

ANNUITY AND LIFE RE (HOLDINGS), LTD.

Corporate Governance Guidelines - 2005

The business and affairs of Annuity and Life Re (Holdings), Ltd. (“Annuity Re”) are to be managed by its Board of Directors. Annuity Re has adopted these Corporate Governance Guidelines to set forth the Board of Directors’ policies and procedures for ensuring the proper corporate governance of Annuity Re.

1. Director Qualifications

General. The Board of Directors is responsible for reviewing, on an annual basis, the requisite skills and characteristics of potential new directors, as well as the composition of the Board as a whole. This review shall include an assessment of each director’s qualification as an independent director, as well as considerations of diversity, skills and experience in the context of the needs of the Board. Nominees for director are recommended to the full Board of Directors by the independent members of the Board in accordance with the policies and principles set forth in Appendix A hereto. The invitation to join the Board should be extended by the Board itself.

Independence. The majority of directors serving on the Board of Directors of Annuity Re must be “independent” under the listing standards of the New York Stock Exchange (the “NYSE”), as determined by the Board. Annuity Re requires each director who qualifies as independent under the NYSE’s criteria to submit to Annuity Re annually a certificate reaffirming such independence.

Terms. The Board of Directors does not have a policy of term limits or a mandatory retirement age for its directors. The Board believes that, over a period of time, directors develop increasing insight into Annuity Re and its operations and that their resultant contributions to the Board and Annuity Re add great value that could be lost through regular turnover of the Board. However, as a substitute for term limits, the Board reviews each director’s contributions to, and continuation on, the Board every three years when such director is to stand for reelection to the Board.

2. Director Responsibilities

General. The most fundamental responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of Annuity Re and its shareholders and, to the extent appropriate under Bermuda law, other constituents. In discharging this obligation, the directors must act in good faith and with due care and loyalty. The directors may rely on the honesty and integrity of Annuity Re's executive officers and its outside advisors and auditors.

Board Meetings. The Board of Directors must meet at least four times per year, but the directors are required to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities to Annuity Re. Each director is expected to attend, either in person or telephonically, all properly called meetings of the Board of Directors and must use all reasonable efforts to do so. Directors must participate in Board meetings, review relevant meeting materials in advance, serve on Board committees and prepare for meetings and discussions with management. Directors are expected to maintain an attitude of constructive involvement and oversight, to ask probing questions and require accurate and honest answers.

Executive Sessions. The non-management directors must meet in executive session without any representatives of management at least quarterly. The Chairperson of the Board shall preside at each executive session unless he or she is affiliated with management. If the Chairperson of the Board is affiliated with management, the director who presides at an executive session will be selected by the non-management directors in attendance at such session, and his or her name will be disclosed in Annuity Re's annual proxy statement.

Corporate Governance Matters. The independent members of Annuity Re's Board of Directors shall have the duties and responsibilities relating to corporate governance set forth in Appendix B hereto.

Compensation Matters. The independent members of Annuity Re's Board of Directors shall have the duties and responsibilities relating to compensation set forth in Appendix C hereto.

Directors' and Officers' Liability Insurance; Indemnification. The directors are entitled to have Annuity Re purchase directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and Annuity Re's Memorandum of Association and Bye-Laws, and to exculpation as provided by law.

3. Board Committees

General. The Board of Directors must at all times have an Audit Committee which must be comprised entirely of directors who meet the applicable independence criteria of the NYSE and the applicable rules and regulations of the Securities and Exchange Commission. The Board may also have any other committees as it determines.

Advisors. Each committee shall have the power to retain independent legal, accounting, financial and other advisors and consultants as it may deem necessary, at the expense of Annuity Re and without obtaining the approval of the full Board or any officer of Annuity Re in advance, provided that it notifies the Chief Financial Officer of Annuity Re in each such instance. Without limiting the generality of the foregoing, the Board must ensure that the Audit Committee has appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor employed by the Audit Committee, on behalf of Annuity Re, for the purpose of performing audit services, including the rendering or issuing of an audit report, as well as for any other advisors the Audit Committee employs in carrying out its duties.

4. Director Access to Management and Independent Advisors

Directors must have complete access to officers and employees of Annuity Re and must use sound business judgment to ensure that the use of this access is not unreasonably distracting to the officers and employees or disruptive of the operations of Annuity Re. Directors must also have access to Annuity Re's independent advisors as appropriate to fulfill the legitimate business interests of Annuity Re. Because directors must have accurate and complete information to fulfill their duties, they should be provided with, and review, information from a variety of sources, including management, Board committees, outside experts and auditors. The Board should be provided with information before Board and committee meetings with sufficient time to review and reflect on key issues and to request supplemental information as necessary.

5. Director Compensation

General. The form and amount of director compensation (including any additional compensation for committee service) is determined by the full Board of Directors upon recommendation by the independent members of the Board. Annuity Re believes that its director compensation should be competitive and should include cash (in the form of an annual retainer and/or fees for attending Board and committee meetings) and equity (in the form of Annuity Re shares and/or options to

purchase Annuity Re shares). In determining the form and amount of consideration to be paid to the directors, the Board shall strive to ensure that director compensation does not exceed customary levels by critically evaluating the amount and form of consideration that Annuity Re directly or indirectly pays to a director and to organizations with which a director is affiliated, so as not to jeopardize any director's independence.

Management Directors. Any director who is an officer of Annuity Re shall not receive any additional compensation for his or her service as a director.

6. Director Orientation and Continuing Education

Orientation. Each new director must meet with management and participate in any orientation programs established by the Board of Directors to familiarize the new director with Annuity Re, its strategic plans and significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, these Corporate Governance Guidelines and with the new director's duties and responsibilities as a member of the Board of Directors.

Continuing Education. All directors must attend continuing education courses related to their service to Annuity Re as a member of the Board of Directors as they deem appropriate.

7. Management Selection, Performance Evaluation and Succession

Management Selection. The Board of Directors must select the Chief Executive Officer of Annuity Re in a manner that it reasonably believes to be in the best interests of Annuity Re at any given time. In selecting the Chief Executive Officer, the Board of Directors must give due consideration to any related report or recommendation of the independent members of the Board given in the course of performing their duties described in Appendix B and Appendix C hereto.

Management Performance. As set forth in Appendix B hereto, the independent members of the Board must conduct an annual review of the Chief Executive Officer's performance and make a report thereon to the full Board. The Chief Executive Officer must also make an annual presentation to the Board of Directors indicating his or her progress against the performance goals the Board of Directors sets for him or her. The Board of Directors will review these reports to ensure that the Chief Executive Officer is providing the best leadership for Annuity Re in the long- and short-term and will meet with the Chief Executive Officer to discuss any concerns that it has.

Management Succession. As set forth in Appendix B hereto, the independent members of the Board must prepare and distribute to the Board of Directors an annual report on succession planning for the Chief Executive Officer, which must include a short-term succession plan that contemplates the unexpected inability of the Chief Executive Officer to perform his or her duties. The full Board of Directors must work with the independent members of the Board to nominate and evaluate potential successors to the Chief Executive Officer. The Chief Executive Officer must make available his or her recommendations and evaluations of potential successors.

8. Annual Performance Evaluation of the Board of Directors

The Board of Directors must perform annually an evaluation of its own performance. To assist the Board in this evaluation, the Board should solicit comments from the individual directors, as well as from management. The Board's evaluation should assess whether it and its committees are functioning properly, focusing on the Board's contributions to Annuity Re and on areas in which the Board or management believes that the Board could improve.

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These Guidelines will be made available on Annuity Re's website and, upon request, in print.

Director Nominations

The independent members of Annuity Re's Board of Directors shall:

1. Review annually the composition of the Board and assess the respective skills, characteristics and independence of the directors serving thereon, with a view towards identifying, as needed, new candidates for service on Annuity Re's Board.
2. Actively seek individuals qualified to be directors for recommendation to the full Board, and in so identifying new director nominees, adhere to the following criteria: (a) each director should be an individual of the highest character and integrity; (b) each director should have sufficient experience to enable the director to make a meaningful contribution to Annuity Re and the Board; (c) each director should be chosen without regard to race, color, religion, gender, age, national origin, disability or veteran or marital status; and (d) each director should have sufficient time available to devote to the affairs of Annuity Re to carry out the responsibilities of a director.
3. Consistent with Annuity Re's Bye-laws and other laws and regulations, consider written recommendations from shareholders for director candidates when the recommendation is accompanied by sufficient information to enable the independent directors to assess the candidate's qualifications, along with confirmation of that candidate's consent to serve as a director if elected.
4. Review annually the composition of the committees of the Board and assess the respective skills, characteristics and independence of the directors serving thereon, with a view towards identifying the need for, and proposing to the full Board as necessary, changes to the members of those committees.

Governance Matters

The independent members of Annuity Re's Board of Directors shall:

1. Monitor compliance with Annuity Re's Corporate Governance Guidelines and its Code of Business Conduct and Ethics. Review annually the adequacy of both the Guidelines and the Code and recommend any proposed changes to the full Board for its approval.
2. Oversee the process of evaluating the performance of the Board, its committees, the individual directors and management with respect to matters other than compensation.
3. Review and approve the goals and objectives, both long-term and short-term, that the Chief Executive Officer proposes for Annuity Re, and conduct an annual performance review of the Chief Executive Officer to determine the extent to which those goals and objectives have been or are being achieved and make a report thereon to the full Board.
4. Prepare an annual report on succession planning for the Chief Executive Officer.
5. Monitor the quality of the relationship between management and the Board and recommend improvements to the full Board.

Compensation Matters

The independent members of Annuity Re's Board of Directors shall:

1. Review and approve goals and objectives of Annuity Re relevant to the compensation of the Chief Executive Officer and any other officers as the full Board deems appropriate; evaluate the Chief Executive Officer's and the other officers' performance in light of those goals and objectives and determine and approve their respective compensation levels based on this evaluation and existing agreements. In determining the long-term incentive component of the compensation paid to the Chief Executive Officer and those other officers as the full Board deems appropriate, the independent directors shall consider (i) Annuity Re's performance and relative shareholder return; (ii) the value of similar incentive awards to officers in similar positions at comparable companies; and (iii) the awards given to persons fulfilling similar roles for Annuity Re in previous years.
2. Review and approve Annuity Re's incentive-compensation plans and equity-based plans, including the performance goals and objectives of the Chief Executive Officer and any other officers as the full Board deems appropriate for eligibility to participate in those plans, and make recommendations to the full Board with respect thereto.
3. Review and recommend to the full Board from time to time the form and amount of compensation that Annuity Re pays to its directors for service on the Board and its committees.
4. Prepare the annual report on executive compensation for inclusion in Annuity Re's proxy statement.