payments under the terms of its reinsurance treaty with us could have a material adverse effect on us. Therefore, our retrocessions subject us to credit risk because the ceding of risk to retrocessionaires does not relieve a reinsurer of its liability to the ceding companies.

We are dependent on the business provided to us by reinsurance brokers and we may be exposed to liability for brokers' failure to make payments to clients for their claims; in addition, there are ongoing industry-wide investigations relating to the conduct of insurance and reinsurance brokers.

We market most of our reinsurance products through reinsurance brokers. The reinsurance brokerage industry generally, and our sources of business specifically, are concentrated. The loss of business relationships with any of our top five brokers could have a material adverse effect on our business. In addition, some of these brokers have invested in new Bermuda reinsurance companies that may compete with us.

In accordance with industry practice, we expect to frequently pay amounts owing in respect of claims under our contracts to reinsurance brokers, for payment over to the ceding companies. In the event that a broker fails to make such a payment, depending on the jurisdiction, we may remain liable to the ceding company for the deficiency. Conversely, in certain jurisdictions, when premiums for such contracts are paid to reinsurance brokers for payment over to us, such premiums will be deemed to have been paid and the ceding company will no longer be liable to us for those amounts whether or not actually received by us. Consequently, we assume a degree of credit risk associated with our brokers during the payment process.

In the spring of 2004, the Office of the Attorney General of the State of New York and the New York State Insurance Department began an investigation of the broker compensation practices of Willis North America Inc., a subsidiary of Willis Group Holdings Ltd. (Willis). A similar investigation was commenced by the Minnesota Attorney General. Although the Attorney General of the State of New York did not commence a lawsuit against Willis, its investigation revealed internal communications about efforts to maximize Willis' revenue and insurers' revenues without regard to the interest of clients. In April 2005, Willis agreed to pay \$51 million in restitution to settle the claims made in these investigations.

In October 2004, the Office of the Attorney General of the State of New York announced that it had commenced a civil suit against Marsh & McLennan Companies (Marsh), alleging that certain of its business practices were fraudulent and violated antitrust and securities laws. This action resulted from an industry-wide investigation relating to the conduct of insurance and reinsurance brokers, which is ongoing. Regulatory authorities in several other states have opened similar investigations. In January 2005, Marsh agreed to pay \$850 million to settle these charges. The Company was not a party to this litigation and did not receive any subpoena or information requests with respect to this litigation.

In November 2004, the Acting Director of the Division of Insurance, Illinois Department of Financial and Professional Regulation commenced an investigation against Aon Corporation and its subsidiaries and affiliates (collectively Aon) relating to contingent commissions and other business practices that may have created actual or potential conflicts of interest. Thereafter, in March 2005, similar allegations were made in actions commenced by the Attorney Generals for New York, Illinois and Connecticut and the investigation commenced by the Superintendent of Insurance of the State of New York. In March 2005, Aon agreed to pay \$190 million in restitution to settle the claims made in these actions.

We underwrite substantially all of our reinsurance through brokers, including a substantial portion through Marsh, Aon and Willis. We are unable to predict the impact, if any, that these investigations, and any increased regulatory oversight that might result therefrom, may have on our business.

The current investigations into certain non-traditional, or loss mitigation, insurance products could have a material adverse effect on our financial condition or results of operations.

In November and December 2004, we received subpoenas from the SEC and the Office of the Attorney General for the State of New York for documents and information relating to certain

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nontraditional, or loss mitigation, insurance products. We are fully cooperating in responding to all such requests. Other reinsurance companies have reported receiving similar subpoenas and requests. These investigations appear to be at a very preliminary stage and, accordingly, we are unable to predict the direction these investigations will take and the impact, if any, they may have on our business.

On June 14, 2005, we received a grand jury subpoena from the United States Attorney for the Southern District of New York requesting documents relating to our finite reinsurance products. We have been informed that other companies in the industry have received similar subpoenas.

In the Finite Risk segment, we expect that the ongoing investigations by the SEC, New York Attorney General and United States Attorney for the Southern District of New York, as well as ongoing investigations by non-U.S. regulatory authorities such as the Bermuda Monetary Authority and the U.K. Financial Services Authority, will significantly diminish demand for limited risk transfer products in the short term. Although we cannot predict with certainty the outcome of these investigations, we believe that once the buyers and sellers of these products perceive that the accounting, headline and regulatory risk has receded, demand will return. Accordingly, the likelihood of the Company writing a significant volume of new finite business is materially lower for 2005 than for 2004. For example, during the three months ended June 30, 2005, we did not write any new or renewal contracts in our Finite Risk segment. However, our existing portfolio of finite risk contracts is expected to generate net premiums earned volume for 2005 that is substantially the same as for 2004.

The property and casualty reinsurance business is historically cyclical, and we expect to experience periods with excess underwriting capacity and unfavorable pricing.

Historically, property and casualty reinsurers have experienced significant fluctuations in operating results. Demand for reinsurance is influenced significantly by underwriting results of primary insurers and prevailing general economic and market conditions, all of which affect ceding companies' decisions as to the amount or portion of risk that they retain for their own accounts and consequently reinsurance premium rates. The supply of reinsurance is related to prevailing prices, the levels of insured losses and levels of industry surplus which, in turn, may fluctuate in response to changes in rates of return on investments being earned in the reinsurance industry. As a result, the property and casualty reinsurance business historically has been a cyclical industry, characterized by periods of intense price competition due to excessive underwriting capacity as well as periods when shortages of capacity permitted favorable pricing. We can expect to experience the effects of such cyclicity.

The cyclical trends in the industry and the industry's profitability can also be affected significantly by volatile and unpredictable developments, including what management believes to be a trend of courts to grant increasingly larger awards for certain damages, natural disasters (such as catastrophic hurricanes, windstorms, tornadoes, earthquakes and floods), fluctuations in interest rates, changes in the investment environment that affect market prices of and income and returns on investments and inflationary pressures that may tend to affect the size of losses experienced by primary insurers. We cannot predict whether market conditions will improve, remain constant or deteriorate. A return to unfavorable market conditions may affect our ability to write reinsurance at rates that we consider appropriate relative to the risk assumed. If we cannot write property and casualty reinsurance at appropriate rates, our ability to transact reinsurance business would be significantly and adversely affected.

Our invested assets are subject to market volatility and interest rate and currency exchange rate fluctuation.

The Company's principal invested assets are fixed maturities, which are subject to the market risk of potential losses from adverse changes in interest rates. Depending on our classification of our investments as available-for-sale, trading or other assets, changes in the market value of our securities are reflected in either our consolidated balance sheet or statement of income. The Company's investment portfolio is also subject to credit risk resulting from adverse changes in the issuer's ability to repay the debt. These risks could materially adversely affect our results of operations.

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The Company's principal exposure to foreign currency risk is its obligation to settle claims in foreign currencies. The possibility exists that the Company may incur foreign currency exchange gains or losses as it ultimately settles claims required to be paid in foreign currencies. To the extent the Company does not seek to hedge its foreign currency risk or hedges prove ineffective, the resulting impact of a movement in foreign currency exchange rate could materially adversely affect our results of operations.

It may be difficult to enforce service of process and judgments against us and our officers and directors.

We are a Bermuda company and certain of our officers and directors are residents of various jurisdictions outside the U.S. A substantial portion of our assets and our officers and directors, at any one time, are or may be located in jurisdictions outside the U.S. Although we have appointed CT Corporation System as an agent in New York, New York to receive service of process with respect to actions against us arising out of violations of the U.S. federal securities laws in any federal or state court in the U.S. relating to the transactions covered by this prospectus, it may be difficult for investors to effect service of process within the U.S. on our directors and officers who reside outside the U.S. or to enforce against us or our directors and officers judgments of U.S. courts predicated upon civil liability provisions of the U.S. federal securities laws.

Your investment could be materially adversely affected if we are deemed to be engaged in business in the U.S.

Platinum Holdings and Platinum Bermuda are Bermuda companies, Platinum UK is a U.K. company, and Platinum Ireland is an Irish company. We believe that Platinum Holdings, Platinum UK, Platinum Bermuda and Platinum Ireland each operate in such a manner that none of these companies will be subject to U.S. tax (other than U.S. excise tax on reinsurance premiums and withholding tax on certain investment income from U.S. sources) because they are not engaged in a trade or business in the U.S. Nevertheless, because definitive identification of activities which constitute being engaged in a trade or business in the U.S. is not provided by the Code or regulations or court decisions, the U.S. Internal Revenue Service (the "IRS") might contend that any of Platinum Holdings, Platinum UK, Platinum Bermuda or Platinum Ireland are/is engaged in a trade or business in the U.S. If Platinum Holdings were determined to be engaged in a trade or business in the U.S., it would be subject to U.S. tax at regular corporate rates on the income that is effectively connected with the U.S. trade or business plus an additional 30% branch profits tax on such income remaining after the regular tax. If Platinum Bermuda were determined to be engaged in a trade or business in the U.S. and if Platinum Bermuda either does not qualify for benefits under the applicable income tax treaty with the U.S. or does qualify but such trade or business was determined to be attributable to a permanent establishment in the U.S. (or, with respect to investment income, arguably even if such income were not attributable to a permanent establishment), Platinum Bermuda would be subject to U.S. tax at regular corporate rates on the income that is effectively connected with the U.S. trade or business, plus an additional 30% branch profits tax on such income remaining after the regular tax in certain circumstances. Assuming that Platinum UK and Platinum Ireland each qualify for benefits under the applicable income tax treaty with the U.S., if Platinum UK and/or Platinum Ireland were determined to be engaged in a trade or business in the U.S. and such trade or business was determined to be attributable to a permanent establishment in the U.S., Platinum UK and/or Platinum Ireland would be subject to U.S. tax at regular corporate rates on the income that is effectively connected with that U.S. trade or business, plus an additional 5% branch profits tax in the case of Platinum Ireland.

The regulatory system under which we operate, and potential changes thereto, could significantly and adversely affect our business.

The business of reinsurance is regulated in most countries, although the degree and type of regulation varies significantly from one jurisdiction to another. Reinsurers are generally subject to less direct regulation than primary insurers. In Bermuda, we operate under relatively less intensive regulatory requirements. However, in the United States and in the United Kingdom, licensed reinsurers are highly

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regulated and must comply with financial supervision standards comparable to those governing primary insurers. For a detailed discussion of the regulatory requirements to which Platinum Holdings and its subsidiaries are subject, see Business Regulation. Any failure to comply with applicable laws could result in the imposition of significant restrictions on our ability to do business, and could also result in fines and other sanctions, any or all of which could materially adversely affect our financial results and operations. In addition, these statutes and regulations may, in effect, restrict the ability of our subsidiaries to write new business or, as indicated above, distribute funds to Platinum Holdings. In recent years, some state legislatures have considered or enacted laws that may alter or increase state authority to regulate insurance companies and insurance holding companies. Moreover, the National Association of Insurance Commissioners (NAIC) and state insurance regulators regularly reexamine existing laws and regulations, interpretations of existing laws and the development of new laws that may be more restrictive or may result in higher costs to us than current statutory requirements.

Platinum Bermuda is not registered or licensed as an insurance company in any jurisdiction outside Bermuda. Platinum Bermuda conducts its business solely through its offices in Bermuda and does not maintain an office, and its personnel do not conduct any insurance activities, in the U.S. or elsewhere. Although Platinum Bermuda does not believe it is in violation of insurance laws of any jurisdiction outside Bermuda, inquiries or challenges to Platinum Bermuda's insurance activities may still be raised in the future.

The offshore insurance and reinsurance regulatory framework recently has become subject to increased scrutiny in many jurisdictions, including U.S. federal and various state jurisdictions. In the past, there have been congressional and other proposals in the United States regarding increased supervision and regulation of the insurance industry, including proposals to supervise and regulate reinsurers domiciled outside the United States. If Platinum Bermuda were to become subject to any insurance laws and regulations of the United States or any U.S. state, which are generally more restrictive than those applicable to it in Bermuda, Platinum Bermuda might be required to post deposits or maintain minimum surplus levels and might be prohibited from engaging in lines of business or from writing specified types of policies or contracts. Complying with those laws could have a material adverse effect on the ability of the Company to conduct its business.

General market conditions and unpredictable factors could adversely affect market prices for the Exchange Notes.

There can be no assurance as to the market prices for the Exchange Notes. Several factors, many of which are beyond our control, might influence the market value of the Exchange Notes, including:

our creditworthiness;

the market for similar securities; and

economic, financial, geopolitical, regulatory or judicial events that affect us, the insurance and reinsurance markets, or the financial markets generally.

Accordingly, the Exchange Notes that an investor receives through this exchange or through a purchase in the secondary market, may trade at a discount to the price that the investor paid for the outstanding Notes in the original offering or for the Exchange Notes on the secondary market.

The Exchange Notes will not be listed on any public securities exchange or automated quotation system, and there is no assurance that any private trading market will exist or that it will be liquid.

There is currently no established trading market for the Exchange Notes. The Exchange Notes will not be listed on any securities exchange or quotation system. Goldman, Sachs & Co. and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith, Incorporated, the remarketing agents for the outstanding Notes, have advised us that they intend to make a market in the Exchange Notes as permitted by applicable law. They are not obligated, however, to make a market in the Exchange Notes, and any market-making may be discontinued at any time at their sole discretion. Accordingly, we cannot assure you as to the

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development or liquidity of any market for the Exchange Notes, your ability to resell any of your Exchange Notes or the price at which you may be able to resell your Exchange Notes. If a market for the Exchange Notes were to develop, the Exchange Notes could trade at prices that might be lower than the initial offering price of the Exchange Notes.

We will treat the Exchange Notes as contingent payment debt instruments.

We will treat the Exchange Notes as indebtedness that is subject to the regulations governing contingent payment debt instruments. Under such characterization, you will be required to include any original issue discount in income during your ownership of the Exchange Notes, subject to some adjustments. Additionally, you may be required to recognize as ordinary income all or a portion of the gain, if any, realized on a sale, exchange or other disposition of the Exchange Notes at any time starting from the date when no further payments are due during the six month period after the interest rate on the Notes is reset. No statutory, administrative or judicial authority directly addresses the treatment of the Exchange Notes or instruments similar to the Exchange Notes for U.S. federal income tax purposes. As a result, we cannot assure you that the Internal Revenue Service or the courts will agree with the tax consequences described herein.

Because Platinum Holdings and Platinum Finance are each holding companies with no operations of their own, Platinum Finance's obligations under the Exchange Notes and Platinum Holdings' obligations under the guarantee are effectively subordinated to the debt and other obligations of their respective subsidiaries and their cash flow is dependent on dividends, interest and other permissible payments from their subsidiaries.

Both Platinum Holdings and Platinum Finance are holding companies with no operations of their own. Platinum Finance's ability to pay its obligations under the Exchange Notes is dependent upon its ability to obtain dividends, interest and other permissible cash payments from its subsidiaries. Similarly, Platinum Holdings' ability to pay its obligations under the guarantee is dependent upon its ability to obtain dividends, interest and other permissible payments or loans from its subsidiaries. Platinum Holdings' and Platinum Finance's operating subsidiaries are separate and distinct legal entities and will have no obligation, contingent or otherwise, to pay any dividends or make any other distributions (except for payments required pursuant to the terms of intercompany indebtedness) to Platinum Holdings or Platinum Finance. Various financing arrangements, charter provisions and regulatory requirements may impose certain restrictions on the abilities of Platinum Holdings' and Platinum Finance's subsidiaries to transfer funds to Platinum Holdings and Platinum Finance in the form of cash dividends, loans or advances.

In addition, because Platinum Holdings and Platinum Finance are holding companies, except to the extent that Platinum Holdings or Platinum Finance has priority or equal claims against its subsidiaries as a creditor, Platinum Finance's obligations under the Exchange Notes and Platinum Holdings' obligations under the guarantee will be effectively subordinated to the debt and other obligations of their respective subsidiaries because, as the shareholders of their subsidiaries, they will be subject to the prior claims of creditors of their subsidiaries. As of June 30, 2005, Platinum Finance's subsidiaries had approximately \$1,270 million in liabilities and obligations that would have effectively ranked senior to the Exchange Notes, and Platinum Holdings' subsidiaries had approximately \$1,559 million in liabilities and obligations (including the liabilities and obligations of Platinum Finance's subsidiaries) that would have effectively ranked senior to the guarantee.

The Indenture under which the Exchange Notes are being issued contains only limited protection for holders of the Exchange Notes in the event we are involved in a highly leveraged transaction, reorganization, restructuring, merger or similar transaction in the future.

The Indenture under which the Exchange Notes will be issued may not sufficiently protect holders of Exchange Notes in the event we are involved in a highly leveraged transaction, reorganization, restructuring, merger or similar transaction. The Indenture does not contain any provisions restricting our or any of our subsidiaries' ability to incur additional debt, including debt senior in right of payment to the

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Exchange Notes, pay dividends on or purchase or redeem capital stock, sell assets (other than certain restrictions on our ability to consolidate, merge or sell all or substantially all of our assets and our ability to sell the stock of certain subsidiaries), enter into transactions with affiliates, create liens (other than certain limitations on creating liens on the stock of certain subsidiaries) or enter into sale and leaseback transactions, or create restrictions on the payment of dividends or other amounts to us from our subsidiaries.

Platinum Finance will not accept your outstanding Notes for exchange if you fail to follow the exchange offer procedures.

Platinum Finance will not accept your outstanding Notes for exchange if you do not follow the exchange offer procedures. Platinum Finance will issue registered Exchange Notes as part of this exchange offer only after a timely receipt of your outstanding Notes, a properly completed and duly executed letter of transmittal and all other required documents. Therefore, if you wish to tender your outstanding Notes, please allow sufficient time to ensure timely delivery. If Platinum Finance does not receive your outstanding Notes, letter of transmittal and other required documents by the time of expiration of the exchange offer, it will not accept your outstanding Notes for exchange. Platinum Finance is under no duty to give notification of defects or irregularities with respect to the tenders of outstanding Notes for exchange. If there are defects or irregularities with respect to your tender of outstanding Notes, Platinum Finance may not accept your outstanding Notes for exchange.

The issuance of the Exchange Notes may adversely affect the market price for and volatility of the outstanding Notes.

To the extent the outstanding Notes are tendered and accepted in the exchange offer, the trading market for the untendered and tendered but unaccepted outstanding Notes could be adversely affected. The tender of outstanding Notes under the exchange offer will reduce the principal amount of the outstanding Notes, which may have an adverse effect upon, and increase the volatility of, the market price of the outstanding Notes due to a reduction in liquidity. In addition, following the exchange offer, outstanding Notes that you do not tender or that Platinum Finance does not accept will continue to be subject to transfer restrictions. Absent registration, any untendered outstanding Notes may therefore be offered or sold only in transactions that are not subject to, or that are exempt from, the registration requirements of the Securities Act and applicable state securities laws. Please refer to the section in this prospectus entitled *The Exchange Offer – Consequences of Failure to Exchange*.

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USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the Exchange and Registration Rights Agreement that we entered into in connection with the private offering of the outstanding Notes. We will not receive any cash proceeds from the issuance of the Exchange Notes in the exchange offer. In consideration for issuing the Exchange Notes as contemplated in this prospectus, we will receive in exchange a like principal amount of outstanding Notes. The outstanding Notes surrendered in exchange for the Exchange Notes will be retired and canceled and cannot be reissued. Accordingly, issuance of the Exchange Notes will not result in any change in our capitalization.

We did not receive any cash proceeds from the remarketing of the Senior Notes and issuance of the Notes. Instead, the proceeds from the remarketing were used as follows:

\$138,218,421 of these proceeds were used to purchase the agent-purchased treasury consideration, described below, which agent-purchased treasury consideration was then substituted for the Senior Notes that were held as part of the equity security units and pledged to the collateral agent to secure the obligations of the holders of the equity security units to purchase our common shares under the purchase contracts on November 16, 2005; and

\$345,554 of these proceeds, which is approximately 0.25% of the total proceeds from the remarketing, was deducted and retained by the Remarketing Agents as a remarketing fee.

The agent-purchased treasury consideration consists of:

the value of such amount of U.S. treasury securities that will pay, on or prior to November 16, 2005, an amount of cash equal to the interest payment scheduled to be payable on the Senior Notes on that date, assuming for this purpose, even if not true, that the interest rate on the Senior Notes remains at the initial rate; and

the value of such amount of U.S. treasury securities that will pay, on or prior to November 16, 2005, an amount of cash equal to the principal amount of the Senior Notes.

Table of Contents**CAPITALIZATION**

The following table sets forth our cash and cash equivalents and our capitalization as of June 30, 2005 on an actual basis and as adjusted to reflect the issuance by us of common shares on September 22, 2005. This presentation should be read in conjunction with our consolidated financial statements and related notes included in this prospectus and included in our Quarterly Report on Form 10-Q/A for the quarter ended June 30, 2005 which is incorporated herein by reference. (\$ in millions)

	As of June 30, 2005	
	Actual	As Adjusted
Cash and cash equivalents	\$ 409.5	\$ 571.2
Debt obligations		
Senior Notes due 2007(1)	137.5	137.5
Series A 7.50% Notes due 2017(2)	250.0	250.0
Total debt obligations	387.5	387.5
Common shares	.4	.5
Additional paid-in capital	921.3	1,082.9
Unearned share grant compensation	(2.2)	(2.2)
Accumulated other comprehensive income	10.6	10.6
Retained earnings	342.6	342.6
Total shareholders' equity	1,272.7	1,434.4
Total capitalization(3)	\$ 1,660.2	\$ 1,821.9

- (1) Represents the Senior Notes which had formed a part of our equity security units. On August 16, 2005, we completed the remarketing of these Senior Notes, and the Notes no longer form a part of our equity security units. These Notes are being exchanged hereby for the Exchange Notes.
- (2) Represents the issuance by Platinum Finance of \$250,000,000 aggregate principal amount of Series A 7.50% Notes guaranteed by Platinum Holdings, which notes we have offered to exchange for Series B 7.50% Notes.
- (3) Total capitalization is comprised of shareholders' equity and total debt.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following table sets forth certain selected financial data of the Company as of June 30, 2005 and for the six months ended June 30, 2005 and 2004 and as of and for the years ended December 31, 2004 and 2003 and for the period from November 1, 2002 through December 31, 2002 (the 2002 Period) and as of December 31, 2002 and of the reinsurance underwriting segment of St. Paul prior to the Initial Public Offering (St. Paul Re) for the period from January 1, 2002 through November 1, 2002 and for the years ended December 31, 2001 and 2000. The data for the Company as of June 30, 2005 and for the six months ended June 30, 2005 and 2004 were derived from the Company s unaudited condensed consolidated financial statements. The data for the Company as of and for the years ended December 31, 2004 and 2003 and the 2002 Period were derived from the Company s audited consolidated financial statements. The data for St. Paul Re for the period ended November 1, 2002 and for the year ended December 31, 2001 were derived from the audited combined financial statements of the reinsurance underwriting segment of St. Paul prior to the Initial Public Offering (the Predecessor Business). The data for the year ended December 31, 2000 were derived from the selected historical combined financial statements of the reinsurance underwriting segment of St. Paul. You should read the selected financial data in conjunction with the Company s unaudited condensed consolidated financial statements as of June 30, 2005 and for the six months ended June 30, 2005 and 2004 and the related Management s Discussion and Analysis of Financial Condition and Results of Operations included in this prospectus and in our Quarterly Report on Form 10-Q/ A for the six months ended June 30, 2005 which is incorporated herein by reference, as well as the Company s audited consolidated financial statements as of and for the years ended December 31, 2004 and 2003 and the 2002 Period, and the related Management s Discussion and Analysis of Financial Condition and Results of Operations included in this prospectus and in our Annual Report on Form 10-K/ A for the year ended December 31, 2004 which is also incorporated herein by reference.

The condensed consolidated financial statements as of and for the six months ended June 30, 2005 and 2004 are unaudited and include adjustments consisting of normal recurring items that management considers necessary for a fair presentation under U.S. GAAP. The results of operations for any interim period are not necessarily indicative of results for the full year.

The underwriting results and the audited historical combined financial statements of the Predecessor Business are not indicative of the actual results of the Company subsequent to the Initial Public Offering.

In addition to the effect of the retention of certain portions of the Predecessor Business by St. Paul and the exclusion of the corporate aggregate excess-of-loss reinsurance program of St. Paul, other factors may cause the actual results of the Company to differ materially from the results of the Predecessor Business.

Table of Contents**FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA**

	Platinum					Reinsurance Underwriting Segment Information of St. Paul (Predecessor)			
	Six Months Ended		Year Ended		2002 Period	Period from	Years Ended		
	June 30,		December 31,			January 1, 2002 through November 1, 2002	December 31,		
	2005	2004	2004	2003		2001	2000		
	(\$ in millions, except per share amounts)					(\$ in millions, except per share amounts)			
Statement of income data:									
Net premiums written	\$ 916.8	810.6	1,646.0	1,172.1	\$ 298.1	\$ 1,007	1,677	\$ 1,073	
Net premiums earned	842.5	631.9	1,447.9	1,067.5	107.1	1,102	1,593	1,121	
Net investment income	55.8	36.9	84.5	57.6	5.2				
Losses and LAE	478.6	351.4	1,019.8	584.2	60.4	791	1,922	811	
Underwriting expenses	232.3	182.5	381.0	320.7	37.6	319	397	424	
Underwriting loss						\$ (8)	(726)	\$ (114)	
Net income	141.1	104.6	84.8	144.8	6.4				
Basic earnings per share	3.26	2.42	1.96	3.37	0.15				
Diluted earnings per share	2.88	2.12	1.81	3.09	0.15				
Dividends declared per share	0.16	0.16	0.32	0.32					
Balance sheet data:									
Total investments and cash	\$ 3,138.2	2,154.4	2,456.9	1,790.5	\$ 1,346.7				
Premiums receivable	576.5	549.7	580.0	487.4	5.6				
Total assets	4,199.2	2,958.0	3,422.0	2,485.6	1,644.9				
Net unpaid losses and LAE	1,548.8	893.3	1,379.2	731.9	281.7				
Net unearned premiums	569.5	477.1	499.5	299.9	191.0				
Debt obligations	387.5	137.5	137.5	137.5	137.5				
Shareholders equity	1,272.7	1,137.7	1,133.0	1,067.2	921.2				
Book value per share	\$ 29.32	26.29	26.30	24.79	\$ 21.42				

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our ratio of earnings to fixed charges for the six month period ended June 30, 2005, the years ended December 31, 2004 and 2003 and the 2002 Period:

	Period Ended June 30, 2005	Period Ended December 31,		
		2004	2003	2002(1)
Ratio of Earnings to Fixed Charges	27.9	13.4	21.4	8.7

(1) In 2002, we only had two months of operations following our Initial Public Offering on November 1, 2002.

For purposes of computing these ratios, earnings consists of income before income taxes. Fixed charges consists of interest expense and amortization of capitalized debt expenses.

We did not have any preferred shares outstanding during any of the periods shown and accordingly our ratio of earnings to fixed charges and preferred share dividend requirements would be the same as the ratios shown above.

Table of Contents**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis should be read in conjunction with the Company's consolidated financial statements and the related notes included on pages F-1 through F-40 and Q-1 through Q-23 of this prospectus. The Company's consolidated financial statements have been prepared in accordance with U.S. GAAP. The discussion and analysis below contain forward-looking statements that involve risks and uncertainties that are not historical facts, including statements about the Company's beliefs and expectations. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this prospectus, particularly under the headings Risk Factors and Forward-Looking Statements.

Overview

Platinum Holdings is a Bermuda holding company organized in 2002. Platinum Holdings and its subsidiaries operate through three licensed reinsurance subsidiaries: Platinum US, Platinum UK and Platinum Bermuda. The Company provides property and marine, casualty and finite risk reinsurance coverages, through reinsurance intermediaries, to a diverse clientele of insurers and select reinsurers on a worldwide basis.

In November 2002, Platinum Holdings completed the Initial Public Offering. Concurrent with the Initial Public Offering, Platinum Holdings sold 6,000,000 common shares to The St. Paul Travelers Companies, Inc., formerly The St. Paul Companies, Inc. (St. Paul), and 3,960,000 common shares to RenaissanceRe Holdings Ltd. (RenaissanceRe) in private placements. St. Paul sold its 6,000,000 common shares in June 2004. As part of the Initial Public Offering, St. Paul and RenaissanceRe received options to purchase up to 6,000,000 and 2,500,000 of additional common shares, respectively, at any time during the ten years following the Initial Public Offering at a price of \$27.00 per share. Both St. Paul and RenaissanceRe have amended their options to provide that in lieu of paying \$27.00 per share, any option exercise will be settled on a net share basis, which will result in Platinum Holdings issuing a number of common shares equal to the excess of the market price per share, determined in accordance with the amendments, over \$27.00 less the par value per share multiplied by the number of common shares issuable upon exercise of the option divided by that market price per share. Also, concurrent with the transactions in November 2002, the Company and St. Paul entered into several agreements for the transfer of continuing reinsurance business and certain related assets of St. Paul. Among these agreements were quota share retrocession agreements effective November 2, 2002 under which the Company assumed from St. Paul unpaid losses and loss adjustment expenses (LAE), unearned premiums and certain other liabilities on reinsurance contracts becoming effective in 2002 (the Quota Share Retrocession Agreements). In addition to these transactions, the Company issued equity security units (which we refer to as the ESUs), consisting of a contract to purchase common shares in 2005 and an ownership interest in a 5.25% Senior Guaranteed Note due 2007 of Platinum Finance. On August 16, 2005, the Company completed the successful remarketing of the 5.25% Senior Guaranteed Notes due 2007 (which we refer to as the Senior Notes) through a private offering. Interest was reset to a rate of 6.371% per annum on the Senior Notes (which we refer to as the Notes), will accrue from August 16, 2005 and will be payable semi-annually in arrears commencing November 16, 2005. The Notes, issued by Platinum Finance and unconditionally guaranteed by Platinum Holdings, no longer form a part of the ESUs. The Notes are being exchanged for Exchange Notes through a registration statement, of which this prospectus forms a part.

In addition, Platinum Finance issued \$250,000,000 aggregate principal amount of the Series A 7.50% Notes due June 1, 2017 issued by Platinum Finance and unconditionally guaranteed by Platinum Holdings in May 2005 (which we refer to as the Series A 7.50% Notes). The proceeds of the Series A 7.50% Notes were used primarily to increase the capital of Platinum Bermuda and Platinum US. On September 27, 2005, we commenced an exchange offer through which we are offering to exchange the Series A 7.50% Notes for an equal amount of Series B 7.50% Notes due June 1, 2017 issued by Platinum Finance and unconditionally guaranteed by Platinum Holdings which have been registered under the Securities Act (which we refer to as the Series B 7.50% Notes) pursuant to a separate prospectus. We

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refer to the Series A 7.50% Notes and the Series B 7.50% Notes collectively as the 7.50% Notes. The exchange offer will remain open through October 28, 2005.

The Company writes property and casualty reinsurance. Property reinsurance protects a ceding company against financial loss arising out of damage to property or loss of its use caused by an insured peril. Examples of property reinsurance are property catastrophe and property per-risk coverages. Property catastrophe reinsurance protects a ceding company against losses arising out of multiple claims for a single event while property per-risk reinsurance protects a ceding company against loss arising out of a single claim for a single event. Casualty reinsurance protects a ceding company against financial loss arising out of the obligation to others for loss or damage to persons or property. Examples of casualty reinsurance are reinsurance treaties that cover umbrella liability, general and product liability, professional liability, directors and officers liability, workers compensation, casualty clash, automobile liability, surety and trade credit. Casualty reinsurance also includes accident and health reinsurance treaties, which are predominantly reinsurance of health insurance products.

Critical Accounting Policies

It is important to understand the Company's accounting policies in order to understand its financial position and results of operations. Management considers certain of these policies to be critical to the presentation of the financial results since they require management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures at the financial reporting date and throughout the relevant periods. Certain of the estimates and assumptions result from judgments that can be subjective and complex, and consequently actual results may differ from these estimates. The Company's most critical accounting policies involve written and unearned premium, unpaid losses and LAE, reinsurance, investments, income tax expense and share-based compensation. The critical accounting policies presented herein are discussed in more detail in the notes to the consolidated financial statements beginning at page F-7 herein.

Premiums

Assumed reinsurance premiums are recognized as revenues when premiums become earned proportionately over the coverage period. Net premiums earned are recorded in the statement of income, net of the cost of retrocession. Net premiums written not yet recognized as revenue are recorded on the balance sheet as unearned premiums, gross of any ceded unearned premiums.

Due to the nature of reinsurance, ceding companies routinely report and remit premiums subsequent to the contract coverage period. Consequently, reinsurance premiums written include amounts reported by the ceding companies, supplemented by estimates of premiums that are written but not reported (WBNR). In addition to estimating WBNR, the Company estimates the portion of premiums earned but not reported (EBNR). The Company also estimates the expenses associated with these premiums in the form of losses, LAE and commissions. The time lag involved in the process of reporting premiums is shorter than the lag in reporting losses. Premiums are generally reported within two years. The net impact on the results of operations of changes in estimated premiums is reduced by the losses and acquisition expenses related to such premiums. When estimating premiums written and earned, each of the Company's reinsurance subsidiaries segregates business into classes by type of coverage and type of contract (approximately 80 classes). Within each class, business is further segregated by the year in which the contract inception (the underwriting year), starting with 2002. Estimates of WBNR and EBNR are made for each class and underwriting year. Premiums are estimated based on ceding company estimates and the Company's own judgment after considering factors such as the ceding company's historical premium versus projected premium, the ceding company's history of providing accurate estimates, anticipated changes in the marketplace and the ceding company's competitive position therein, reported premiums to date and the anticipated impact of proposed underwriting changes. The appropriateness of the premium estimates is evaluated in light of the actual premium reported by the ceding companies and any adjustments to these estimates are accounted for as changes in estimates and are reflected in results of operations in the period in which they are made. The initial estimates of premiums derived by the

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Company's underwriting function in respect of the six months ending June 30, 2005 were reviewed based upon the foregoing considerations. The cumulative impact of this review was to reduce the estimate by approximately \$49 million or 8.5% of reinsurance premiums receivable at the six months ending June 30, 2005. At June 30, 2005, the Company recorded reinsurance premiums receivable of \$576,457,000. As an illustration, the Company had one contract which, at June 30, 2005, represented approximately \$43 million of its total reinsurance receivable. With respect to that contract, the Company reduced reinsurance receivable by approximately \$5 million because it did not expect the ceding company to meet its production estimates or to achieve its estimated rate increases. The Company believes that it reasonably could have made an adjustment of between \$0 and \$5 million with respect to that contract at June 30, 2005. Had it made a \$0 adjustment, the reinsurance receivable for that contract at June 30, 2005 would have been \$48 million. It made the \$5 million adjustment, resulting in reinsurance receivable for that contract of \$43 million. While an adjustment of greater than \$5 million is possible with respect to that contract, the Company does not consider such circumstance to be reasonably likely. Reinsurance receivable under a particular contract can vary significantly from estimates derived from the Company's underwriting function depending upon its assessment of the production and rate changes likely to be achieved by the ceding company. Due to the time lag inherent in the reporting of premiums by ceding companies, a significant portion of amounts included as premiums written and premiums earned represents estimated premiums and are not currently due based on the terms of the underlying contracts. Earned premiums, including EBNR, are a measure of exposure to losses, LAE and acquisition expenses. Consequently, when previous estimates of premiums earned are increased or decreased, the related provisions for losses and LAE and acquisition costs previously recorded are also increased or decreased.

Certain of the Company's reinsurance contracts include provisions that adjust premiums or acquisition expenses based upon the loss experience under the contracts. Reinstatement premiums and additional premiums are recognized in accordance with the provisions of assumed reinsurance contracts, based on loss experience under such contracts. Reinstatement premiums are the premiums charged for the restoration of the reinsurance limit of a reinsurance contract to its full amount, generally coinciding with the payment by the reinsurer of losses. These premiums relate to the future coverage obtained for the remainder of the initial policy term and are earned over the remaining policy term. Additional premiums are those premiums triggered by losses and not related to reinstatement of limits and are earned immediately. An allowance for uncollectible premiums is established for possible non-payment of such amounts due, as deemed necessary. At June 30, 2005, no such allowance was made, based on the Company's historical experience, the general profile of its ceding companies and its ability in most cases to contractually offset these premium receivables with losses and loss adjustment expenses or other amounts payable to the same parties.

Unpaid Losses and LAE

The most significant judgment made by management in the preparation of financial statements is the estimation of unpaid losses and LAE, also referred to as loss reserves. These liabilities are balance sheet estimates of future amounts required to pay losses and LAE for reinsured claims that have occurred at or before the balance sheet date. Every quarter, the Company's actuaries prepare estimates of the loss reserves based on established actuarial techniques. Because the ultimate amount of unpaid losses and LAE is uncertain, we believe that quantitative techniques to estimate these amounts are enhanced by professional and managerial judgment. The Company's management reviews these estimates and determines its best estimate of the liabilities to record in the Company's financial statements.

Unpaid losses and LAE include estimates of the cost of claims that were reported but not yet paid (case reserves) and the cost of claims that were incurred but not reported (IBNR). Case reserves are usually based upon claim reports received from ceding companies. The information the Company receives varies by ceding company and may include paid losses, estimated case reserves, and an estimated provision for IBNR reserves. Case reserves may be increased or reduced by the Company's claims personnel based on receipt of additional information, including information received from ceding companies. IBNR is based

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on actuarial methods including the loss ratio method, the Bornhuetter-Ferguson method and the chain ladder method. IBNR related to a specific event may be based on the Company's estimated exposure to an industry loss and may include the use of catastrophe modeling software.

When estimating unpaid losses and LAE, each of the Company's reinsurance subsidiaries segregates business into classes by type of coverage and type of contract (approximately 80 classes). Within each class the business is further segregated by the year in which the contract inception (underwriting year), starting with 2002.

The gross liabilities recorded on the Company's balance sheet as of June 30, 2005 for unpaid losses and LAE were \$1,559,092,000. The following table sets forth a breakdown between case reserves and IBNR by segment at June 30, 2005 (\$ in thousands):

	Property and Marine	Casualty	Finite Risk	Total
Case reserves	\$ 130,185	120,536	26,449	\$ 277,170
IBNR	228,944	794,253	258,725	1,281,922
Total unpaid losses and LAE	\$ 359,129	914,789	285,174	\$ 1,559,092

Generally, initial actuarial estimates of IBNR not related to a specific event are based on the loss ratio method applied to each underwriting year for each class of business. Actual paid losses and case reserves (reported losses) are subtracted from expected ultimate losses to determine IBNR. The initial expected ultimate losses involve management judgment and are based on: (i) contract by contract expected loss ratios derived from the Company's pricing process, and (ii) historical loss ratios of the Company and of the reinsurance underwriting segment of St. Paul (St. Paul Re) prior to the Initial Public Offering adjusted for rate changes and trends. These judgments will take into account management's view of past, current and future: (i) market conditions, (ii) changes in the business underwritten, (iii) changes in timing of the emergence of claims and (iv) other factors that may influence expected ultimate losses.

Over time, as a greater number of claims are reported, actuarial estimates of IBNR are based on the Bornhuetter-Ferguson and the chain ladder techniques. The Bornhuetter-Ferguson technique utilizes actual reported losses and expected patterns of reported losses, taking the initial expected ultimate losses into account to determine an estimate of expected ultimate losses. This technique is most appropriate when there are few reported claims and a relatively less stable pattern of reported losses. The chain ladder technique utilizes actual reported losses and expected patterns of reported losses to determine an estimate of expected ultimate losses that is independent of the initial expected ultimate losses. This technique is most appropriate when there are a large number of reported losses with significant statistical credibility and a relatively stable pattern of reported losses. Multiple point estimates using a variety of actuarial techniques are calculated for many, but not all, of the Company's 80 classes of coverage for each underwriting year. The Company does not believe that these multiple point estimates are or should be considered a range. The Company's actuaries look at each class and determine the most appropriate point estimate based on the characteristics of the particular class and other relevant factors such as historical ultimate loss ratios, the presence of individual large losses, and known occurrences that have not yet resulted in reported losses. For some classes of business the Company's actuaries believe that a review of individual contract information improves the loss reserve estimate. For example, individual contract review is particularly important for the Finite Risk segment and the Accident and Health class within the Casualty segment. Once the actuaries make their determinations of the most appropriate point estimate for each class, this information is aggregated and presented to executive management for review and approval. At June 30, 2005 the liability for unpaid losses and LAE that the Company recorded reflected the point estimates of IBNR prepared by the Company's actuaries.

Generally, North American casualty excess business has the longest pattern of reported losses and therefore the greatest uncertainty. IBNR for these classes at June 30, 2005 was \$575 million which was 45% of the total IBNR for the Company at that date. Because North American casualty excess business

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has the greatest uncertainty, the Company would not consider a variance of five percentage points from the initial expected loss ratio to be unusual. As an example, a change in the initial expected loss ratio from 65% to 70% would result in an increase of the IBNR for these classes by \$48 million. This equates to approximately 7% of the liability for total unpaid losses and LAE for these classes at June 30, 2005. As another example, if the estimated pattern of reported losses was accelerated by 5% the IBNR for these classes would decrease by \$3 million which is less than 1%. Because the Company believes the two most important inputs to the reserve estimation methodologies described above are the initial expected loss ratio and the estimated pattern of reported losses, the Company has selected these two inputs as the basis for the sensitivity analyses in this paragraph.

The pattern of reported losses is determined utilizing actuarial analysis, including management's judgment, and is based on historical patterns of the recording of paid losses and case reserves to the Company, as well as industry patterns. Information that may cause historical patterns to differ from future patterns is considered and reflected in expected patterns as appropriate. For property and health coverages these patterns indicate that a substantial portion of the ultimate losses are reported within 2 to 3 years after the contract is effective. Casualty patterns can vary from 3 years to over 20 years depending on the type of business.

While the Company commenced operations in 2002, the business written is sufficiently similar to the historical business of St. Paul Re that the Company uses the historical loss experience of this business to estimate its initial expected ultimate losses and its expected patterns of reported losses. These patterns can span more than a decade and, given its own limited history, the availability of the St. Paul Re data is a valuable asset to the Company.

The Company does not establish liabilities until the occurrence of an event that may give rise to a loss. When an event of sufficient magnitude occurs, the Company may establish a specific IBNR reserve. Generally, this involves a catastrophe occurrence that affects many ceding companies. Ultimate losses and LAE are based on management's judgment that reflects estimates gathered from ceding companies, estimates of insurance industry losses gathered from public sources and estimates from catastrophe modeling software.

Estimated amounts recoverable from retrocessionaires on unpaid losses and LAE are determined based on the Company's estimate of ultimate losses and LAE and the terms and conditions of its retrocessional contracts. These amounts are reflected as assets.

Unpaid losses and LAE represent management's best estimates, at a given point in time, of the ultimate settlement and administration costs of claims incurred, and it is possible that the ultimate liability may materially differ from such estimates. Such estimates are not precise due to the fact that, among other things, they are based on predictions of future developments and estimates of future trends in claim severity and frequency and other factors. Because of the degree of reliance that the Company necessarily places on ceding companies for claims reporting, the associated time lag, the low frequency/high severity nature of some of the business that the Company underwrites and the varying reserving practices among ceding companies, the Company's reserve estimates are highly dependent on management judgment and are therefore uncertain.

In property classes, there can be additional uncertainty in loss estimation related to large catastrophe events. With wind events, such as hurricanes, the damage assessment process may take more than a year. The cost of rebuilding is subject to increase due to supply shortages for construction materials and labor. In the case of earthquakes, the damage assessment process may take several years as buildings are discovered to have structural weaknesses not initially detected. The uncertainty inherent in loss estimation is particularly pronounced for casualty coverages, such as umbrella liability, general and product liability, professional liability, directors and officers liability and automobile liability, where information, such as required medical treatment and costs for bodily injury claims, only emerges over time. In the overall loss reserving process, provisions for economic inflation and changes in the social and legal environment are considered.

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Loss reserve calculations for direct insurance business are not precise in that they deal with the inherent uncertainty of future developments. Primary insurers must estimate their own losses, often based on incomplete and changing information. Reserving for reinsurance business introduces further uncertainties compared with reserving for direct insurance business. The uncertainty in the reserving process for reinsurers is due, in part, to the time lags inherent in reporting from the original claimant to the primary insurer to the reinsurer. As predominantly a broker market reinsurer for both excess-of-loss and proportional contracts, the Company is subject to a potential additional time lag in the receipt of information as the primary insurer reports to the broker who in turn reports to the Company.

Since the Company relies on information regarding paid losses, case reserves, and IBNR reserves provided by ceding companies in order to assist the Company in estimating its own liability for unpaid losses and LAE, the Company maintains certain procedures in order to help determine the completeness and accuracy of such information. Periodically, management assesses the reporting activities of these companies on the basis of qualitative and quantitative criteria. In addition to managing reported claims and conferring with ceding companies on claims matters, the Company's claims personnel conduct periodic audits of specific claims and the overall claims procedures of its ceding companies at their offices. The Company relies on its ability to effectively monitor the claims handling and claims reserving practices of ceding companies in order to establish the proper reinsurance premium for reinsurance agreements and to establish proper loss reserves. Disputes with ceding companies have been rare and generally have been resolved through negotiation.

Estimates of unpaid losses and LAE are periodically re-estimated and adjusted as new information becomes available. Any such adjustments are accounted for as changes in estimates and are reflected in results of operations in the period in which they are made.

As of June 30, 2005, the Company did not have any significant back-log related to its processing of assumed reinsurance information.

Reinsurance

Premiums written, premiums earned and losses and LAE reflect the net effects of assumed and ceded reinsurance transactions. Reinsurance accounting is followed for assumed and ceded transactions when risk transfer requirements have been met. Evaluating risk transfer involves significant assumptions relating to the amount and timing of expected cash flows, as well as the interpretation of underlying contract terms. Reinsurance contracts that do not transfer significant insurance risk are generally accounted for as reinsurance deposit liabilities with interest expense charged to other income and credited to the liability.

Investments

In accordance with our investment guidelines, our investments consist largely of high-grade marketable fixed income securities. Fixed maturities owned that the Company may not have the positive intent to hold until maturity are classified as available-for-sale and reported at fair value, with unrealized gains and losses excluded from net income and reported in other comprehensive income as a separate component of shareholders' equity, net of deferred taxes. Fixed maturities owned that the Company has the intent to sell prior to maturity are classified as trading securities and reported at fair value, with unrealized gains and losses included in other income. Securities classified as trading securities are generally denominated in foreign currencies and intended to match foreign net liabilities denominated in foreign currencies in order to minimize net exposures arising from fluctuations in foreign currency exchange rates. Realized gains and losses on sales of investments are determined on a specific identification basis. Investment income is recorded when earned and includes the amortization of premiums and discounts on investments.

The Company believes it has the ability to hold any specific security to maturity. This is based on current and anticipated future positive cash flow from operations that generates sufficient liquidity in order to meet our obligations. However, in the course of managing investment credit risk, asset liability duration or other aspects of the investment portfolio, the Company may decide to sell any specific security. The

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Company routinely reviews its available-for-sale investments to determine whether unrealized losses represent temporary changes in fair value or are the result of other-than-temporary impairments. The process of determining whether a security is other than temporarily impaired is subjective and involves analyzing many factors. These factors include, but are not limited to, the length and magnitude of an unrealized loss, specific credit events, the overall financial condition of the issuer, and the Company's intent to hold a security for a sufficient period of time for the value to recover the unrealized loss. If the Company has determined that an unrealized loss on a security is other than temporary, the Company writes down the carrying value of the security to its current fair value and records a realized loss in the statement of income.

Income Tax Expense

Platinum Holdings and Platinum Bermuda are organized in Bermuda. Under current Bermuda law, they are not taxed on any Bermuda income or capital gains and they have received an assurance that if any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax will not be applicable to Platinum Holdings or Platinum Bermuda or any of their respective operations, shares, debentures or other obligations until March 28, 2016. The Company also has subsidiaries in the United States, United Kingdom and Ireland that are subject to the tax laws thereof.

The Company applies the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates applicable to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the change is enacted. A valuation allowance is established for deferred tax assets where it is more likely than not that future tax benefits will not be realized.

Share-Based Compensation

Effective January 1, 2003, the Company adopted Statement of Financial Accounting Standards No. 123

Accounting for Awards of Stock Based Compensation to Employees (SFAS 123) and Statement of Financial Accounting Standards No. 148 Accounting for Stock-Based Compensation-Transition and Disclosure (SFAS 148). SFAS 123 requires that the fair value of shares granted under the Company's share option plan subsequent to adoption of SFAS 148 be amortized in earnings over the vesting periods. The fair value of the share options granted is determined through the use of an option-pricing model. SFAS 148 amends SFAS 123 and provides transition guidance for a voluntary adoption of FAS 123 as well as amends the disclosure requirements of SFAS 123. For the period from November 1, 2002 through December 31, 2002, the Company used the intrinsic value method of accounting for stock-based awards granted to employees established by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25). Under APB 25, if the exercise price of the Company's employee share options is equal to or greater than the fair market value of the underlying shares on the date of the grant, no compensation expense is recorded. For share options granted in 2002, the Company continues to use APB 25.

In December 2004, the Financial Accounting Standards Board issued the Statement of Financial Accounting Standards No. 123R Share Based Payment (SFAS 123R). SFAS 123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services and for transactions in which an entity obtains employee services in share-based payment transactions. SFAS 123R requires that, prospectively, compensation costs be recognized for the fair value of all share options over the remaining vesting period, including the cost related to the unvested portion of all outstanding share options as of December 31, 2004. The share-based compensation expense for share

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options currently outstanding are to be based on the same cost model used to calculate the pro forma disclosures under SFAS 123.

On April 14, 2005, the SEC adopted a new rule that allows SEC registrants to implement SFAS 123R as of January 1, 2006. The SEC's new rule does not change the accounting required by SFAS 123R; it delays the date for compliance with the standard. Previously under SFAS 123R, the Company would have been required to implement the standard as of July 1, 2005. Consequently, the Company's consolidated financial statements filed with the SEC do not need to comply with SFAS 123R until January 1, 2006. The Company plans to adopt the provisions of the SFAS 123R in the first quarter of 2006.

Reinsurance Industry Conditions and Trends

The reinsurance industry historically has been cyclical, characterized by periods of price competition due to excessive underwriting capacity as well as periods of favorable pricing due to shortages of underwriting capacity. Cyclical trends in the industry and the industry's profitability can also be affected significantly by volatile developments, including natural and other disasters, such as hurricanes, windstorms, earthquakes, floods, fires, explosions and other catastrophic events, including terrorist attacks, the frequency and severity of which are inherently difficult to predict. Property and casualty reinsurance rates often rise in the aftermath of significant catastrophe losses. As liabilities are established to cover expected claims, the industry's capacity to write new business diminishes. The industry is also affected by changes in the propensity of courts to expand insurance coverage and grant large liability awards, as well as by fluctuations in interest rates, inflation and other changes in the economic environment that affect market prices of investments.

Results of Operations

Platinum Holdings was organized on April 19, 2002 under the laws of Bermuda to hold subsidiaries that provide property and casualty reinsurance to insurers and reinsurers on a worldwide basis and, in November 2002, completed the Initial Public Offering and assumed certain rights and obligations of the reinsurance business from St. Paul. Consequently, the 2002 consolidated statements of income and comprehensive income, shareholders' equity and cash flows include all activity from incorporation on April 19, 2002 through December 31, 2002. The underwriting operations, as well as substantially all other operations of the Company commenced in November 2002. Generally, the 2002 results of operations reflect the period from November 1, 2002 through December 31, 2002 (the 2002 Period) and are not comparable to the results of operations for the years ended December 31, 2004 and 2003.

Three Months Ended June 30, 2005 as Compared with the Three Months Ended June 30, 2004

Net income for the three months ended June 30, 2005 and 2004 was as follows (\$ in thousands):

	2005	2004	Increase
Net income	\$ 67,985	49,799	\$ 18,186

The increase in net income in 2005 as compared with 2004 is attributable to an increase in underwriting income of \$24,484,000 and an increase in investment income of \$9,527,000, partially offset by an increase in operating expenses of \$4,218,000 and an increase in income tax expense of \$14,971,000. Underwriting income includes net favorable development of \$15,157,000 and \$9,210,000 in 2005 and 2004, respectively. Net favorable development includes the development of prior years unpaid losses and LAE and the related impact on premiums and profit commissions.

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Net premiums written and net premiums earned for the three months ended June 30, 2005 and 2004 were as follows (\$ in thousands):

	2005	2004	Increase
Net premiums written	\$ 422,959	330,527	\$ 92,432
Net premiums earned	\$ 431,470	310,867	\$ 120,603

The increase in net premiums written in 2005 is attributable to growth in both the Property and Marine and Casualty segments, partially offset by a decline in the Finite segment. The increase in net premium earned is related to the growth in current and prior periods net premiums written in the Property and Marine and Casualty segments and is also affected by changes in the mix of business and the structure of the underlying reinsurance contracts.

Net investment income for the three months ended June 30, 2005 and 2004 was \$28,904,000 and \$19,377,000, respectively. Net investment income increased in 2005 primarily due to increased invested assets. The increase in invested assets is attributable to positive cash flow from operations in 2005 and 2004 and the proceeds from the Notes. Net investment income includes interest earned on funds held of \$3,183,000 and \$178,000 in 2005 and 2004, respectively. Net realized losses on investments were \$555,000 and \$1,279,000 for the three months ended June 30, 2005 and 2004, respectively. Net realized losses on investments in 2005 include a provision of \$769,000 for the permanent impairment of an investment in Inter-Ocean, Ltd., a non-public reinsurance company, included in other invested asset. Exclusive of this provision, net realized gains and losses on investments were the result of the Company's efforts to manage the credit quality and duration of the investment portfolio.

Other income for the three months ended June 30, 2005 and 2004 was \$588,000 and \$605,000, respectively. Other income is comprised primarily of changes in fair value of fixed maturities classified as trading, net earnings or expense on several reinsurance contracts in the Finite Risk segment that are accounted for as deposits and interest expense or other charges related to funds withheld. Other income for the three months ended June 30, 2005 includes \$865,000 of net unrealized gains relating to fixed maturities classified as trading, \$225,000 of net income on reinsurance contracts accounted for as deposits and \$502,000 of interest expense related to funds withheld. Other income for the three months ended June 30, 2004 includes \$727,000 of net unrealized losses relating to fixed maturities classified as trading, \$162,000 of net income on reinsurance contracts accounted for as deposits and a gain of \$1,000,000 on the sale of assets.

Net foreign currency exchange losses for the three months ended June 30, 2005 and 2004 were \$160,000 and \$1,168,000, respectively. The Company routinely does business in various foreign currencies. Foreign currency exchange gains and losses result from the re-valuation into U.S. dollars of assets and liabilities denominated in foreign currencies. The Company periodically monitors its largest foreign currency exposures and purchases or sells foreign currency denominated invested assets to match these exposures. Net foreign currency exchange gains and losses arise as a result of fluctuations in the amounts of assets and liabilities denominated in foreign currencies as well as fluctuations in the currency exchange rates.

Losses and LAE and the resulting loss ratios for the three months ended June 30, 2005 and 2004 were as follows (\$ in thousands):

	2005	2004	Increase (Decrease)
Losses and LAE	\$ 240,852	189,466	\$ 51,386
Losses and LAE ratios	55.8%	60.9%	(5.1) points

The increase in losses and LAE in 2005 as compared with 2004 is due primarily to the increased net premiums earned. The loss and LAE ratio decreased in 2005 as compared with 2004 due primarily to more favorable loss development in 2005 than in 2004 in all segments. Losses and LAE included net

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favorable loss development of approximately \$17,256,000 representing 4.0% of net premiums earned in 2005 and approximately \$3,029,000 representing 1.0% of net premiums earned in 2004.

Acquisition expenses and resulting acquisition expense ratios for the three months ended June 30, 2005 and 2004 were as follows (\$ in thousands):

	2005	2004	Increase
Acquisition expenses	\$ 103,928	62,694	\$ 41,234
Acquisition expense ratios	24.1%	20.2%	3.9 points

The increase in acquisition expenses is due primarily to the increase in net premiums earned in 2005 as compared with 2004 as well as shifts in the mix of business. As the result of loss experience from prior years, profit commissions were increased in 2005, primarily in the Property and Marine segment, and decreased in 2004, primarily in the Finite Risk segment. Profit commission increases in 2005 related to prior years were approximately \$3,293,000, representing 0.8% of net premiums earned and profit commission reductions in 2004 related to prior years were approximately \$6,181,000, representing 2.0% of net premiums earned. Exclusive of profit commissions, the increase in the acquisition expense ratio in 2005 as compared with 2004 is primarily due to shifts in the mixes of business in the Property and Marine segment toward proportional business and in the Finite Risk segment toward proportional casualty business that generally has higher acquisition costs.

Operating expenses for the three months ended June 30, 2005 and 2004 were \$23,480,000 and \$19,262,000, respectively. Operating expenses include costs such as salaries, rent and like items related to reinsurance operations as well as costs associated with Platinum Holdings. Operating expenses in 2005 increased as compared with 2004 primarily due to increased salaries and benefits, increased regulatory compliance costs and an increase in incentive-based compensation in 2005 as compared with 2004 due to increased net income. Regulatory compliance costs were higher in 2005 than in 2004 as the majority of such costs in 2004 were incurred in the third and fourth quarters of 2004.

Interest expense for the three months ended June 30, 2005 and 2004 was \$4,174,000 and \$2,324,000, respectively and includes interest on the ESUs as well as the Series A 7.50% Notes. The increase in 2005 as compared with 2004 is due to interest on the Series A 7.50% Notes issued in May 2005.

Income tax expense and the effective income tax rate for the three months ended June 30, 2005 and 2004 were as follows (\$ in thousands):

	2005	2004	Increase
Income tax expense	\$ 19,828	4,857	\$ 14,971
Effective income tax rates	22.6%	8.9%	13.7 points

The increase in income tax expense in 2005 as compared with 2004 is due, in part, to the increase in income before income tax expense. An increasing percentage of the Company's income before income taxes is generated by Platinum Bermuda, which is not subject to corporate income tax. However, the Company incurred approximately \$9,150,000 of income taxes associated with the transfer from Platinum Finance to Platinum Holdings of \$183,350,000 in proceeds from the sale of the Series A 7.50% Notes. This transaction is deemed to be a taxable distribution under U.S. tax law and subject to U.S. withholding tax. The effective tax rate in 2004 was favorably affected by a reduction in the estimated annual effective tax rate.

Six Months Ended June 30, 2005 as Compared with the Six Months Ended June 30, 2004

Net income for the six months ended June 30, 2005 and 2004 was as follows (\$ in thousands):

	2005	2004	Increase
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Net income	\$ 141,073	104,613	\$ 36,460
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The 34.9% increase in net income in 2005 as compared with 2004 is principally attributable to the increase in underwriting income of \$33,622,000 and an increase in investment income of \$18,948,000,

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offset by an increase in operating expenses of \$5,452,000 and income tax expense of \$11,347,000. Underwriting income in 2005 as compared with 2004 was impacted by more favorable net development in 2005. Net favorable development was \$35,633,000 and \$23,547,000 in 2005 and 2004, respectively. Net favorable development includes the development of prior years unpaid losses and LAE and the related impact on premiums and profit commissions.

Net premiums written and net premiums earned for the six months ended June 30, 2005 and 2004 were as follows (\$ in thousands):

	2005	2004	Increase
Net premiums written	\$ 916,758	810,633	\$ 106,125
Net premiums earned	\$ 842,510	631,909	\$ 210,601

The increase in net premiums written in 2005 as compared with 2004 is primarily attributable to growth in the Property and Marine and Casualty segments. The increase in net premiums earned is related to the growth in current and prior periods net premiums written and is affected by changes in the mix of business and the structure of the underlying reinsurance contracts.

Net investment income for the six months ended June 30, 2005 and 2004 was \$55,809,000 and \$36,861,000, respectively. Net investment income increased during 2005 primarily due to increased invested assets. The increase in invested assets is attributable to positive cash flow from operations in 2005 and 2004 and the proceeds from the Notes. Net cash flow from operations, excluding trading securities activities, was \$372,073,000 for the six months ended June 30, 2005 and \$698,223,000 for the year ended December 31, 2004, respectively. Net investment income includes interest earned on funds held of \$5,494,000 and \$220,000 in 2005 and 2004, respectively. Net realized losses on investments were \$183,000 and \$827,000 for the six months ended June 30, 2005 and 2004, respectively. Net realized losses on investments in 2005 also include a provision of \$769,000 for the permanent impairment of an investment in Inter-Ocean, Ltd. included in other invested asset. Exclusive of this provision, net realized gains and losses on investments were the result of the Company's efforts to manage the quality, diversity, currency exposure, duration and tax profile of the investment portfolio.

Other income for the six months ended June 30, 2005 and 2004 was \$232,000 and \$1,116,000, respectively. Other income is comprised primarily of changes in fair value of fixed maturities classified as trading, net earnings on several reinsurance contracts in the Finite Risk segment that are accounted for as deposits and interest expense or other charges related to funds withheld. Other income for the six months ended June 30, 2005 includes \$531,000 of net unrealized gains relating to changes in fair value of fixed maturities classified as trading, \$203,000 of earnings on reinsurance contracts accounted for as deposits and \$502,000 of interest expense related to funds withheld. Other income for the six months ended June 30, 2004 includes \$409,000 of net unrealized losses relating to fixed maturities classified as trading, \$259,000 of earnings on reinsurance contracts accounted for as deposits and a gain of \$1,000,000 on the sale of assets.

Net foreign currency exchange losses for the six months ended June 30, 2005 and 2004 were \$1,958,000 and \$302,000, respectively. Net foreign currency exchange gains and losses arise as a result of fluctuations in the amounts of assets and liabilities denominated in foreign currencies as well as fluctuations in the currency exchange rates.

Losses and LAE and the resulting loss ratios for the six months ended June 30, 2005 and 2004 were as follows (\$ in thousands):

	2005	2004	Increase
Losses and LAE	\$ 478,550	351,435	\$ 127,115
Loss and LAE ratios	56.8%	55.6%	1.2 points

The increase in losses and LAE in 2005 as compared with 2004 is due to the increased net premiums earned. Losses and LAE included net favorable loss development of approximately \$33,119,000

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representing 3.9% of net premiums earned in 2005 and approximately \$28,239,000 representing 4.5% of net premiums earned in 2004. The loss and LAE ratio increased in 2005 as compared with 2004 due to less favorable loss development in 2005 as well as a shift in the mix of business in the Finite Risk segment from finite property to finite casualty contracts that generally have higher loss ratios.

Acquisition expenses and resulting acquisition expense ratios for the six months ended June 30, 2005 and 2004 were as follows (\$ in thousands):

	2005	2004	Increase (Decrease)
Acquisition expenses	\$ 197,177	151,615	\$ 45,562
Acquisition expense ratios	23.4%	24.0%	(0.6) points

The increase in acquisition expenses is due primarily to the increase in net premiums earned in 2005 as compared with 2004. While the ratios in 2005 and 2004 are comparable, the ratios are affected by profit commissions, including approximately \$215,000 in 2005 and \$4,692,000 in 2004 relating to favorable loss development from prior years primarily in the Finite Risk segment.

Operating expenses for the six months ended June 30, 2005 and 2004 were \$43,488,000 and \$38,036,000, respectively. Operating expenses include costs such as salaries, rent and like items related to reinsurance operations as well as costs associated with Platinum Holdings. Operating expenses in 2005 increased as compared with 2004 primarily due to increased salaries and benefits, increased regulatory compliance costs and an increase in incentive-based compensation in 2005 as compared with 2004 due to increased net income. Regulatory compliance costs were higher in 2005 than in 2004 as the majority of such costs in 2004 were incurred in the third and fourth quarters of 2004.

Interest expense for the six months ended June 30, 2005 and 2004 was \$6,347,000 and \$4,630,000, respectively and includes interest on the ESUs as well as the Series A 7.50% Notes. The increase in 2005 as compared with 2004 is due to interest on the Series A 7.50% Notes issued in May 2005.

Income tax expense and the effective income tax rate for the six months ended June 30, 2005 and 2004 were as follows (\$ in thousands):

	2005	2004	Increase
Income tax expense	\$ 29,775	18,428	\$ 11,347
Effective income tax rates	17.4%	15.0%	2.4 points

The increase in income tax expense in 2005 as compared with 2004 is due, in part, to the increase in income before income tax expense. An increasing percentage of the Company's income before income taxes is generated by Platinum Bermuda, which is not subject to corporate income tax. However, the Company incurred approximately \$9,150,000 of income taxes associated with the transfer from Platinum Finance to Platinum Holdings of \$183,350,000 of the proceeds from the sale of the Series A 7.50% Notes. This transaction is deemed to be a taxable distribution under U.S. tax law and subject to U.S. withholding tax.

Year Ended December 31, 2004 as Compared with the Year Ended December 31, 2003

Net income for the years ended December 31, 2004 and 2003 was as follows (\$ in thousands):

	2004	2003	Decrease
Net income	\$ 84,783	144,823	\$ (60,040)

The decrease in net income in 2004 as compared with 2003 is attributable to a decline in underwriting income of \$115,429,000. The decline in underwriting income was due primarily to the combination of four significant named hurricanes, Charley, Frances, Ivan and Jeanne (the Hurricanes), causing severe damage in the Caribbean and the southeast United States in August and September of 2004, partially offset by growth of profitable business in all segments and favorable loss development. Net income in 2004 as compared with 2003 was also favorably impacted by an increase in investment income of \$26,887,000 and reductions in corporate expenses of \$9,871,000 and income tax expense of \$18,526,000.

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The aggregate adverse impact on net income of the Company in 2004 from the Hurricanes is summarized as follows (\$ in thousands):

Losses	\$ 230,475
Less:	
Additional premiums earned	(29,265)
Profit commissions	(10,243)
Net adverse impact before income tax benefit	190,967
Income tax benefit	(14,537)
Net adverse impact after income tax benefit	\$ 176,430

The impact of the Hurricanes was consistent with our expectations for storms of this magnitude and location.

Net premiums written and net premiums earned for the years ended December 31, 2004 and 2003 were as follows (\$ in thousands):

	2004	2003	Increase
Net premiums written	\$ 1,646,013	1,172,142	\$ 473,871
Net premiums earned	\$ 1,447,935	1,067,527	\$ 380,408

The increase in net premiums written and earned in 2004 as compared with 2003 is attributable to growth in all segments, and includes approximately \$29,265,000 of additional premiums related to losses arising from the Hurricanes. The increase in net premiums earned is related to the growth in current and prior periods net premiums written and is affected by changes in the mix of business and the structure of the underlying reinsurance contracts.

Net investment income for the years ended December 31, 2004 and 2003 was \$84,532,000 and \$57,645,000, respectively. Net investment income increased during 2004 primarily due to increased invested assets attributable to positive cash flow from operations, excluding trading securities activities, which was \$698,223,000 and \$469,168,000 in 2004 and 2003, respectively. Fixed maturities were \$2,240,202,000 and \$1,678,138,000 at December 31, 2004 and 2003, respectively. The book basis yields on fixed maturities were 4.3% and 4.1% at December 31, 2004 and 2003, respectively. Net investment income included \$2,651,000 and \$776,000 of interest earned on funds held for the years ended December 31, 2004 and 2003, respectively. Net investment income for the year ended December 31, 2003 included \$1,357,000 of interest received from St. Paul on balances due relating to the Quota Share Retrocession Agreements. Net realized gains on investments of \$1,955,000 and \$2,781,000 for the years ended December 31, 2004 and 2003, respectively, were the result of investment sale activity to manage the quality, diversity, currency exposure, duration and tax profile of the investment portfolio.

Other income for the years ended December 31, 2004 and 2003 was \$3,211,000 and \$3,343,000, respectively. Other income in 2004 includes \$1,036,000 of net unrealized gains relating to changes in fair value of fixed maturities classified as trading, \$758,000 of earnings on reinsurance contracts accounted for as deposits and a gain of \$1,000,000 on the sale of assets. Other income in 2003 includes \$1,282,000 of net unrealized losses relating to changes in fair value of fixed maturities classified as trading and, \$4,625,000 of earnings on reinsurance contracts accounted for as deposits. Earnings on reinsurance contracts accounted for as deposits decreased in 2004 from 2003 due to a fewer number of such contracts.

Net foreign currency exchange gains (losses) for the years ended December 31, 2004 and 2003 were \$725,000 and (\$114,000), respectively. The Company routinely does business in various foreign currencies. The decrease in net foreign currency exchange losses is due to efforts to better manage exposures to foreign currency exchange rate fluctuations by holding invested assets denominated in the foreign currencies in which the related net insurance

liabilities are denominated. The Company periodically

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reviews its largest foreign currency exposures and purchases or sells foreign currency denominated invested assets to match these exposures.

Losses and LAE and the resulting loss and LAE ratios for the years ended December 31, 2004 and 2003 were as follows (\$ in thousands):

	2004	2003	Increase
Losses and LAE	\$ 1,019,804	584,171	\$ 435,633
Loss and LAE ratios	70.4%	54.7%	15.7 points

The increase in losses and LAE in 2004 from 2003 is due primarily to losses of approximately \$230,475,000 from the Hurricanes and the growth in business in all segments. The increase in the loss ratio in 2004 from 2003 is due primarily to losses from the Hurricanes that contributed 15.9% to the loss and LAE ratio in 2004. Net favorable development of \$57,151,000 reduced the loss and LAE ratio by 3.9% in 2004 as compared with favorable development of \$50,866,000 that reduced the loss and LAE ratio by 4.8% in 2003.

Acquisition expenses and resulting acquisition expense ratios for the years ended December 31, 2004 and 2003 were as follows (\$ in thousands):

	2004	2003	Increase (Decrease)
Acquisition expenses	\$ 327,821	251,226	\$ 76,595
Acquisition expense ratios	22.6%	23.5%	(0.9) points

The increase in acquisition expenses in 2004 from 2003 is consistent with the growth in business in all segments, partially offset by reductions of profit commissions under reinsurance contracts that incurred losses from the Hurricanes. The decrease in the acquisition expense ratio in 2004 from 2003 is primarily due to changes in the mix of business as well as reductions of profit commissions related to losses from the Hurricanes.

Operating expenses for the years ended December 31, 2004 and 2003 were \$66,333,000 and \$92,595,000, respectively. Operating expenses include costs such as salaries, rent and like items related to reinsurance operations as well as costs associated with Platinum Holdings. The decline of \$26,262,000 in operating expenses in 2004 as compared with 2003 was attributable to a reduction of \$11,408,000 in incentive-based compensation in 2004 as compared with 2003 due to the decline in the Company's net income, a charge of \$9,289,000 in 2003 related to the separation and consulting agreement with the Company's former chief executive officer, as well as various non-recurring start-up costs of approximately \$9,239,000 incurred in 2003.

Interest expense for the years ended December 31, 2004 and 2003 was \$9,268,000 and \$9,492,000, respectively, and relates to the Company's ESUs, which are classified as debt obligations on the Company's balance sheet.

Income taxes and the effective income tax rate for the years ended December 31, 2004 and 2003 were as follows (\$ in thousands):

	2004	2003	Increase (Decrease)
Income taxes	\$ 30,349	48,875	\$ (18,526)
Effective income tax rate	26.4%	25.2%	1.2 points

Income taxes decreased in 2004 from 2003 due to the decline in income before income taxes. The effective tax rate in any given year is based on income before taxes of the Company's subsidiaries that operate in several jurisdictions with varying corporate income tax rates. Platinum Holdings and Platinum Bermuda are not subject to

corporate income tax. While the effective income tax rates in 2004 and 2003 are comparable, both years include events that increased the effective income tax rate. In 2004 approximately 80% of the losses from the Hurricanes were incurred by Platinum Bermuda without tax

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benefit and in 2003 expenses related to the severance payment to and share option expense of the Company's former chief executive officer were incurred by Platinum Holdings without tax benefit.

Year Ended December 31, 2003 as Compared with the Period Ended December 31, 2002

Net income for the year ended December 31, 2003 and the 2002 Period was as follows (\$ in thousands):

	2003	2002 Period	Increase
Net income	\$ 144,823	6,438	\$ 138,385

The Company's first complete year of operations was 2003 and, consequently, net income increased significantly as compared with the 2002 Period which represents a two-month period during which the Company had minimal underwriting activity. Additional factors affecting the comparison include the growth in the business underwritten in 2003 over 2002, favorable development in 2003 of unpaid losses and LAE of approximately \$50,866,000, improved profitability relating to net premiums earned in 2003, and increased investment income resulting from growth in invested assets in 2003. The United States insurance industry incurred some significant catastrophe losses in 2003; however, catastrophe losses in the Company's portfolio were relatively low as most catastrophe claims remained at the primary or ceding company level. Operating expenses for the year ended December 31, 2003 include a charge of \$9,289,000 for expenses related to the separation and consulting agreement with the Company's former chief executive officer.

Net premiums written and earned for the year ended December 31, 2003 and the 2002 Period was as follows (\$ in thousands):

	2003	2002 Period	Increase
Net premiums written	\$ 1,172,142	298,114	\$ 874,028
Net premiums earned	\$ 1,067,527	107,098	\$ 960,429

The Company's first complete year of operations was 2003 and, as a result, net premiums written and earned increased significantly as compared with the 2002 Period which represents a two-month period during which the Company had minimal underwriting activity. Generally, the last two months of a year have a relatively small amount of net premiums written. However, net premiums written in the 2002 Period include \$244,000,000 of unearned premiums assumed from St. Paul under the Quota Share Retrocession Agreements representing the remaining unearned premiums related to contracts written by St. Paul Re during the first ten months of 2002. Premiums written are based partially on estimates of ultimate premiums from reinsurance contracts and the estimates are updated quarterly. Reductions in premiums estimated for the 2002 underwriting year in the Casualty segment, a portion of which was written and earned by St. Paul Re, reduced the Company's net premiums written in 2003 by approximately \$35,300,000.

Similar to net premiums written, net premiums earned in 2003 represents twelve months of underwriting activity whereas the 2002 Period represents two months. Net premiums earned are recognized subsequent to net premiums written. Net premiums earned in the 2002 Period are relatively low due to the commencement of operations during 2002. Net premiums earned for 2003 reflect business underwritten in 2003 and 2002 while net premiums earned in the 2002 Period reflect only business underwritten in 2002. The reduction in 2003 of net premiums written in the Casualty segment resulted in a reduction of net premiums earned of approximately \$16,100,000.

Net investment income was \$57,645,000 and \$5,211,000 for the year ended December 31, 2003 and the 2002 Period, respectively. The increase is primarily due to the comparison of 2003 with twelve months of investment income to the 2002 Period. Net investment income increased during 2003 as the Company's invested assets increased

as a result of positive cash flow from operations. Net realized gains on investments were \$2,781,000 and \$25,300 in 2003 and the 2002 Period, respectively, and are the result of

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investment sale activity to manage the quality, diversity, currency exposure, duration and tax profile of the investment portfolio.

Other income was \$3,343,000 and \$167,000 for the year ended December 31, 2003 and the 2002 Period, respectively, and represents earnings on a small number of reinsurance contracts in the Finite Risk segment accounted for as deposits. Other income in 2003 also includes \$1,282,000 of net unrealized losses relating to changes in fair value of fixed maturities classified as trading.

Net foreign currency exchange gains (losses) for the year ended December 31, 2003 and the 2002 Period, were (\$114,000) and \$2,017,000, respectively. Foreign currency exchange gains and losses arise from the valuation in U.S. dollars of assets and liabilities denominated in foreign currencies. During 2003, the Company established procedures to manage exposure to foreign currency exchange rates by matching foreign currency denominated assets and liabilities.

Losses and LAE for the years ended December 31, 2003 and the 2002 Period, respectively were as follows (\$ in thousands):

	2003	2002 Period	Increase
Losses and LAE	\$ 584,171	60,356	\$ 523,815
Loss and LAE ratios	54.7%	56.4%	(1.7) points

The increase in losses and LAE is primarily due to the comparison of 2003 with twelve months of underwriting operations to the 2002 Period. Losses and LAE in 2003 were favorably impacted by improved profitability relating to net premiums earned in 2003 on business underwritten in 2002. While losses and LAE in 2003 include provisions for various catastrophe losses, the 2002 Period had no catastrophe losses. The United States insurance industry incurred some significant catastrophe losses in 2003. However, catastrophe losses in the Company's portfolio were relatively low as most catastrophe claims remained at the primary or ceding company level. Losses and LAE in 2003 included a reduction in the estimated liability as of December 31, 2002 of \$63,966,000 of which \$13,100,000 relates to the reduction in 2003 of premiums originally estimated and earned in 2002 in the Casualty segment. The remaining \$50,866,000 represents net favorable development. Unpaid losses and LAE at December 31, 2002 were based largely on initial expected ultimate loss ratios. Throughout 2003 actual reported losses were monitored against expected patterns of reported loss. As actual reported losses continued to be less than expected reported losses, estimates of expected ultimate losses were reduced. This principally affected property coverages in the Property and Marine and Finite Risk segments where a substantial portion of the ultimate losses is expected to be reported to the Company within two years.

Acquisition expenses, including brokerage, commissions and other direct underwriting expenses associated with underwriting activities, and resulting acquisition expense ratios for the year ended December 31, 2003 and the 2002 Period were as follows (\$ in thousands):

	2003	2002 Period	Increase (Decrease)
Acquisition expenses	\$ 251,226	25,474	\$ 225,752
Acquisition expense ratios	23.5%	23.8%	(0.3) points

The increase in acquisition expenses is primarily due to the comparison of 2003 with twelve months of underwriting operations to the 2002 Period. Although acquisition ratios in 2003 varied by operating segment and by type of business, the resulting ratios of acquisition expenses to net premiums earned for 2003 and the 2002 Period were comparable at 23.5% and 23.8%, respectively.

Operating expenses include other underwriting expenses related to the reinsurance operations as well as costs associated with the holding company operations of Platinum Holdings and were \$92,595,000 and \$16,334,000 for the year ended December 31, 2003 and the 2002 Period, respectively. The increase in operating expenses is due to the comparison of 2003 with twelve months of operations to the 2002 Period. Additionally, there were increases in staff, fees relating to the Services and Capacity Reservation

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Agreement dated November 1, 2002 with RenaissanceRe (the RenRe Agreement) that provides for a periodic review of aggregate property catastrophe exposures by RenaissanceRe and office relocation expenses in 2003. Operating expenses in 2003 include a charge of \$9,289,000 for the expenses related to the separation and consulting agreement with the Company's former chief executive officer. Operating expenses in the 2002 Period include one-time expenses of \$5,353,000 incurred in connection with the completion of the Initial Public Offering, the formation of the Company and the assumption of business from St. Paul.

Interest expense for the year ended December 31, 2003 and the 2002 Period was \$9,492,000, and \$1,261,000, respectively, and relates to amounts payable under the Company's ESUs which are classified as debt obligations on the Company's balance sheet. The increase is due to the comparison of 2003 with twelve months of interest expense to the 2002 Period.

Income taxes and the effective income tax rate for the year ended December 31, 2003 and the 2002 Period were as follows (\$ in thousands):

	2003	2002 Period	Increase (Decrease)
Income taxes	\$ 48,875	4,655	\$ 44,220
Effective income tax rate	25.2%	42.0%	(16.8) points

The increase in income tax expense is due to the increase in net income before taxes in 2003 over the 2002 Period. The effective tax rate for 2003 was affected by a significant amount of income derived from business underwritten in 2002, which was assumed and retained by Platinum US and subject to U.S. corporate tax. The effective tax rate for 2003 was also affected by expenses related to the separation and consulting agreement with the Company's former chief executive officer that were incurred by Platinum Holdings without tax benefit, thereby increasing the 2003 effective tax rate. The effective tax rate in the 2002 Period was higher than any tax rate of the taxable jurisdictions in which the Company operates due to significant start-up expenses incurred by Platinum Holdings for which no tax benefit was available.

Segment Information

The Company conducts its worldwide reinsurance business through three operating segments: Property and Marine, Casualty and Finite Risk. In managing the Company's operating segments, management uses measures such as underwriting income and underwriting ratios to evaluate segment performance. Management does not allocate by segment its assets or certain income and expenses such as investment income, interest expense and certain corporate expenses. Segment underwriting income is reconciled to income before income tax expense. The measures used by management in evaluating the Company's operating segments should not be used as a substitute for measures determined under U.S. GAAP. The following table summarizes underwriting activity and ratios for the three operating segments for the three

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and six months ended June 30, 2005 and 2004 and for the years ended December 31, 2004 and 2003 and the 2002 Period (\$ in thousands):

	Property and Marine	Casualty	Finite Risk	Total
Three months ended June 30, 2005:				
Net premiums written	\$ 134,953	188,890	99,116	\$ 422,959
Net premiums earned	140,669	198,723	92,078	431,470
Losses and LAE	58,499	127,531	54,822	240,852
Acquisition expenses	29,695	47,963	26,270	103,928
Other underwriting expenses	8,240	8,972	1,333	18,545
Segment underwriting income	\$ 44,235	14,257	9,653	\$ 68,145
Corporate expenses not allocated to segments				(4,935)
Net foreign currency exchange losses				(160)
Interest expense				(4,174)
Other income				588
Net investment income and net realized losses on investments				28,349
Income before income tax expense				\$ 87,813
Ratios:				
Losses and LAE	41.6%	64.2%	59.5%	55.8%
Acquisition expense	21.1%	24.1%	28.5%	24.1%
Other underwriting expense	5.9%	4.5%	1.4%	4.3%
Combined	68.6%	92.8%	89.4%	84.2%

	Property and Marine	Casualty	Finite Risk	Total
Three months ended June 30, 2004:				
Net premiums written	\$ 101,841	112,761	115,925	\$ 330,527
Net premiums earned	99,928	132,230	78,709	310,867
Losses and LAE	40,974	93,391	55,101	189,466
Acquisition expenses	14,905	31,994	15,795	62,694
Other underwriting expenses	7,174	5,305	2,567	15,046
Segment underwriting income	\$ 36,875	1,540	5,246	\$ 43,661

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Corporate expenses not allocated to segments	(4,216)
Net foreign currency exchange losses	(1,168)
Interest expense	(2,324)
Other income	605
Net investment income and net realized losses on investments	18,098
Income before income tax expense	\$ 54,656

Ratios:

Losses and LAE	41.0%	70.6%	70.0%	60.9%
Acquisition expense	14.9%	24.2%	20.1%	20.2%
Other underwriting expense	7.2%	4.0%	3.3%	4.8%
Combined	63.1%	98.8%	93.4%	85.9%

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	Property and Marine	Casualty	Finite Risk	Total
Six months ended June 30, 2005:				
Net premiums written	\$ 320,002	404,559	192,197	\$ 916,758
Net premiums earned	268,866	383,491	190,153	842,510
Losses and LAE	118,539	245,969	114,042	478,550
Acquisition expenses	51,684	93,165	52,328	197,177
Other underwriting expenses	15,963	16,285	2,904	35,152
Segment underwriting income	\$ 82,680	28,072	20,879	131,631
Corporate expenses not allocated to segments				(8,336)
Net foreign currency exchange losses				(1,958)
Interest expense				(6,347)
Other income				232
Net investment income and net realized losses on investments				55,626
Income before income tax expense				\$ 170,848
Ratios:				
Loss and LAE	44.1%	64.1%	60.0%	56.8%
Acquisition expense	19.2%	24.3%	27.5%	23.4%
Other underwriting expense	5.9%	4.2%	1.5%	4.2%
Combined	69.2%	92.6%	89.0%	84.4%

	Property and Marine	Casualty	Finite Risk	Total
Six months ended June 30, 2004:				
Net premiums written	\$ 273,135	336,726	200,772	\$ 810,633
Net premiums earned	217,993	268,452	145,464	631,909
Losses and LAE	89,552	188,175	73,708	351,435
Acquisition expenses	36,657	66,830	48,128	151,615
Other underwriting expenses	15,324	10,362	5,164	30,850
Segment underwriting income	\$ 76,460	3,085	18,464	98,009
Corporate expenses not allocated to segments				(7,186)
Net foreign currency exchange losses				(302)

Interest expense	(4,630)
Other income	1,116