

# Endurance Specialty Holdings Ltd.

Wachovia Nantucket Investor Conference  
June 27, 2007

**Ken LeStrange**  
*Chairman, President and Chief Executive Officer*

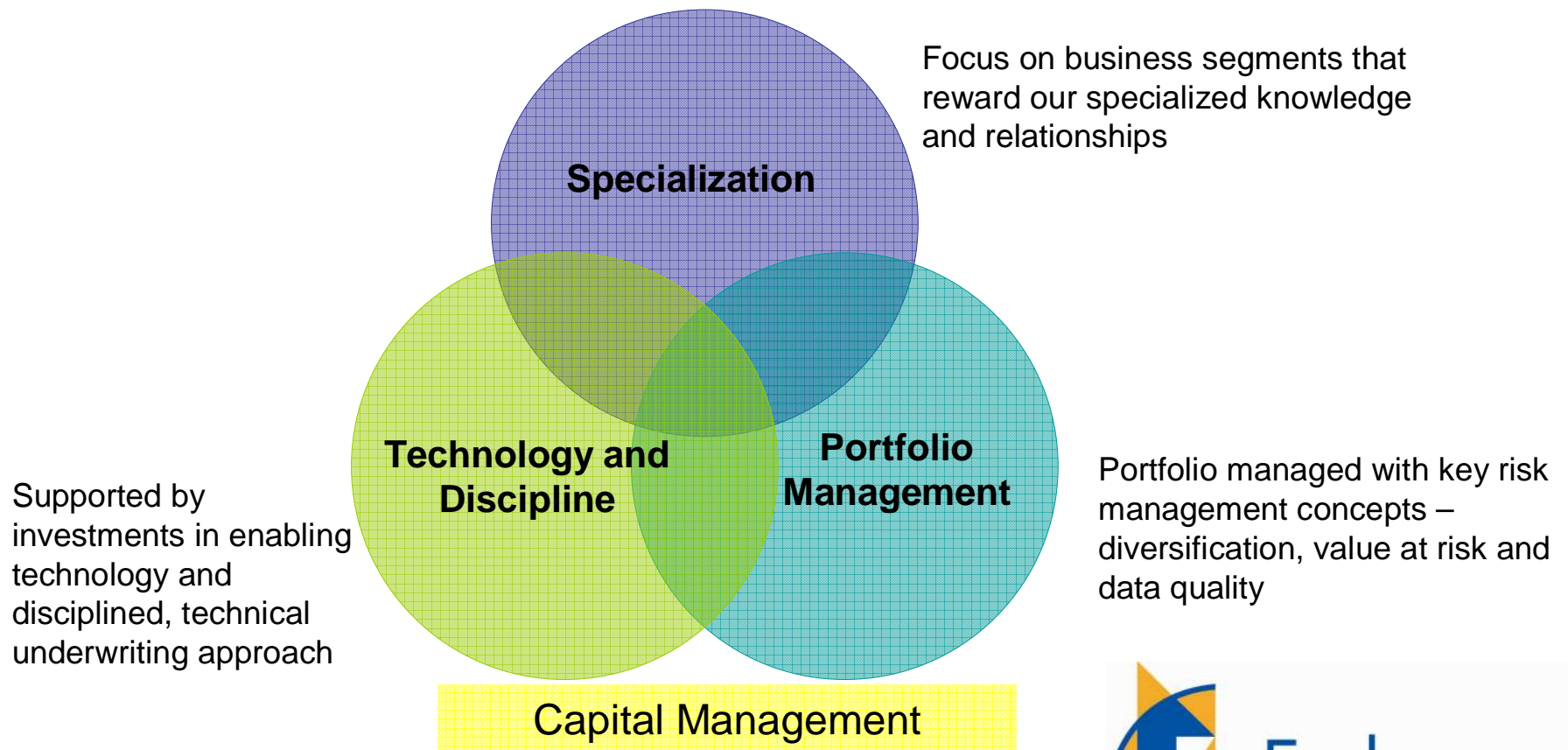


# Forward Looking Statements

Statements contained in this presentation that are not based on current or historical fact are forward-looking in nature. Such forward-looking statements are based on current plans, estimates and expectations and are made pursuant to the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on known and unknown risks, assumptions, uncertainties and other factors. The Company's actual results, performance, or achievements may differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statement.

# Philosophy & Strategy

Endurance was built in the aftermath of 9/11 to be an underwriter of volatile specialty risks – key to our business are the following principles:



# Seasoned Management Team

Name	Position	Years of Endurance Experience	Years of Industry Experience
Kenneth LeStrange	Chairman, President & Chief Executive Officer	5	28
Michael McGuire	Chief Financial Officer	4	13
David Cash	Chief Underwriting Officer	5	16
Michael Angelina	Chief Actuary and Chief Risk Officer	2	22
Mark Silverstein	Chief Investment Officer	2	21
John Del Col	General Counsel	4	18
Daniel Izard	Chief Operating Officer	4	34
William Jewett	President and Chief Executive Officer, global reinsurance operations	4	26
Michael Fujii	President and Chief Executive Officer, global insurance operations	2	32
John O'Connor	President, Endurance Services Limited	2	22
Tom Bell	Executive Vice President, Endurance Specialty Holdings Ltd.	5	25

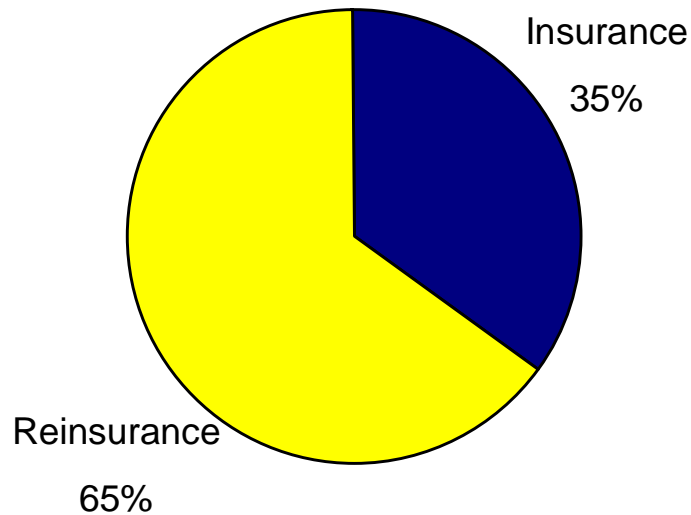
- Executive Team has proven its ability to execute challenging strategies
- Built a culture focused on risk and capital management



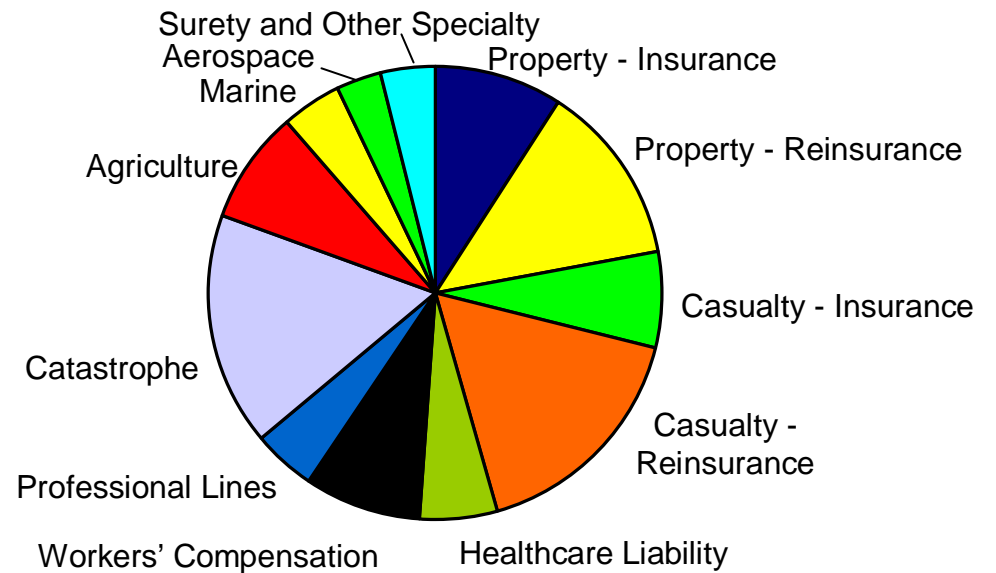
# Maintain a Diversified Book of Business

Total Written Premiums of \$1.85 Billion\*

By Segment



By Line of Business

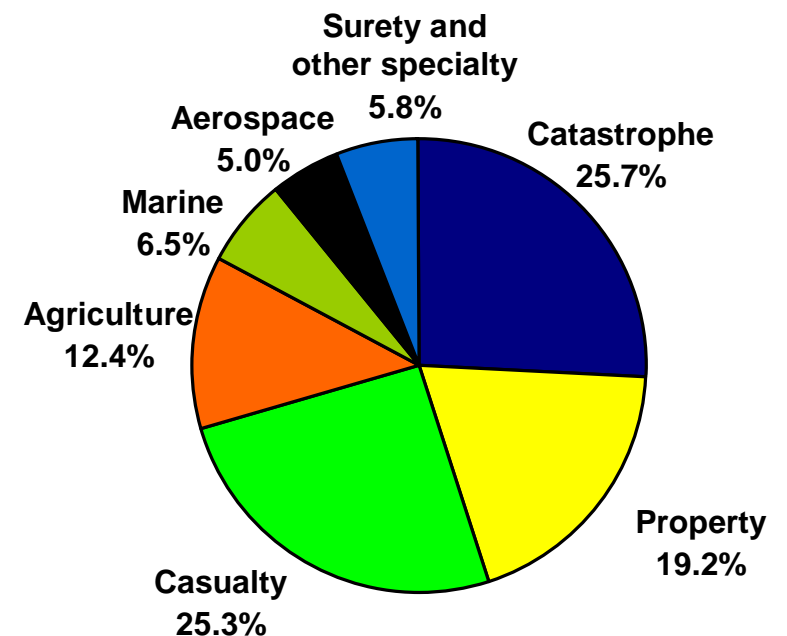


\* Includes deposit premiums, based on the twelve months ended March 31, 2007

# Reinsurance - Expanding Product Offering

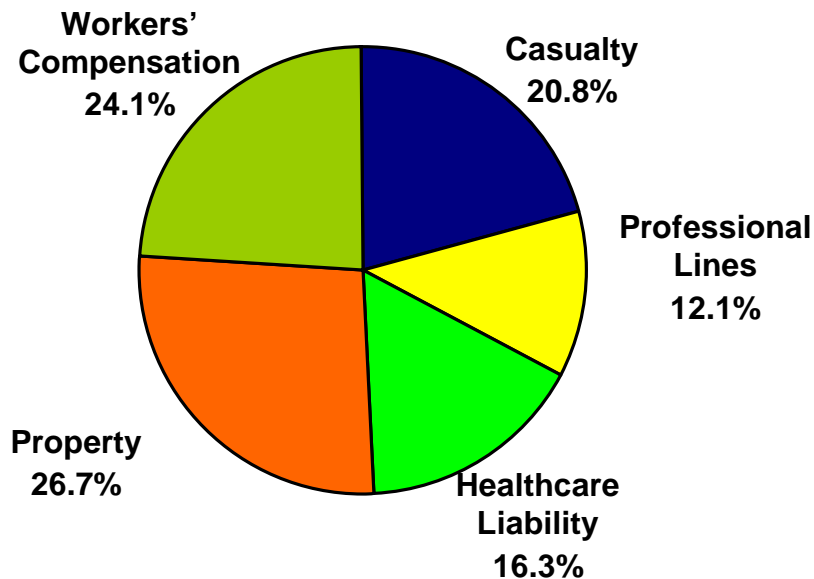
- **Catastrophe**
  - Industry leading tools and technology
  - Leader in Bermuda
  - Covers all perils
- **Property**
  - Highly specialized relationships
- **Casualty**
  - Auto liability, D&O, workers comp and clash
  - Non-renewed large proportional contracts in 1Q07
- **Agriculture**
  - Multiple peril crop insurance
  - Industry leading tools and technology
- **Marine**
  - Covers brown and blue water hull
- **Aerospace**
  - Provides aviation and space coverages
- **Surety and Other Specialty**
  - Other unique opportunities including growing surety business

## Reinsurance Total Written Premiums of \$1.2 billion\* By Line of Business



# Insurance - Our Fastest Growing Segment

## Insurance Total Written Premiums of \$644 million\* *By Line of Business*



### ➤ Casualty

- Large account excess liability written in Bermuda
- Small account casualty written in US

### ➤ Professional Lines

- Includes E&O and D&O products
- Financial institutions specialists
- Leader in Bermuda

### ➤ Healthcare Liability

- Hospital professional liability
- Strong relationships
- Leader in Bermuda market

### ➤ Property

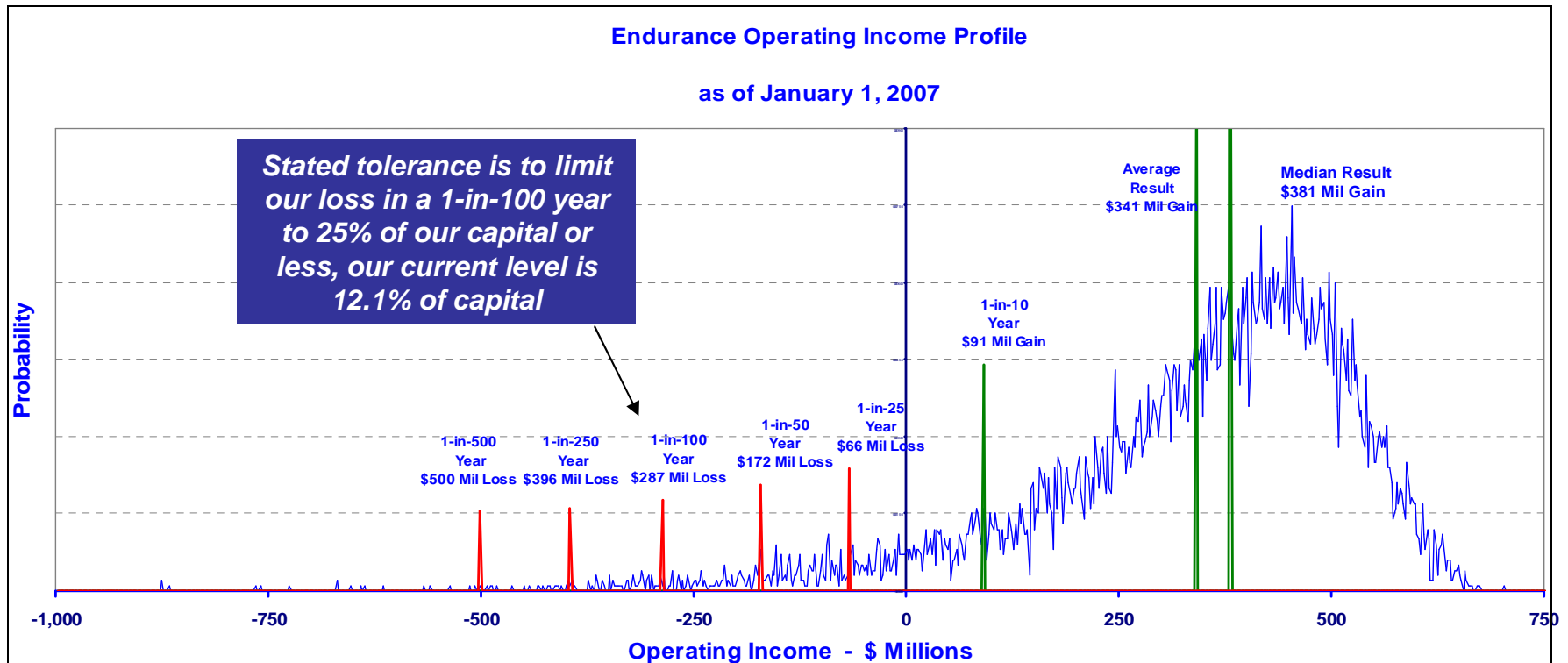
- Written out of US and UK
- Growing US specialty business

### ➤ Workers' Compensation

- Opportunistic strategy
- Converted from reinsurance in 2006

\* Based on the twelve months ended March 31, 2007

# Strong Risk Management Focus - Portfolio Expected Risk Curve (January 1, 2007)



The above chart represents a cumulative analysis of our in-force underwriting portfolio on a full year basis based on thousands of potential scenarios. Loss years are driven largely by the occurrence of natural catastrophes and incorrect pricing of other property and casualty exposures. The operating income depicted includes net premiums earned plus net investment income, acquisition expenses and G&A expenses. Forecasted investment income, acquisition and G&A expenses are held constant across all scenarios. Losses included above are net of reinsurance including collateralized reinsurance and ILW purchases. Our stated objective is to maintain a risk management tolerance that limits our loss in a 1-in-100 year year to be no more than 25% of our equity capital. We base our budget and forecasts on the average result, although the nature of the curve places the median result further to the right.

Changes in Endurance's underwriting portfolio, investment portfolio, risk control mechanisms, market conditions and other factors may cause actual results to vary considerably from those indicated by our value at risk curve. For a listing of risks related to Endurance and its future performance, please see

8 "Risk Factors" in our Annual Report on Form 10K for the year ended December 31, 2006.



# Impact of 2006 Risk Management Initiatives

## Annual Aggregate Risk Curve Comparison

<i>(in millions)</i>	<u>July 1, 2006 to June 30, 2007</u>	<u>January 1, 2007 to December 31, 2007</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Median Result</b>	\$400	\$381	(\$19)	(5.0%)
<b>Average Result</b>	342	341	(1)	(0.3%)
<b>1 in 10 year annual gain</b>	64	91	27	29.7%
<b>1 in 25 year annual loss</b>	(182)	(66)	116	(175.8%)
<b>1 in 50 year annual loss</b>	(334)	(172)	162	(94.2%)
<b>1 in 100 year annual loss</b>	(486)	(287)	199	(69.3%)
<b>1 in 250 year annual loss</b>	(707)	(396)	311	(78.5%)
<b>1 in 500 year annual loss</b>	(904)	(500)	404	(80.8%)

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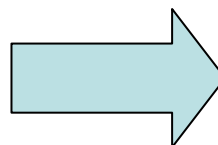


# Portfolio Changes – Property Catastrophe LOB

## US Property Catastrophe Portfolio\*

<u>Risk Measure</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b><u>Wind Exposed Limits</u></b>				
National	906,000,000	663,000,000	378,000,000	310,000,000
Regional [ex Florida]	642,000,000	551,000,000	692,000,000	710,000,000
<u>Florida</u>	<u>173,000,000</u>	<u>220,000,000</u>	<u>310,000,000</u>	<u>339,000,000</u>
<b>Total</b>	<b>1,721,000,000</b>	<b>1,434,000,000</b>	<b>1,380,000,000</b>	<b>1,359,000,000</b>
<b><u>Written Premiums</u></b>				
National	104,000,000	75,000,000	54,000,000	42,000,000
Regional [ex Florida]	36,000,000	33,000,000	44,000,000	46,000,000
<u>Florida</u>	<u>18,000,000</u>	<u>32,000,000</u>	<u>57,000,000</u>	<u>77,000,000</u>
<b>Total</b>	<b>158,000,000</b>	<b>140,000,000</b>	<b>155,000,000</b>	<b>165,000,000</b>

Portfolio shifted away from higher attaching complex national account style risks towards lower attaching smaller regional risks.



Reduced exposure to extreme tail events, Increased exposure to smaller events.

\* Endurance is exposed to natural catastrophe perils in other portions of its business and the above amounts do not represent Endurance's full portfolio at risk to hurricane losses. Endurance's actual results may vary considerably from those indicated above. For a listing of risks related to Endurance and its future performance, please see "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2006.



# Catastrophe Risk – 2004 and 2005 “Then and Now”

Business Unit	2004 Hurricanes		2005 Hurricanes	
	Actual Losses	2007 Portfolio*	Actual Losses	2007 Portfolio*
<b><u>Reinsurance</u></b>				
Catastrophe	69,000,000	200,000,000	332,000,000	350,000,000
Property	111,000,000	30,000,000	304,000,000	75,000,000
Marine	8,000,000	0	61,000,000	0
Energy	2,000,000	0	162,000,000	0
<b><u>Insurance</u></b>				
Fortune 1000 All Risk	14,000,000	0	107,000,000	0
Middle Market DIC	0	70,000,000	0	75,000,000
<b>Total</b>	<b>204,000,000</b>	<b>300,000,000</b>	<b>966,000,000</b>	<b>500,000,000</b>

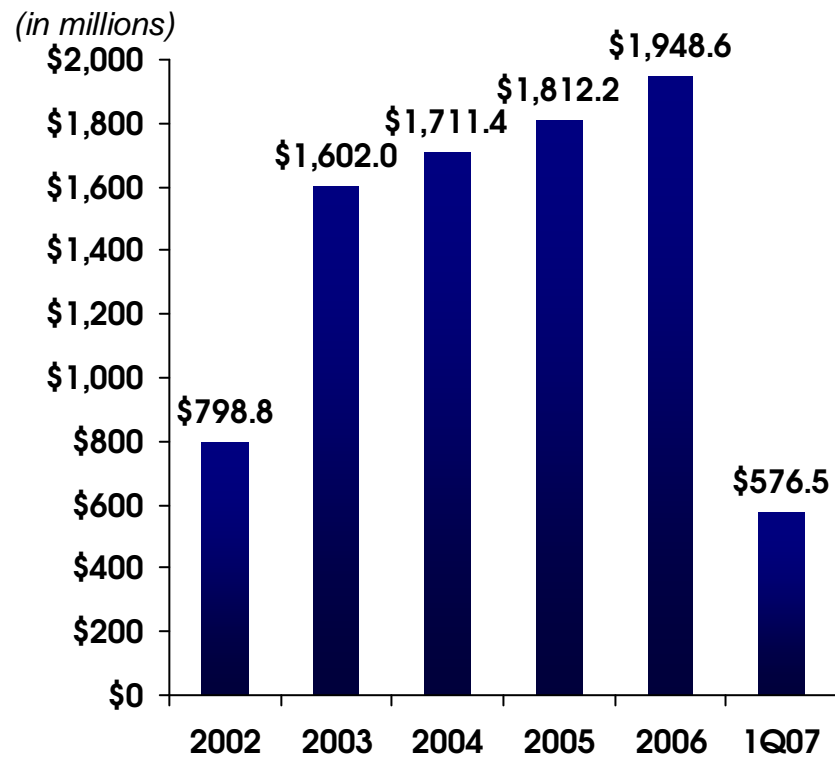
The result of the portfolio shift is to reduce the company’s exposure to extreme tail events while increasing the company’s exposure to smaller personal lines events such as the 2004 hurricanes.

\*These columns represent estimates of expected losses with our current portfolio were the 2004 and 2005 hurricane seasons to be experienced in 2007. There are numerous factors that could impact this estimate and cause Endurance’s actual results to be significantly different from the results listed above. For a listing of risks related to Endurance and its future performance, please see “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2006.

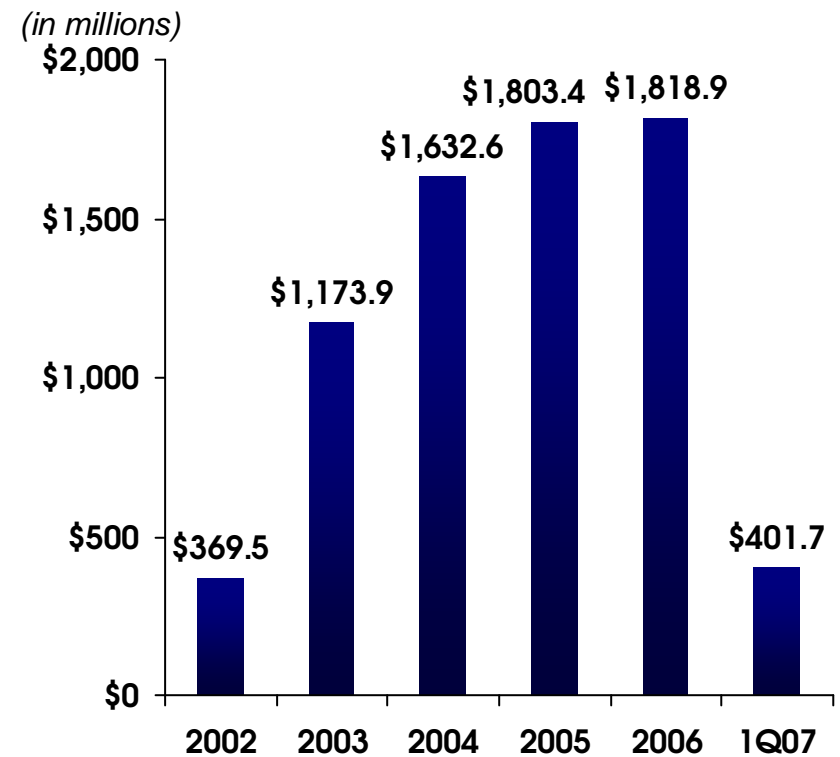


# Diversification Has Led to Stable Premium Growth

## Gross Written Premiums\*

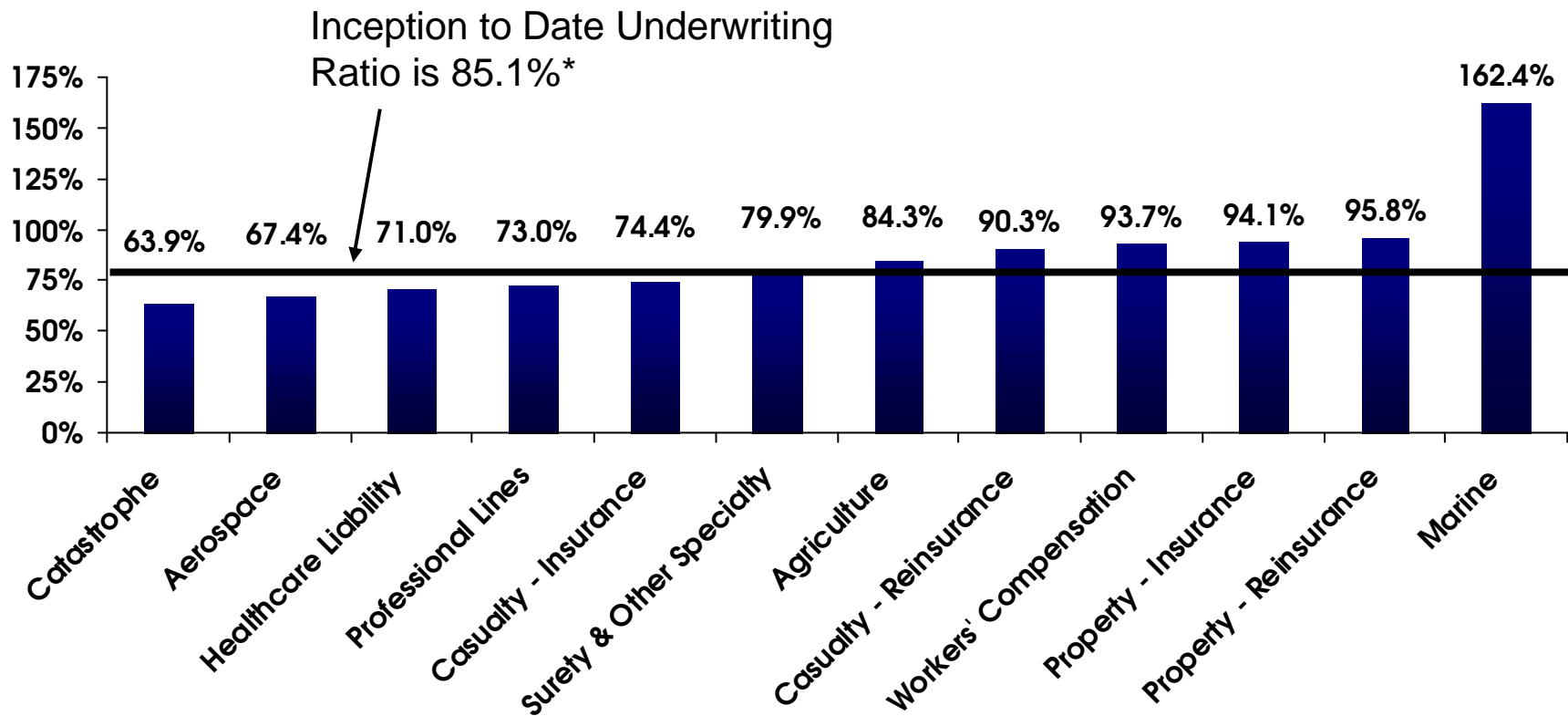


## Net Earned Premiums\*



# Overall Underwriting Has Been Strong

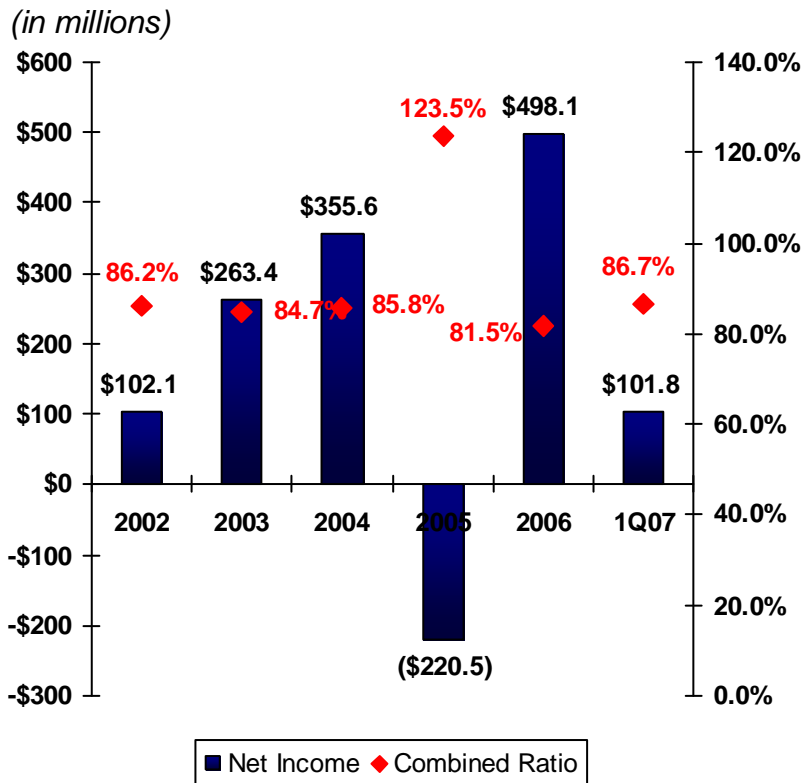
Inception to Date Underwriting Ratio\*



\* Underwriting ratio is defined as losses and acquisition expenses divided by earned premium, as of 3/31/07.

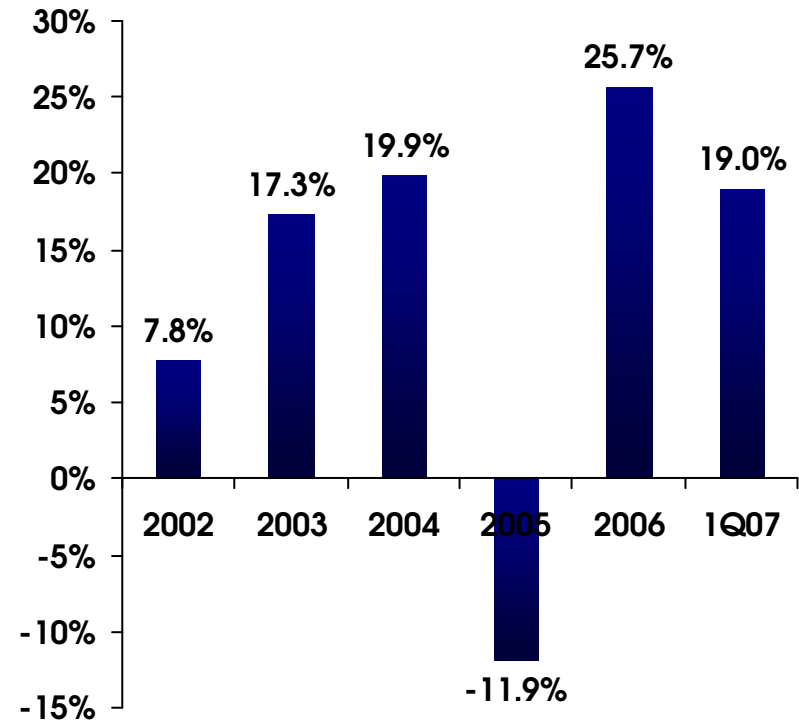
# Strong Financial Performance

## Net Income and Combined Ratio



Inception to 12/31/06 combined ratio of 94.4%

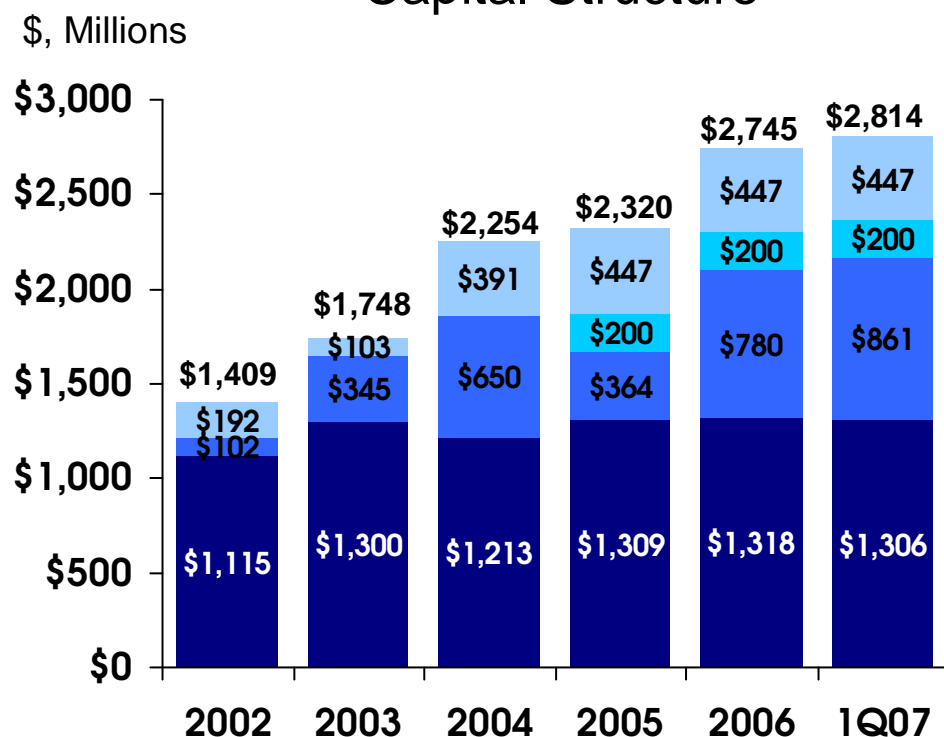
## Annualized Operating Return on Average Equity



Inception to 12/31/06 ROE of 12%

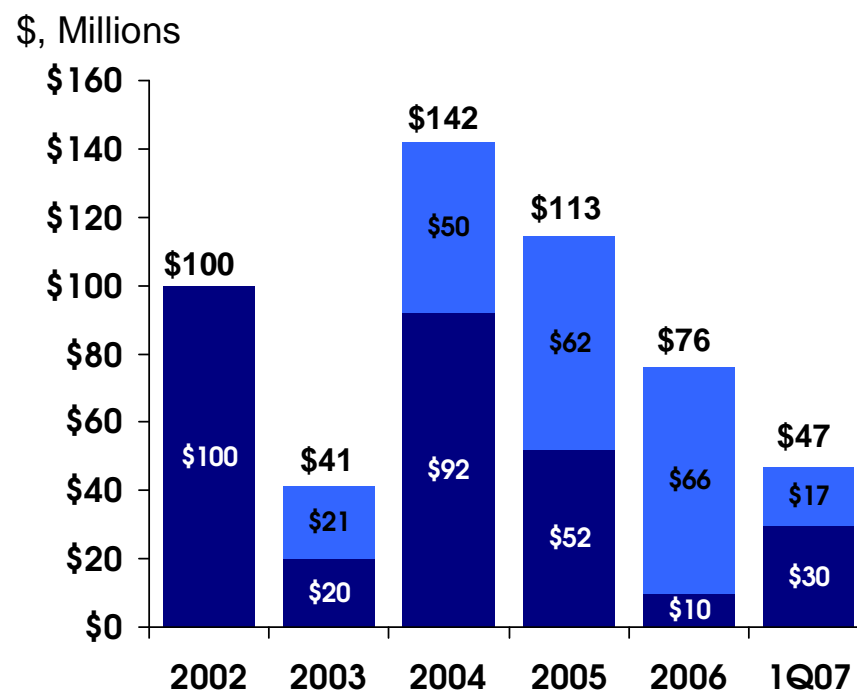
# Efficient Capital Management

## Strong and Flexible Capital Structure



■ Common Share Capital    ■ Retained Earnings  
■ Preferred Equity        ■ Debt

## \$520 Million of Capital Returned to Shareholders



■ Repurchases    ■ Dividends

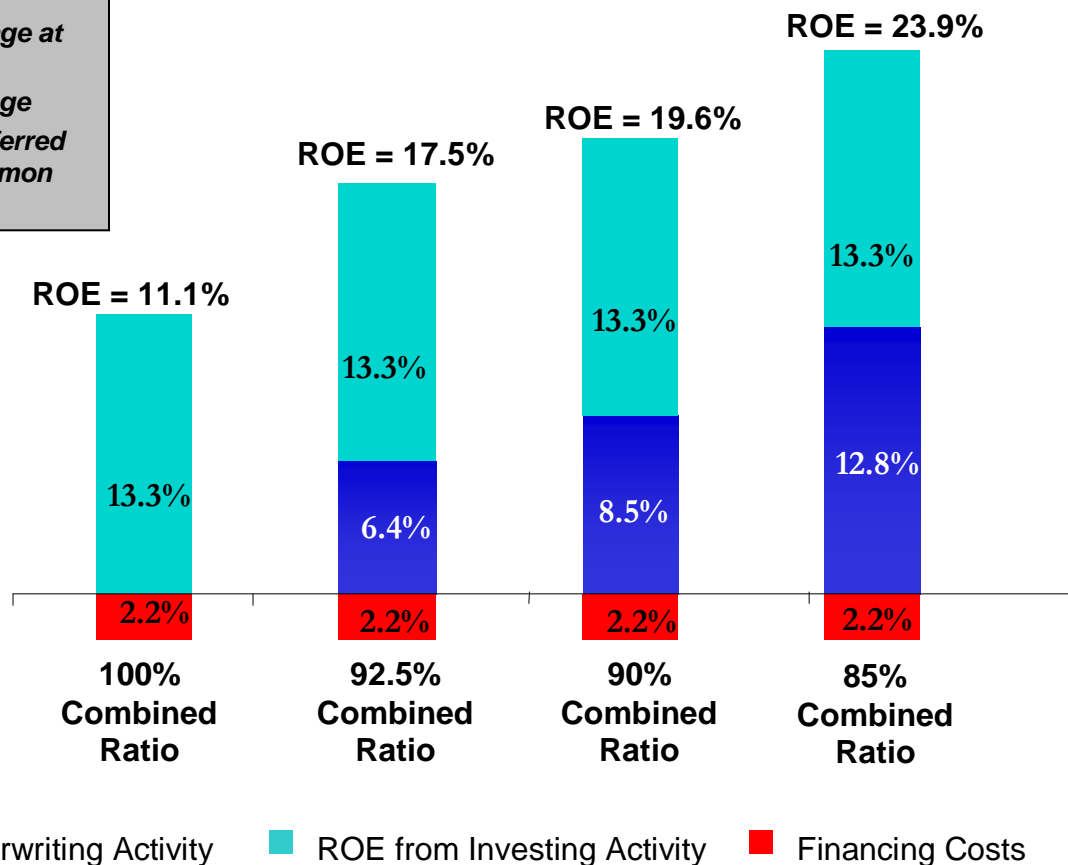


# Sensitivity of ROE

## Return On Equity Sensitivity Analysis\*

### Operating Assumptions

- 2.8:1.0 Investment Leverage at 4.75% yield
- 0.85:1.0 Operating Leverage
- Interest expense and preferred dividends of 2.2% of common equity



\* The Return on Equity Sensitivity Analysis is purely illustrative and should not be construed as guidance for future performance. Changes in Endurance's underwriting portfolio, investment portfolio, risk control mechanisms, market conditions and other factors may cause our actual results to vary considerably from those indicated above. For a listing of risks related to Endurance, please see "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2006.



Endurance

# Conclusion

- Disciplined technical underwriting culture with focus on underwriting margin and risk adjusted returns
- Well positioned with strong management team, diversified portfolio, and excellent financial strength
- Committed to generate 15%+ ROE through cycles with demonstrated ability to generate shareholder value