

**Endurance Specialty Holdings Ltd.**  
**Corporate Governance Guidelines**  
**as of May 21, 2014**

The Board of Directors (the “Board”) of Endurance Specialty Holdings Ltd. (“Endurance”) has adopted the following Corporate Governance Guidelines to assist the Board in the exercise of its responsibilities. The Board is elected by Endurance’s shareholders to oversee and guide Endurance’s management and business. Management is responsible for, and the Board is committed to, ensuring that Endurance operates in a legal and ethically responsible manner.

These Corporate Governance Guidelines are intended as a component of the flexible framework within which the Board, assisted by its committees, directs the affairs of Endurance. While they should be interpreted in the context of applicable laws, regulations and listing requirements, as well as in the context of Endurance’s Bye-laws, these Corporate Governance Guidelines are not intended to establish by their own force any legally binding obligations.

**I. Composition of the Board and Selection of Directors**

**A. Director Qualification Criteria**

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate skills and characteristics required of Directors in the context of the current composition of the Board. In assessing potential new Directors, the Nominating and Corporate Governance Committee may consider individuals from various disciplines and diverse backgrounds, including diversity of viewpoint, professional experience, education, skill and other individual qualities. Director candidates are to be considered based upon various criteria, such as their broad-based business skills and experiences, prominence and reputation in their profession, specific knowledge, expertise, qualifications, attributes and skills, as well as a global business and social perspective, concern for the long-term interests of Endurance’s shareholders and personal integrity and judgment – all in the context of an assessment of the perceived needs of the Board at that point in time and in light of the Company’s structure and operations. The Nominating and Corporate Governance Committee will from time to time review any applicable Board membership criteria and modify them as appropriate.

**B. Director Independence**

It shall be the policy of the Board that a substantial majority of the members of the Board, and all members of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, qualify as “independent directors” in accordance with the

applicable provisions of the Securities Exchange Act of 1934, and the rules promulgated thereunder, and the listing standards of the New York Stock Exchange, as they may from time to time be amended.

**C. Size of the Board**

The Board believes that a board ranging in size from 9 to 15 Directors provides diversity of thought and experience without hindering effective discussion or diminishing individual accountability.

**D. Director Tenure**

A Management Director who serves as the Chairman of the Board may, at the election of the Board, serve for up to five years as a Director after his or her departure from the employ of Endurance. All other employee Directors of Endurance shall resign from the Board concurrent with their departure from the employ of Endurance.

**E. Change in Affiliation**

A Director whose principal occupation or business association changes substantially from the position he or she held when originally invited to join the Board shall tender a letter of resignation to the Board. The Nominating and Corporate Governance Committee shall review whether such change in principal occupation or business association is consistent with continued Board membership.

**F. Limit on Number of Other Directorships**

Directors are expected to devote sufficient time to fulfill their responsibilities as members of the Board of Endurance. Accordingly, a Director may serve on the board of directors of other companies, but shall limit such service to a reasonable number of companies which would not conflict with his or her responsibilities as a member of the Board.

**G. Lead Director**

In the event that the Chairman and Chief Executive Officer (“CEO”) positions at Endurance are both occupied by the same individual, the Board will select a Lead Director. The Lead Director will be an independent director, elected by a majority of the independent directors. The Lead Director will:

1. preside at all executive sessions of the independent directors;
2. act as a liaison between the Chairman/CEO and the independent directors;

3. assist the Chairman/CEO in setting the Board agenda and the frequency of meetings;
4. communicate Board member feedback to the Chairman/CEO (other than the annual CEO performance evaluation, which remains the responsibility of the Chairman of the Compensation Committee);
5. be available to respond to shareholder inquiries in the event the Chairman of the Board is unable to do so; and
6. perform such other duties as are requested by the Board.

## **II. Director Responsibilities**

The Board is elected by Endurance's shareholders to direct its affairs by providing independent, active and diligent oversight of management and corporate performance. In carrying out this role, Directors undertake the following responsibilities, consistent with fiduciary obligations of care, loyalty and good faith:

1. provide advice and counsel to the Chief Executive Officer (and other principal senior executives);
2. select, regularly evaluate, fix the compensation of, and, where appropriate, replace the Chief Executive Officer (and other principal senior executives);
3. oversee the conduct of Endurance's business, including the formation and execution of the business and strategic plans, to evaluate corporate and management performance;
4. review and approve Endurance's financial objectives and major corporate plans and actions;
5. review and approve (through the Audit Committee) any major changes in the auditing and accounting principles and practices used in the preparation of Endurance's financial statements; and
6. perform such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulations.

## **III. Board Processes**

### **A. Meetings**

It is the intent of the Board to meet at least four times each calendar year, on dates selected by the Chairman of the Board in consultation with the Lead Director. Directors will be given as much advance notice of meeting dates as reasonably practicable. Directors are expected to regularly attend meetings of the Board and the committees of the Board on which they serve.

**B. Agenda**

The Chairman of the Board, in consultation with the Lead Director, will establish the agenda for each meeting of the Board. The chairman of each committee, in consultation with the Chairman of the Board and the Lead Director, shall set the agenda for the meetings of the committees of the Board. Directors and committee members may suggest agenda items.

**C. Executive Sessions**

The non-management Directors of the Board shall meet in executive session in connection with each regularly scheduled meeting of the Board, and at other times as they may wish. Committees of the Board may also call executive sessions of the non-management Directors of the committees as they may wish. In the event that one or more of the non-management Directors of the Board is not independent, the independent Directors shall meet at least once per annum in executive session. The Lead Director shall preside during executive sessions of the Board.

**D. Director Access to Management and Independent Advisors**

Endurance shall provide each Director with complete access to the management of Endurance. The Board and committees of the Board shall have the right to consult and retain independent legal, financial and other advisors at the expense of Endurance.

**E. Preparation for and Attendance at Meetings**

Directors are expected to prepare adequately for and regularly attend meetings of the Board and committees of the Board on which they serve, including the review in advance of any previously provided written materials in connection with such meetings.

**IV. Board Committees**

**A. Audit, Compensation and Nominating and Corporate Governance Committees**

The Board shall at all times have an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Each of these committees shall adopt a written charter describing its duties.

**B. Other Committees**

The Board may also establish such other committees as it deems appropriate and delegate to those committees any authority permitted by applicable law and Endurance's bye-laws, other than any authority delegated by the Board to the Audit Committee, the Compensation Committee and Nominating and Corporate Governance Committee. Each standing committee shall adopt a written charter describing its duties.

**C. Composition and Chairmanship of Committees**

The Nominating and Corporate Governance Committee shall recommend to the Board on an annual basis the members and Chairman of each of the Board's committees. The Board shall select and appoint the members and Chairman of each of the Board's committees at the first Board meeting following the Annual General Meeting of Shareholders of the Company and from time to time as appropriate. The term of each committee member shall be from the time of appointment until the earliest to occur of (i) the next Annual General Meeting of Shareholders, (ii) the reconstitution of the committee by the Board pursuant to a duly adopted resolution or (iii) the death or resignation from the Board of such committee member.

**V. Director Compensation**

**A. Role of the Compensation Committee**

The role of the Compensation Committee shall be to ensure that Director compensation is appropriate and competitive in order to assure Endurance's ability to attract and retain highly qualified Directors.

**B. Compensation Policy**

Only non-management Directors shall receive payment for serving on the Board. Director compensation shall be determined by the Compensation Committee. In addition, Endurance's policy shall be that a portion of Director compensation be in the form of or linked to Endurance equity in order that the objectives of Endurance's Directors and shareholders be aligned.

**C. Indemnification**

In accordance with the terms of its bye-laws, Endurance shall indemnify the Directors to the fullest extent permitted by law.

## **VI. Conduct and Ethics Standards for Directors**

### **A. Code of Business Conduct and Ethics**

Directors are subject to the applicable provisions of Endurance's Code of Business Conduct and Ethics. Among other things, Directors must conduct themselves in a manner that avoids actual or apparent conflicts of interest and that protects Endurance's business reputation. Except as authorized by the Board, non-management Directors shall not have a direct economic relationship with Endurance. Endurance loans to, or guarantees of the obligations of, Directors or their family members are prohibited. Directors must also comply with Endurance's corporate policies, to the extent applicable to Directors.

### **B. Director Orientation and Continuing Education**

Endurance shall have an orientation program designed to familiarize new Directors with Endurance, its management structure and operations, the markets in which Endurance operates and key legal, financial and operational issues. Each new Director shall be provided with information regarding corporate governance and the structure and procedures of the Board and the committees of the Board on which the new Director will serve.

Directors shall be encouraged to attend appropriate Endurance and external continuing director education programs to help ensure that they remain currently informed on corporate governance, best board practices, financial and accounting practices, ethical issues for directors and management and similar matters.

### **C. Annual Board Performance Evaluation**

The Board will conduct on an annual basis a self-evaluation to determine whether it and its committees are functioning effectively. The Nominating and Corporate Governance Committee shall be responsible for overseeing the development and implementation of the process for the Board to evaluate its own performance. The Board will review and discuss the results of any such evaluation to determine what, if any, action could improve Board and Board committee performance.

### **D. Reporting of Concerns to Non-Management Directors**

In order that interested parties may be able to make their concerns known to the non-management Directors, Endurance shall provide on its company website a method by which such parties can communicate directly and confidentially with the non-management Directors.

**E. Company Communications**

The Board believes that Endurance's management speaks for Endurance. Individual Directors may, from time to time, meet or otherwise communicate with various constituencies that are involved with Endurance. But it is expected that Directors would do this with the knowledge of Endurance's management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of Endurance's management.

**VII. Management Evaluation and Succession**

**A. Evaluation of Chief Executive Officer and Other Management**

The non-management members of the Board shall evaluate on an annual basis the performance of the Chief Executive Officer and, if appropriate, other members of Endurance's senior management. The evaluation shall be based upon criteria established by the Board, including the performance of Endurance, the accomplishment of short-term and long-term strategic objectives and the development of management. The evaluation will be used by the Compensation Committee in the course of its deliberations when considering the compensation of the Chief Executive Officer and, if appropriate, other members of Endurance's senior management.

**B. Succession Planning**

The Nominating and Corporate Governance Committee shall from time to time review Endurance's succession plans and report on them to the Board. The Nominating and Corporate Governance Committee, in consultation with the Chief Executive Officer, shall identify potential successors to the Chief Executive Officer. In addition, the Chief Executive Officer is expected to recommend to the Board on an ongoing basis one or more successors in the event of an unexpected inability of the Chief Executive Officer to continue to serve.