



Financial Strength Ratings: A.M. Best: A+ (Outlook: Stable) S&P: A+ (Outlook: Positive)

- ACE is one of the world's largest providers of commercial property and casualty insurance and reinsurance—insurance is our only business
- Physical presence in 53 countries, with more than 15,000 employees serving the insurance needs of commercial and individual customers in more than 170 countries

## Key Financial Measures

### Financial Summary

(in millions of US dollars, except ratios)

|                        | Q1<br>2010 | Q1<br>2009 |
|------------------------|------------|------------|
| Gross written premiums | \$4,790    | \$4,535    |
| Net written premiums   | 3,571      | 3,424      |
| Operating income*      | 579        | 669        |
| Net income             | 755        | 567        |
| Net investment income  | 504        | 502        |
| Operating cash flow    | 823        | 562        |
| Combined ratio         | 92.8%      | 87.5%      |
| ROE*                   | 12.0%      | 16.3%      |

### Five-Year Financial Performance (2005 - 2009)

(Compound annual growth rates and averages)

|                           |       |
|---------------------------|-------|
| Operating income*         | 22.5% |
| Shareholders' equity      | 14.8% |
| Average return on equity* | 15.7% |
| Average combined ratio    | 90.6% |

\*Excludes net realized gains (losses)

### Balance Sheet & Liquidity

(as of 3/31/10)

**Net Loss Reserves — \$24.2 billion**

**Tangible Capital — \$20.4 billion**

Net loss reserves and tangible capital of more than \$44 billion represent ACE's strong ability to pay claims

**Total Capital — \$24.3 billion**

Defines an insurance company's ability to take risk

**Debt to Capital Ratio — 13.6%**

ACE's ratio is conservative for our capital position

**Book Value — \$20.6 billion**

Book value has grown \$5.9 billion or 40% since 3/31/09

**Invested Assets — \$47.7 billion**

Invested assets have grown \$7.5 billion since 3/31/09

## Risk Management

### Managing Asset Risk

#### \$47.7 Billion Conservative Investment Portfolio

- Predominantly investment grade fixed income and broadly diversified across geographies, sectors and issuers
- Average credit rating is AA; average duration is less than 4 years
- ACE does not invest in collateralized debt obligations (CDOs) or collateralized loan obligations (CLOs)
- Mortgage-backed securities:
  - 91% are AAA rated
  - 85% of the RMBS portfolio is backed by federal agencies
  - Minimal sub-prime exposure

### Managing Liability Risk

#### Disciplined Underwriting Culture

- We embrace risk as long as we understand it and can generate an acceptable return
- We manage the company to earn an underwriting profit and ACE has earned a cumulative underwriting profit since its inception in 1985
- 2009 Underwriting Income — \$1.6 billion
- 2009 Combined Ratio — 88.3%
- Loss Reserve transparency — ACE Global Loss Triangles available ([www.ancelimited.com](http://www.ancelimited.com))

## External Perspectives

### Investment Community

**Equity Analyst Ratings as of 3/31/10:** 18 buy/4 hold

**ACE's Share Price:** For the first quarter of 2010, ACE's share price increased 4% compared to the S&P Property & Casualty Insurance Index's 5% increase and traded between 0.81 and 0.91 times book value

**Credit Default Swap (CDS) Pricing on ACE:** The cost of CDSs (which protect investors from a bond issuer's default on principal and interest payments) on ACE Limited has remained relatively stable, averaging 72 in the first quarter and ranging between 69 and 77

### Rating Agencies

**Financial Strength Ratings of A+** from Standard & Poor's and A.M. Best on ACE's core operating insurance companies

**Positive Outlook** from Standard & Poor's. Stable Outlook from A.M. Best, Fitch and Moody's

**ACE's Enterprise Risk Management** rating of "Strong" from S&P is in the top 15% of 165 North America and Bermuda companies rated