

W. R. Berkley Corporation
2007 Annual Report



W. R. Berkley Corporation

Keefe, Bruyette & Woods 2008
Insurance Conference

September 4, 2008

"Bluffing" by John George Brown

Safe Harbor Statement

This is a "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995. Any forward-looking statements contained herein, including statements related to our outlook for the industry and for our performance for the year 2008 and beyond, are based upon the Company's historical performance and on current plans, estimates and expectations.

The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. They are subject to various risks and uncertainties, including but not limited to, the cyclical nature of the property casualty industry, the long-tail and potentially volatile nature of the insurance and reinsurance business, product demand and pricing, claims development and the process of estimating reserves, the uncertain nature of damage theories and loss amounts, natural and man-made catastrophic losses, including as a result of terrorist activities, the impact of significant and increasing competition, the success of our new ventures or acquisitions and the availability of other opportunities, the availability of reinsurance, exposure as to coverage for terrorist acts, our retention under the Terrorism Risk Insurance Program Reauthorization Act of 2007, as amended ("TRIPRA"), the ability of our reinsurers to pay reinsurance recoverables owed to us, investment risks, including those of our portfolio of fixed income securities and investments in equity securities, including investments in financial institutions and merger arbitrage investments, exchange rate and political risks relating to our international operations, legislative and regulatory developments, including those related to alleged anti-competitive or other improper business practices in the insurance or reinsurance industry, changes in the ratings assigned to us by ratings agencies, the availability of dividends from our insurance company subsidiaries, our ability to attract and retain qualified employees, and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission. These risks could cause actual results of the industry or our actual results for the year 2008 and beyond to differ materially from those expressed in any forward-looking statement made by or on behalf of the Company. Any projections of growth in the Company's net premiums written and management fees would not necessarily result in commensurate levels of underwriting and operating profits.

Forward-looking statements speak only as of the date on which they are made, and the Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.



Long-Term Profitability Drivers

Fundamentals lower the inherent risk

Understand, measure and manage risk

Diversification of exposure

Sell to customers who need insurance

Understand the risks inherent in ceding to reinsurers

Control absolute maximum exposure

Only accept volatility when appropriately rewarded



Operational Advantages

Decentralized structure

Sustainability of business model

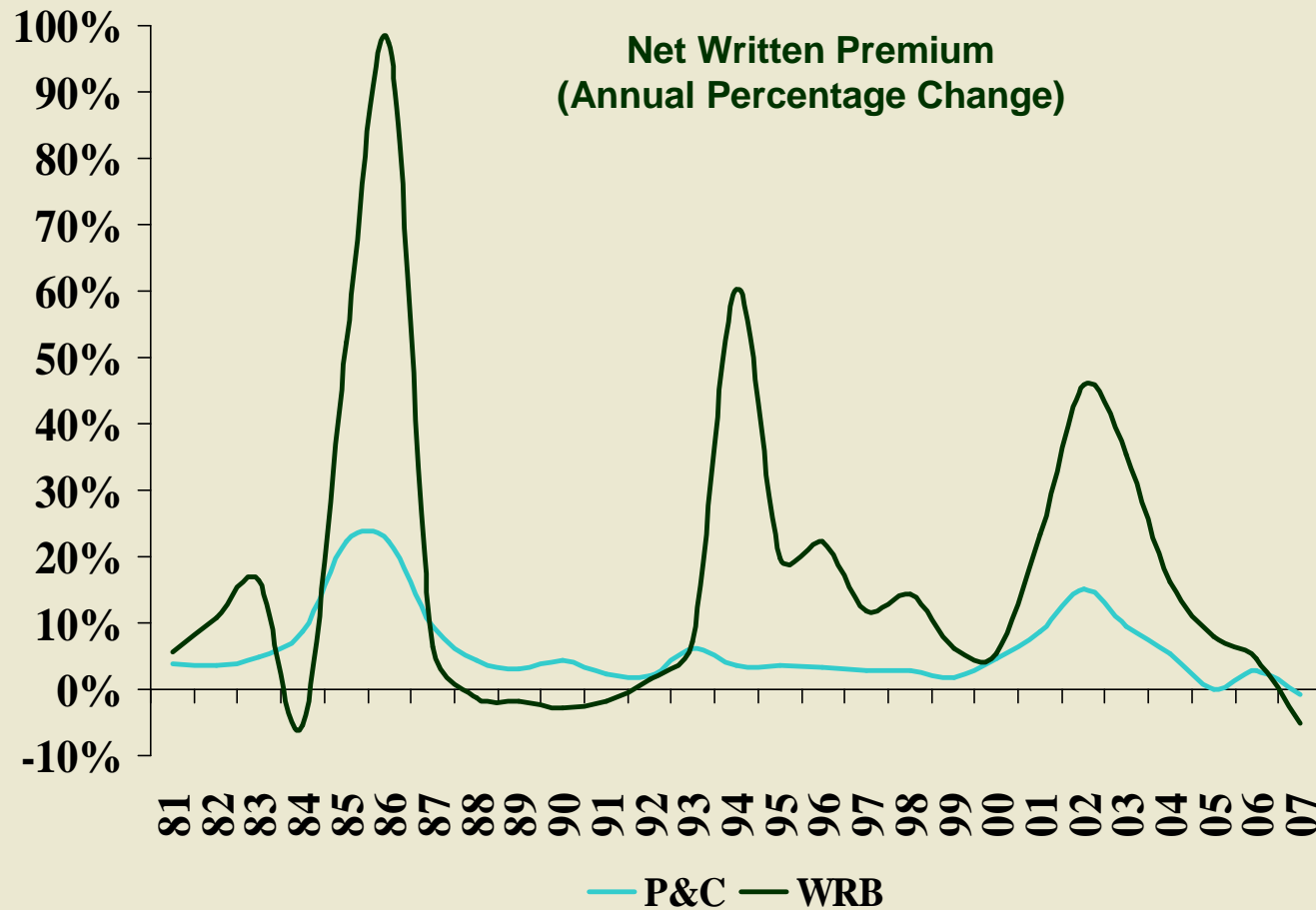
Competitive advantages are unique to individual operating units

Manage to the cycle to optimize results



Growth

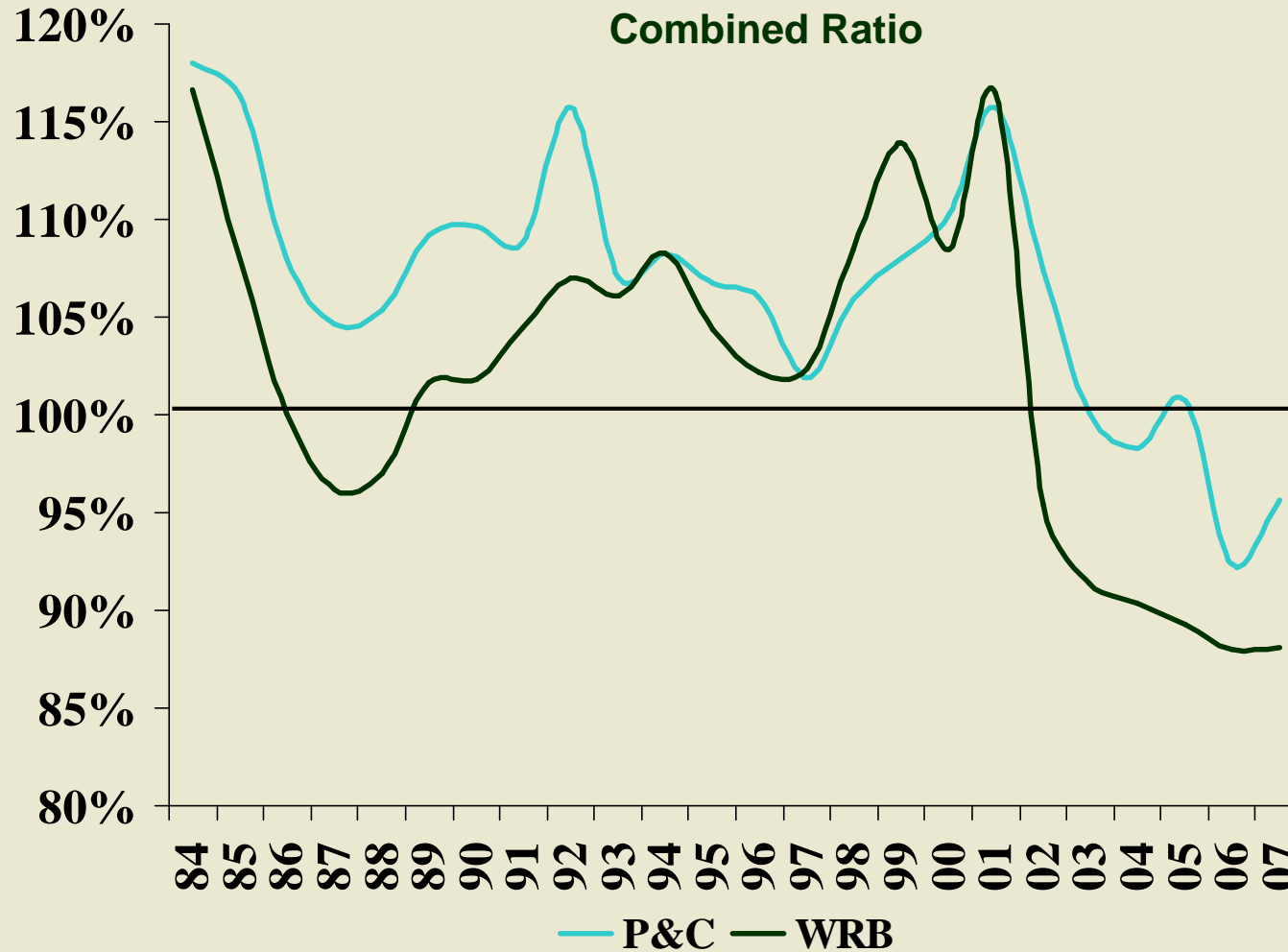
In property casualty insurance, profitable growth means being opportunistic in hard markets and disciplined in soft markets. . .



Source: A.M. Best Company, W. R. Berkley Corporation

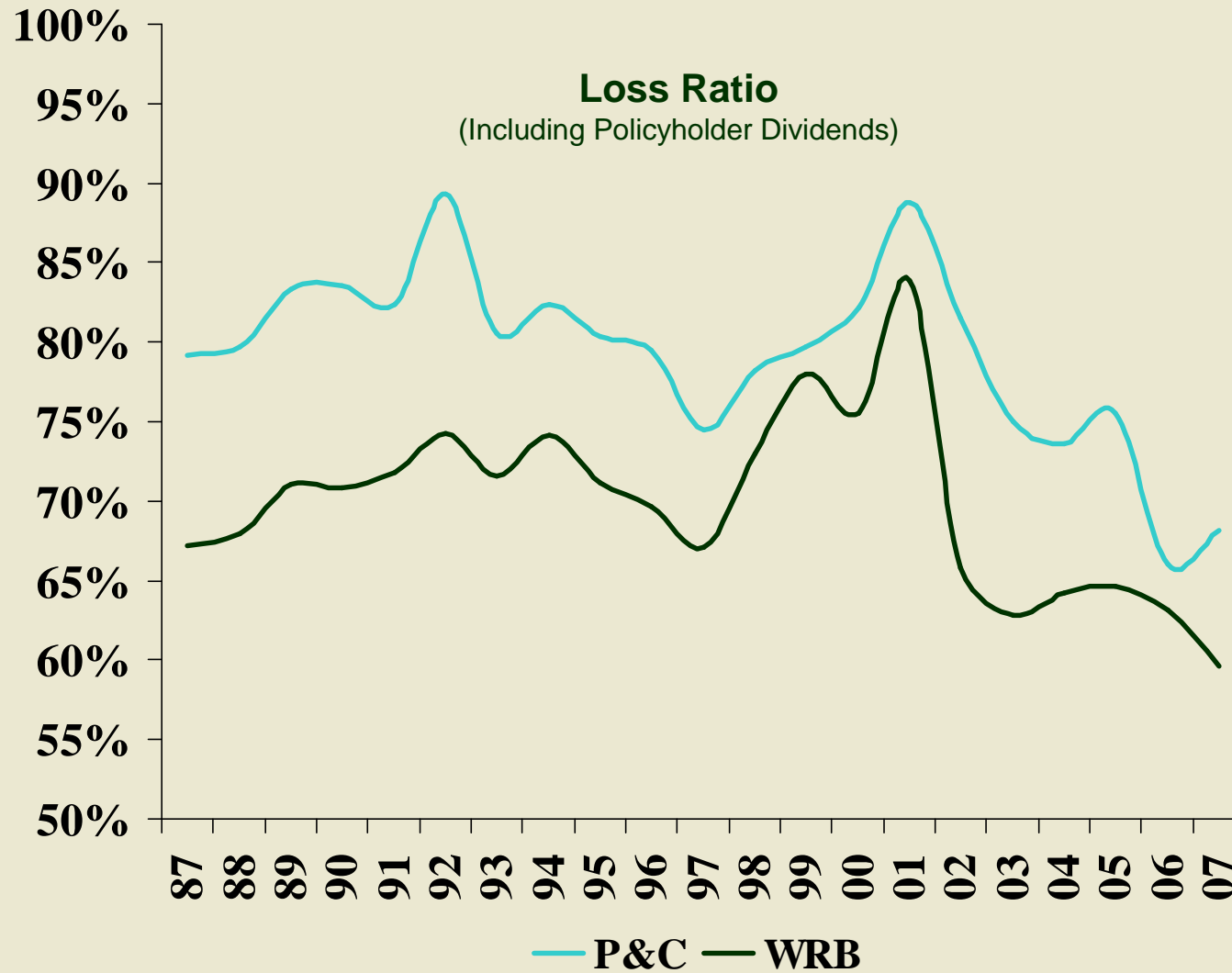


Long-Term Underwriting Performance



Source: Insurance Information Institute, A.M. Best Company, W. R. Berkley Corporation

Long-Term Underwriting Performance



Source: W. R. Berkley Corporation; A.M. Best Company



Property Casualty Insurance Cycle

GAAP Return on Average Net Worth (RONW), 1997-2007

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
RONW	11.6%	8.5%	6.0%	5.9%	-1.2%	2.1%	8.8%	9.4%	9.6%	12.7%	10.7%
RONW Adjusted for Catastrophes	11.0%	9.5%	6.6%	5.5%	1.2%	1.7%	9.8%	10.4%	13.6%	13.3%	10.6%
RONW Adjusted for Environmental and Asbestos Losses	12.0%	9.1%	6.6%	6.2%	-0.2%	3.6%	10.0%	10.3%	10.4%	13.0%	11.0%
RONW Adjusted for Reserve Adequacy	9.4%	3.6%	-0.1%	0.3%	-2.8%	4.5%	13.5%	14.6%	13.4%	13.8%	9.9%
RONW Adjusted for Catastrophes, Environ- mental and Asbestos Losses, and Reserve Adequacy	9.3%	5.2%	1.1%	0.3%	0.7%	5.6%	15.5%	16.4%	18.0%	14.7%	10.2%

Note: When calculating adjusted RONW, ISO smoothed catastrophe losses, excluded environmental and asbestos losses as defined for purposes of the Notes to Financial Statements included in the statutory Annual Statements filed by insurers, and restated other losses to eliminate changes in reserve adequacy. ISO did not adjust reported results for environmental and asbestos losses under policies explicitly covering such losses. ISO also restated taxes to reflect the adjustments to losses.

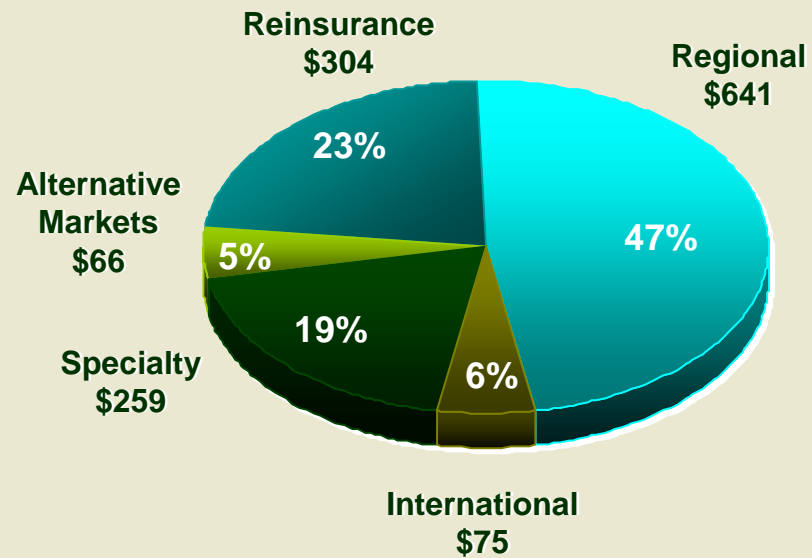


Source: ISO Insurer Financial Results: 2007

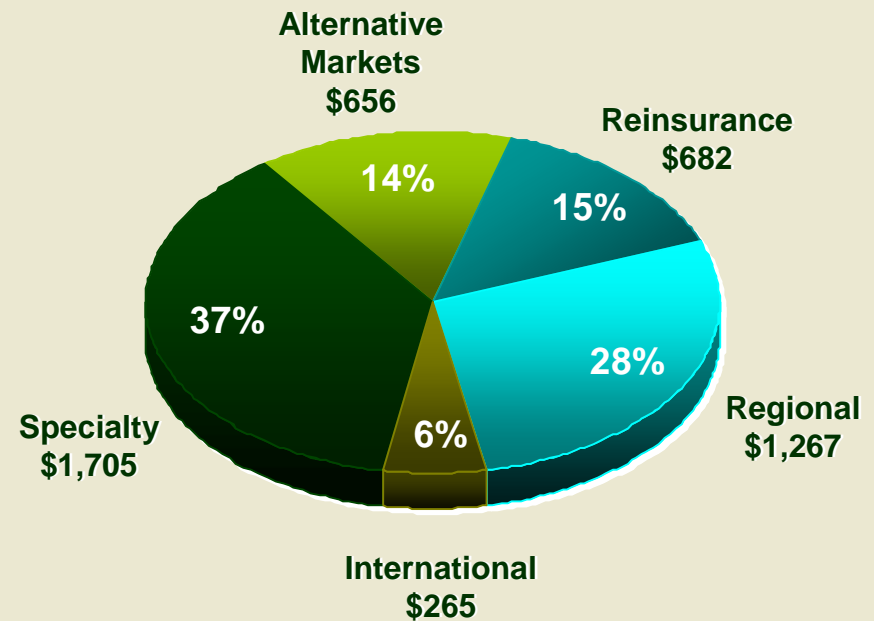
Premiums by Segment

(Dollars in millions)

1998 Total Net Premiums
\$1,346



2007 Total Net Premiums
\$4,575



Investment Portfolio

(As of June 30, 2008)

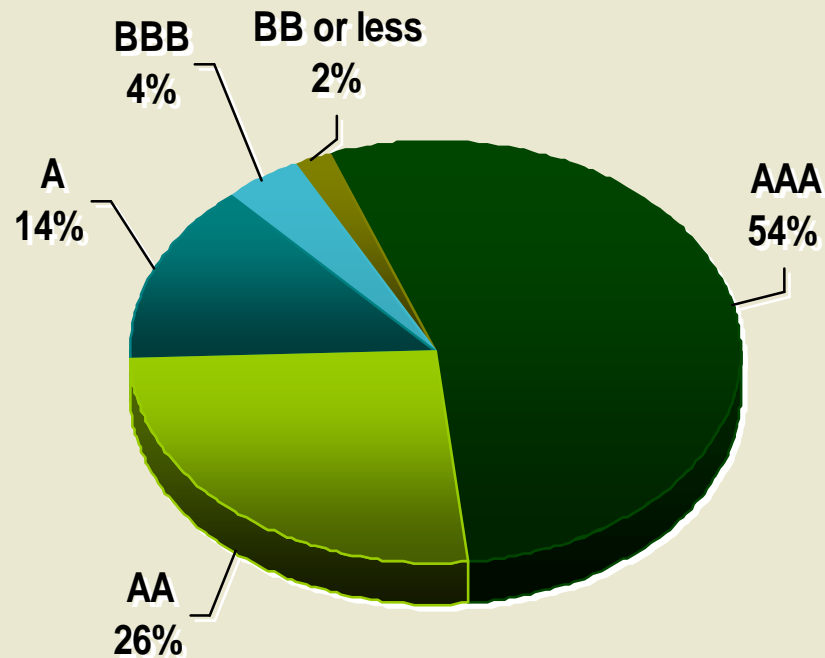
(Dollars in thousands)

Cash and Invested Cash	\$ 614,700	4.8%
Bonds & Notes		
U.S. Government	1,131,009.00	8.9%
Municipal	5,567,040.00	43.7%
Corporate	1,028,662.00	8.1%
Mortgage Backed Securities	1,738,800.00	13.7%
Other Fixed Income	<u>617,577.00</u>	<u>4.8%</u>
Subtotal Bonds & Notes	10,083,088.00	79.2%
Equity Securities		
Common stocks	146,959.00	1.2%
Preferred stocks	<u>581,567.00</u>	<u>4.6%</u>
Subtotal Equities	728,526.00	5.8%
Trading Account Securities	817,612.00	6.4%
Other Investments	500,351.00	3.9%
Due to Brokers	<u>-18,009.00</u>	<u>-0.1%</u>
<i>Total Cash and Investments</i>	\$ 12,726,268	100.0%



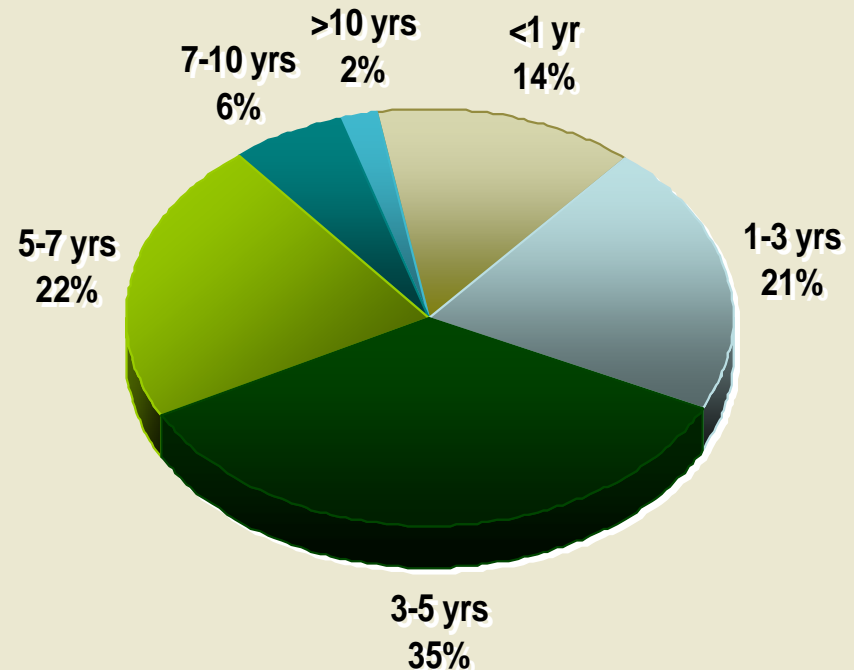
Fixed Income Investment Highlights 6/30/2008

Breakdown by Rating



Average rating is AA

Breakdown by Duration



Average duration is 3.5 years

