

## Financial Strength Ratings: AM Best: A+ (Outlook: Stable) S&P: A+ (Outlook: Positive)

- ACE is a global commercial property and casualty insurance and reinsurance company - insurance is our only business
- Physical presence in 50+ countries, with more than 15,000 employees serving the insurance needs of commercial and individual customers in more than 140 countries
- The ACE MENA Region is headquartered in Bahrain and includes businesses in Saudi Arabia, Egypt and Pakistan as well as a representative office in the UAE. ACE MENA provides tailored property, casualty, energy, power generation, financial lines and accident and health insurance solutions for a diverse range of clients in the region

## Key Financial Measures

### Financial Summary

(in millions of US dollars, except ratios) Q3 2009

Gross written premiums	\$5,005
Net written premiums	3,155
Operating income*	701
Net income	494
Net investment income	511
Operating cash flow	1,010
Combined ratio	88.1%
ROE*	15.9%

### Five Year Financial Performance (2003-2008)

(Compound annual growth rates and averages)

Operating income*	15.7%
Shareholders' equity	11.8%
Average return on equity*	14.6%
Average combined ratio	92.2%

\*Excluding net realised gains (losses)

### Balance Sheet & Liquidity

(as of 30/9/09)

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

**Tangible Capital - \$18.8 billion**

Net loss reserves and tangible capital of \$43 billion represent ACE's strong ability to pay claims

**Total Capital - \$22.6 billion**

Defines an insurance company's ability to take risk

**Debt to Capital Ratio - 15.6%**

ACE's ratio is conservative for our capital position

**Book Value - \$18.7 billion**

Book value has grown \$4.3 billion or 30% since year-end 2008

**Invested Assets - \$45.9 billion**

Invested assets have grown \$6.2 billion since year-end 2008

## Risk Management

### Managing Asset Risk

#### \$46 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 collateralised debt obligations (CDOs) or collateralised loan obligations (CLOs)
- Mortgage-backed securities:
  - 90% are AAA rated
  - 83% 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 - \$1.2 billion (year to date)
- 2009 Combined Ratio - 87.8% (year to date)
- Loss Reserve transparency - ACE Global Loss Triangles available ([www.ancelimited.com](http://www.ancelimited.com))

## External Perspectives

### Investment Community

**Equity Analyst Ratings as of 30/9/09: 16 buy/3 hold**

**ACE's Share Price:** For the third quarter of 2009, ACE's share price increased 21% compared to the S&P Index's increase of 15% and traded between 0.81 and 1.09 times book value

**Credit Default Swaps (CDS):** Measures the cost of protecting investors from a bond issuer's defaulting on principal and interest payments. Cost of CDS on ACE Limited has remained relatively stable, averaging 91 in the third quarter of 2009 and ranging between 67 and 120

### 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 152 North America and Bermuda based rated companies