



Annuity & Life Re

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FOR IMMEDIATE RELEASE

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ANNUITY & LIFE RE FIRST QUARTER 2007 EARNINGS REPORT

Hamilton, Bermuda, May 8, 2007 5:00 p.m. ET – Annuity and Life Re (Holdings), Ltd. (ANNRF.PK) today reported financial results for the three months ended March 31, 2007. The Company reported a net gain of \$58,948 or \$.00 per fully diluted share for the three months ended March 31, 2007, as compared to a net loss of \$(355,552) or \$(.01) per fully diluted share for the three months ended March 31, 2006.

Net realized investment gain for the three months ended March 31, 2007 were \$170,101, as compared with net realized investment losses of \$(360,863) for the three months ended March 31, 2006.

Gross unrealized losses on the Company's investments were \$(101,465) as of March 31, 2007, as compared to gross unrealized losses of \$(368,372) as of December 31, 2006. The Company's investment portfolio currently maintains an average credit quality of AA. Cash used by operations for the three months ended March 31, 2007 was \$(177,062), compared to cash used by operations of \$(3,917,214) for the three months ended March 31, 2006.

The dispute with Transamerica concerning an Agreement to novate certain reinsurance contracts to Transamerica effective December 31, 2004 remains unresolved, pending review by an independent actuary and settlement negotiations. (For additional information, please refer to Note 5 of the Financial Statements for the Quarter Ended March 31, 2007 and Notes 3 and 11 to the Company's 2006 financial statements.)

The Company is continuing exclusive discussions with an unrelated third party regarding the possible sale of its U.S. domiciled insurance company.

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.