



Annuity & Life Re

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FOR IMMEDIATE RELEASE

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ANNUITY & LIFE RE THIRD QUARTER 2006 EARNINGS REPORT

Hamilton, Bermuda, November 9, 2006, 6:00 pm. ET – Annuity and Life Re (Holdings), Ltd. (ANNRF.PK) today reported financial results for the three months ended September 30, 2006. The Company reported a net loss of \$(205,690) or \$(0.01) per fully diluted share as compared to a net loss of \$(2,628,482) or \$(0.11) per fully diluted share for the three months ended September 30, 2005 and a net loss of \$(1,211,201) or \$(0.05) per fully diluted share for the nine months ended September 30, 2006 compared to a net loss of \$(3,937,113) or (0.16) per fully diluted share for the nine months ended September 30, 2005. Total Stockholder's Equity at September 30, 2006 is \$44,677,410.

Net realized investment losses for the three months ended September 30, 2006 were \$(73,795), as compared with net realized investment gains of \$99,506 for the three months ended September 30, 2005. Net realized losses for the nine month period ended September 30, 2006 amounted to \$(1,131,847) compared to a net realized gain of \$500,650 for the nine months ended September 30, 2005.

Gross unrealized losses on the Company's investments were \$(162,353) as of September 30, 2006, as compared to gross unrealized losses of \$(837,723) at September 30, 2005. The Company's investment portfolio currently maintains an average credit quality of AA. Cash used by operations for the nine months ended September 30, 2006 was \$5,281,380 as compared to cash used by operations of \$42,478,631 for the nine months ended September 30, 2005.

The arbitration proceeding instituted by Transamerica against Annuity and Life Reassurance, Ltd. concerning an Agreement to novate certain reinsurance contracts to Transamerica effective December 31, 2004 is progressing. (For additional information, please refer to Note 5 to the Company's financial statements.)

Since the organizational meeting, the parties have proceeded both with discovery, and with briefing on Transamerica's request for interim security. In its latest brief, Transamerica stated that it is not seeking security in an amount that would prevent Annuity and Life Reassurance, Ltd. from defending itself on the merits, but suggested that it would be reasonable for the Arbitration Panel to require security that would leave Annuity and Life Reassurance, Ltd. with only \$2 million in unencumbered capital. That would mean security of approximately \$30 million. Briefing on the security issue was completed in early November and the Panel should soon render its decision on that issue.

The Company believes Transamerica's position is without merit. The Company is working with counsel in presenting its position to the arbitration panel. The Company cannot predict the outcome of the arbitration proceedings or the impact the arbitration may have on its financial position.

Reinsurance agreements that the Company had with Scottish Re Life Corp. and which were novated to Transamerica are a part of the Transamerica arbitration claim. The Company has been informed that Scottish Re's reinsurance settlements for 2004 and 2005 were incorrect and Scottish Re is making corrections. These corrections indicate that the Company may have received overpayments of premiums and / or may not have been billed for claims for which it may be responsible. In October 2006, Scottish Re provided a summary of those corrections. Approximately \$10 million would be owed by the Company for the period prior to the novation of the business to Transamerica. (It appears that most of this amount is included in Transamerica's arbitration claim against the Company.) The Company has not been provided any data or back-up in order to validate the corrections and no additional liability has been established at this time. The Company cannot predict the timing or magnitude of any required adjustments related to the Scottish Re treaty, nor the impact these adjustments may have on its financial position.

The Company has also learned that Scottish Re has made adjustments to its billing methodology for 2004 and 2005. These adjustments indicate that the Company may have received overpayments of premiums and / or may not have been billed for claims for which it is responsible. In October 2006, Scottish Re provided a summary of the adjustments it has made. Approximately \$10 million would be related to the period prior to the novation. (It appears that most of these adjustments are included in Transamerica's arbitration claim.) The Company has not been provided any data or back-up in order to validate the adjustments and no additional liability has been established at this time. The Company cannot predict the timing or magnitude of any required adjustments related to the Scottish Re treaty, nor the impact these adjustments may have on its financial position.

Annuity and Life Re (Holdings), Ltd. provides annuity and life reinsurance to insurers through its wholly owned subsidiaries, Annuity and Life Reassurance, Ltd. and Annuity and Life Reassurance America, Inc.

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by the Company or on its behalf. All statements which address operating performance, events, or developments that the Company expects or anticipates may occur in the future are forward-looking statements. These statements are made on the basis of management's views and assumptions; as a result, there can be no assurance that management's expectations will necessarily come to pass. The Company cautions that actual results could differ materially from those expressed or implied in forward-looking statements. Important factors that could materially and adversely affect the Company's operations and financial condition and/or cause the Company's actual results of operations or financial condition to differ from those expressed or implied in the Company's forward-looking statements include, but are not necessarily limited to, the Company's ability to meet the obligations associated with the Company's current business and to fund the Company's continuing operations; the Company's ability to pursue strategic alternatives on favorable terms; the loss of a key executive; the Company's ability to obtain adequate financial ratings; the ability of the Company's cedents to manage successfully assets they hold on the Company's behalf; the Company's success in managing its investments; the Company's ability to list its common shares on a national exchange or automated quotation system; changes in mortality, morbidity and claims experience; the Company's ability to make accurate estimates and assumptions regarding future mortality, persistency, lapses, expenses and investment performance based upon historical results and information provided to it by its cedents; the Company's ability to underwrite business; unanticipated withdrawal or surrender activity; changes in market conditions, including changes in interest rate levels; the competitive environment; the impact of recent and possible future terrorist attacks and the U.S. government's response thereto; the Company's ability to attract and retain clients; regulatory changes (such as changes in U.S. tax law and insurance regulation that directly affect the competitive environment for the Company's products); and a prolonged economic downturn. Investors are also directed to consider the risks and uncertainties discussed in the Company's 2005 Annual Report

to Shareholders for the year ended December 31, 2005. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on the Company's behalf.

This press release and the Company's financial statements are available from the Company's website at www.alre.bm.