

Bank of America Merrill Lynch Insurance Conference

Endurance Specialty Holdings

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Chief Executive Officer



Forward looking statements & regulation G disclaimer

Safe Harbor for Forward Looking Statements

Some of the statements in this presentation include forward-looking statements which reflect our current views with respect to future events and financial performance. Such statements include forward-looking statements both with respect to us in general and the insurance and reinsurance sectors specifically, both as to underwriting and investment matters. Statements which include the words "expect," "intend," "plan," "believe," "project," "anticipate," "seek," "will," and similar statements of a future or forward-looking nature identify forward-looking statements in this presentation for purposes of the U.S. federal securities laws or otherwise. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the Private Securities Litigation Reform Act of 1995.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or may be important factors that could cause actual results to differ from those indicated in the forward-looking statements. These factors include, but are not limited to, the effects of competitors' pricing policies, greater frequency or severity of claims and loss activity, changes in market conditions in the agriculture insurance industry, termination of or changes in the terms of the U.S. multiple peril crop insurance program, a decreased demand for property and casualty insurance or reinsurance, changes in the availability, cost or quality of reinsurance or retrocessional coverage, our inability to renew business previously underwritten or acquired, our inability to maintain our applicable financial strength ratings, our inability to effectively integrate acquired operations, uncertainties in our reserving process, changes to our tax status, changes in insurance regulations, reduced acceptance of our existing or new products and services, a loss of business from and credit risk related to our broker counterparties, assessments for high risk or otherwise uninsured individuals, possible terrorism or the outbreak of war, a loss of key personnel, political conditions, changes in insurance regulation, changes in accounting policies, our investment performance, the valuation of our invested assets, a breach of our investment guidelines, the unavailability of capital in the future, developments in the world's financial and capital markets and our access to such markets, government intervention in the insurance and reinsurance industry, illiquidity in the credit markets, changes in general economic conditions and other factors described in our most recently filed Annual Report on Form 10-K and Quarterly Report on Form 10-Q.

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

Regulation G Disclaimer

In presenting the Company's results, management has included and discussed certain non-GAAP measures. Management believes that these non-GAAP measures, which may be defined differently by other companies, better explain the Company's results of operations in a manner that allows for a more complete understanding of the underlying trends in the Company's business. However, these measures should not be viewed as a substitute for those determined in accordance with GAAP. For a complete description of non-GAAP measures and reconciliations, please review the Investor Financial Supplement on our web site at www.endurance.bm.

The combined ratio is the sum of the loss, acquisition expense and general and administrative expense ratios. Endurance presents the combined ratio as a measure that is commonly recognized as a standard of performance by investors, analysts, rating agencies and other users of its financial information. The combined ratio, excluding prior year net loss reserve development, enables investors, analysts, rating agencies and other users of its financial information to more easily analyze Endurance's results of underwriting activities in a manner similar to how management analyzes Endurance's underlying business performance. The combined ratio, excluding prior year net loss reserve development, should not be viewed as a substitute for the combined ratio.

Net premiums written is a non-GAAP internal performance measure used by Endurance in the management of its operations. Net premiums written represents net premiums written and deposit premiums, which are premiums on contracts that are deemed as either transferring only significant timing risk or transferring only significant underwriting risk and thus are required to be accounted for under GAAP as deposits. Endurance believes these amounts are significant to its business and underwriting process and excluding them distorts the analysis of its premium trends. In addition to presenting gross premiums written determined in accordance with GAAP, Endurance believes that net premiums written enables investors, analysts, rating agencies and other users of its financial information to more easily analyze Endurance's results of underwriting activities in a manner similar to how management analyzes Endurance's underlying business performance. Net premiums written should not be viewed as a substitute for gross premiums written determined in accordance with GAAP.

Return on Average Equity (ROAE) is comprised using the average common equity calculated as the arithmetic average of the beginning and ending common equity balances for stated periods. Return on Beginning Equity (ROBE) is comprised using the beginning common equity for stated periods. The Company presents various measures of Return on Equity that are commonly recognized as a standard of performance by investors, analysts, rating agencies and other users of its financial information.

Introduction to Endurance Specialty Holdings

(Re)insurance company focused on diversified portfolio of businesses within specialty niches

Delivered strong results through successful execution of strategy

Strong market positioning

- Over 844 employees in offices across the United States, Bermuda, Europe, and Asia with strong product line specializations

Solid financial foundation

- Excellent financial strength with \$3.1 BN in total capital and \$2.6 BN in shareholders' equity as of December 31, 2011, supported by high quality assets and prudent loss reserves.
- Rated "A" by A.M. Best and Standard & Poor's and A2 by Moody's with stable outlooks
- Received the highest Enterprise Risk Management ranking of "Excellent" from Standard & Poor's in 2008 and reaffirmed in 2009 through 2011 (One of only four companies in North America/Bermuda to get highest rating)

Excellent historical financial results

- Inception to date annualized operating ROE of 11.9%
- 20.4% average annualized growth in book value per share plus dividends since inception

Total Return Since Endurance IPO (March 3, 2003)*

Arch Capital Group Ltd.	264.0%
Chubb Corp.	258.0%
CNA Surety	241.9%
W.R. Berkley Corp.	222.9%
ACE Ltd.	218.8%
Alterra Capital Holdings Ltd.	174.1%
Travelers Cos. Inc.	144.0%
RenaissanceRe Holdings Ltd.	128.6%
Endurance Specialty Holdings	118.4%
Markel Corp.	90.9%
Everest Re Group Ltd.	86.8%
Platinum Underwriters Holdings	72.6%
PartnerRe Ltd.	69.0%
Cincinnati Financial Corp.	54.8%
CNA Financial Corp.	28.9%
Allstate Corp.	25.7%
TransAtlantic Holdings Inc.	24.3%
Montpelier Re Holdings Ltd.	-5.3%
Hartford Financial Services	-33.0%
XL Group PLC	-64.1%
Argo Group International	-83.9%
American International Group	-96.6%

Endurance offers investors a proven franchise at an attractive valuation

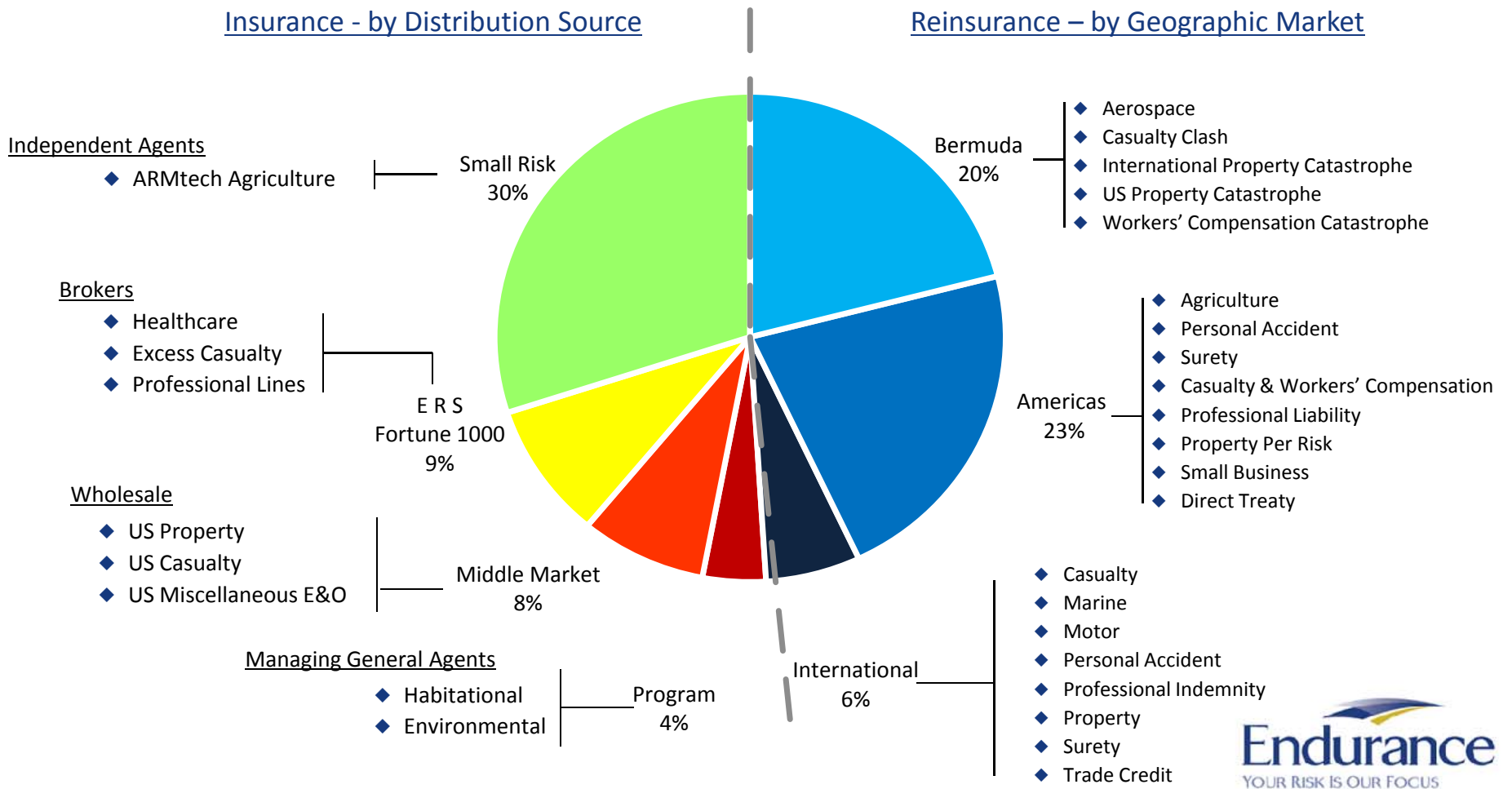
* Source: FACTSET: Total return equals stock appreciation plus dividends from March 3, 2003 through February 10, 2012



Specialty Focused, Diversified Portfolio of Businesses

Portfolio diversified by product, distribution source and geography

Twelve Months Net Premiums Written as of December 31, 2011: \$1.98 BN



Specialty Focused, Diversified Portfolio of Businesses

Adjusted product growth and capital deployment based on market conditions

Twelve Months Net Premiums Written as of December 31, 2011: \$1.98 BN

Casualty (33%)

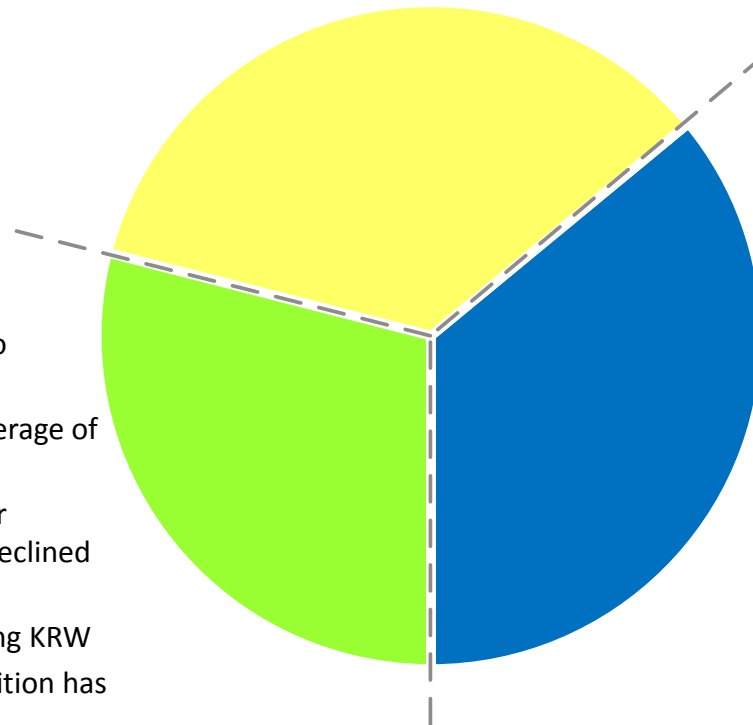
- ◆ Casualty reinsurance reduced significantly since its peak in 2006
- ◆ Casualty insurance lines of business have increased modestly since 2005 as growth in middle market U.S. based business has been partially offset by declines in Bermuda based large account business

Property (32%)

- ◆ Property reinsurance has declined meaningfully since 2005 as we largely exited the national account business
- ◆ Catastrophe reinsurance has remained flat as competition has remained disciplined
- ◆ Property insurance premiums have remained flat since 2005

Specialty (35%)

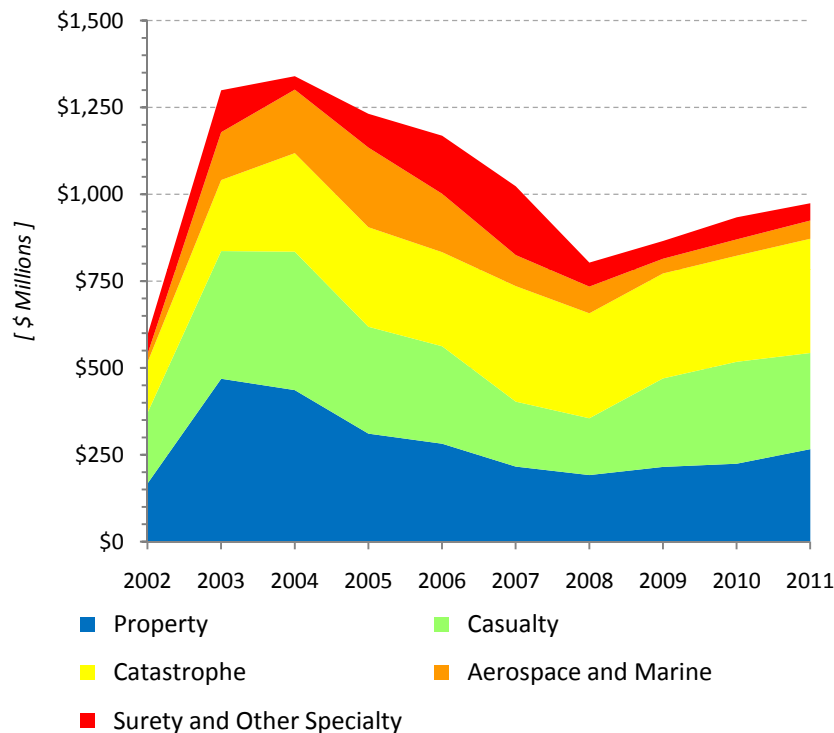
- ◆ Agriculture insurance is not linked to property-casualty pricing cycle
 - Growing policy count by an average of 6.3% per year since 2007
- ◆ Aerospace, marine, surety and other reinsurance lines of business have declined significantly from their peaks
 - Exited offshore energy following KRW
 - Reduced premiums as competition has increased



Disciplined Reinsurance Portfolio Management

Reinsurance book has been selectively reduced during a softening market

Reinsurance Net Written Premiums



Managing the Reinsurance Portfolio

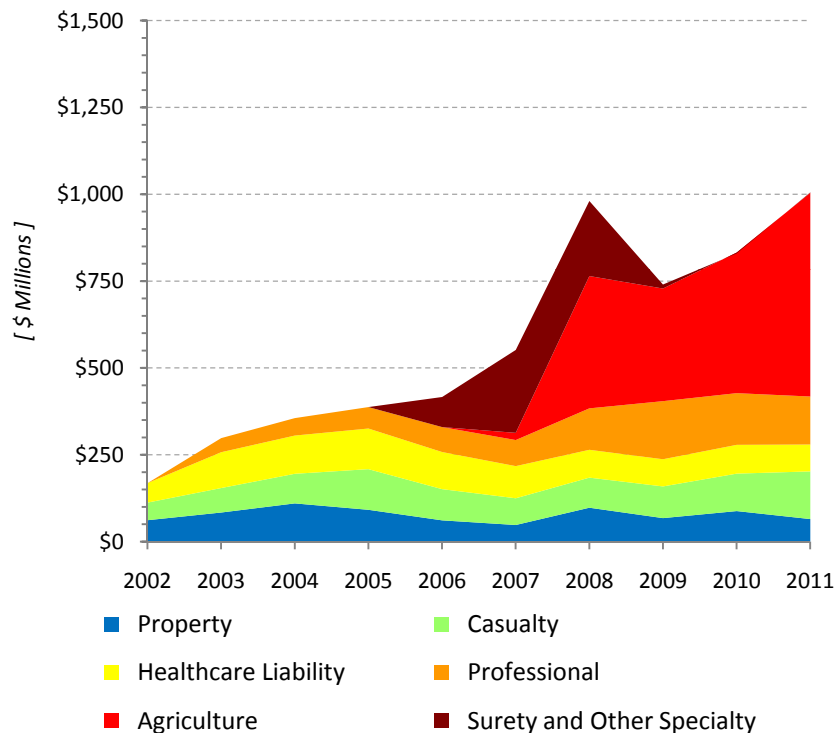
- Active portfolio management has enhanced reinsurance portfolio:
 - Lines of business have been actively reduced where pricing, terms or data quality have not met our requirements
 - i. Casualty has declined 31% from its peak
 - ii. Property has declined 43% since its peak
 - iii. Aerospace and Marine has declined 77% from its peak
- Catastrophe premiums have remained relatively flat as the market has been disciplined and margins remain acceptable
- We have maintained our underwriting expertise and are well positioned to grow as opportunities arise

We have demonstrated discipline in writing reinsurance business as evidenced by the overall reinsurance portfolio shrinking 27% since our peak in 2004. We have maintained our higher margin catastrophe premiums while shrinking our longer tail lines of business and retaining our ability to grow if the market turns.

Diversified Insurance Portfolio

Continue to expand insurance capabilities while maintaining discipline

Insurance Net Written Premiums



Managing the Insurance Portfolio

- We have significantly broadened our insurance capabilities:
 - Added agriculture line of business through the acquisition of ARMtech
 - Expanded casualty offering through the addition of underwriting teams and new relationships
 - Added a contract binding authority team in November 2010
- Experiencing growth in casualty due to focus on small case business while shrinking in more competitive large case contracts

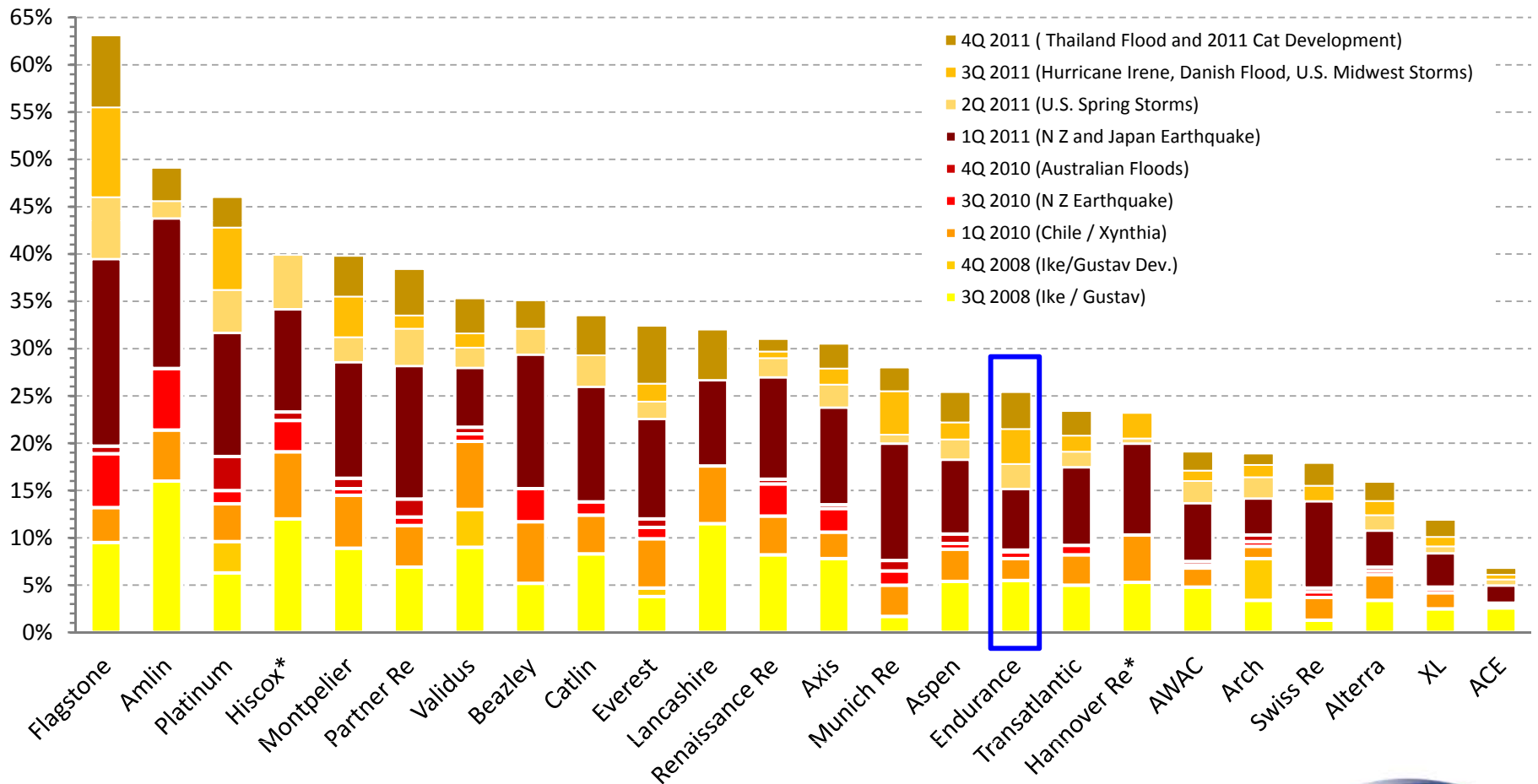
Since 2005 we have meaningfully invested in new capabilities and expanded our distribution relationships within our insurance franchise which we believe will facilitate growth in the event market conditions become more favorable.

Endurance is World Class at Risk Management

Endurance has performed well versus peers in recent large catastrophe events

Five Year Catastrophe Losses versus Shareholder Equity

From December 31, 2006 – September 30, 2011



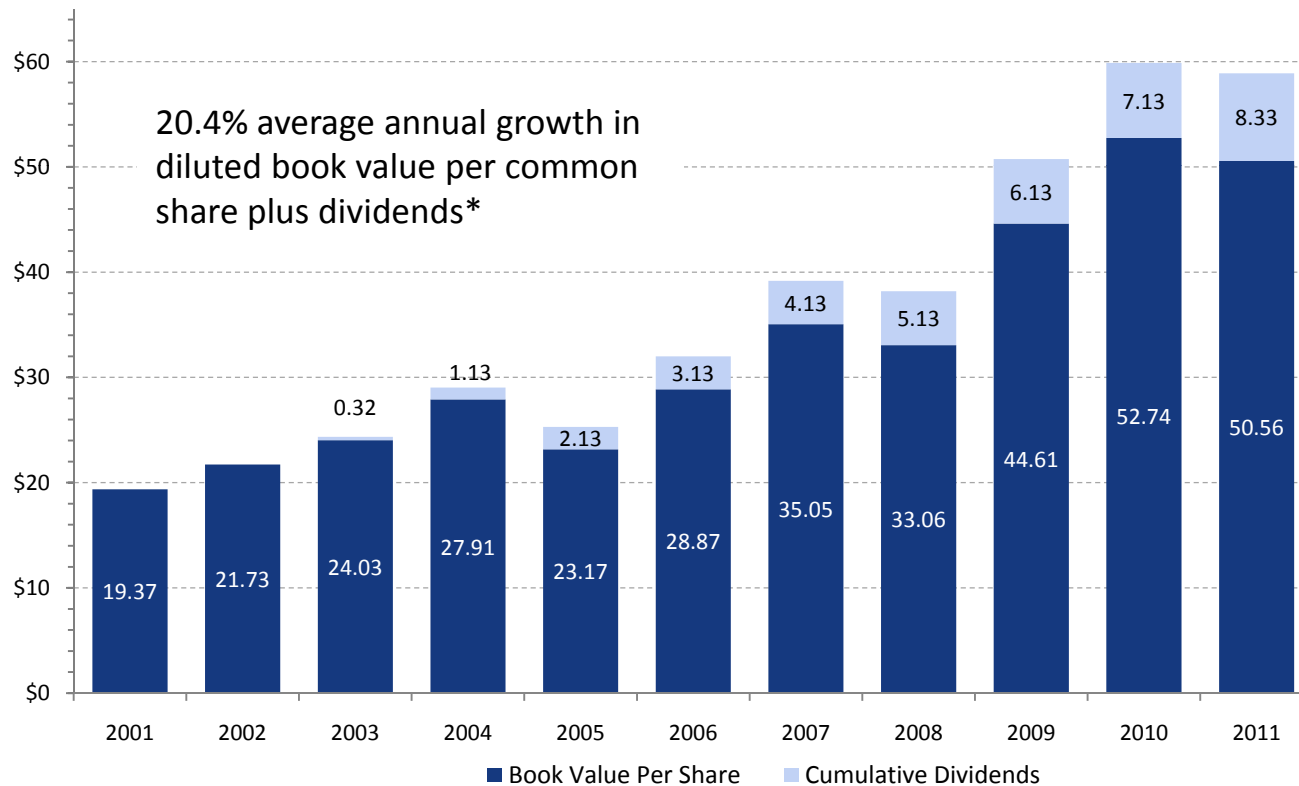
Note: Catastrophe loss values were obtained through publicly released information and company transcripts for each quarter and include current quarter losses as well as announced loss reserve development associated with prior quarter catastrophe losses. Catastrophe losses are compared with starting Total Shareholder Equity for each loss quarter. * Financial losses not reported yet for 4Q2011.



Endurance's Financial Results

Diluted book value per common share has grown tremendously in absolute terms...

10 Year Growth in Diluted Book Value Per Common Share (\$) From December 31, 2001 – December 31, 2011



Significant Impacts to Book Value

- 2005 – Hurricanes Katrina, Rita and Wilma
- 2008 – Credit crisis and related impact of marking assets to market
- 2011 – High frequency of global catastrophes (Earthquakes impacting New Zealand and Japan, Hurricane Irene, Texas wildfires, Thailand and Australian Flood, Danish Cloudburst, Spring tornadoes and storms in the midwest United States)

Note: Diluted Book Value Per Share calculated on weighted number of average diluted shares outstanding.
 * Calculated as the average change in book value per share over ten years when adding back dividends

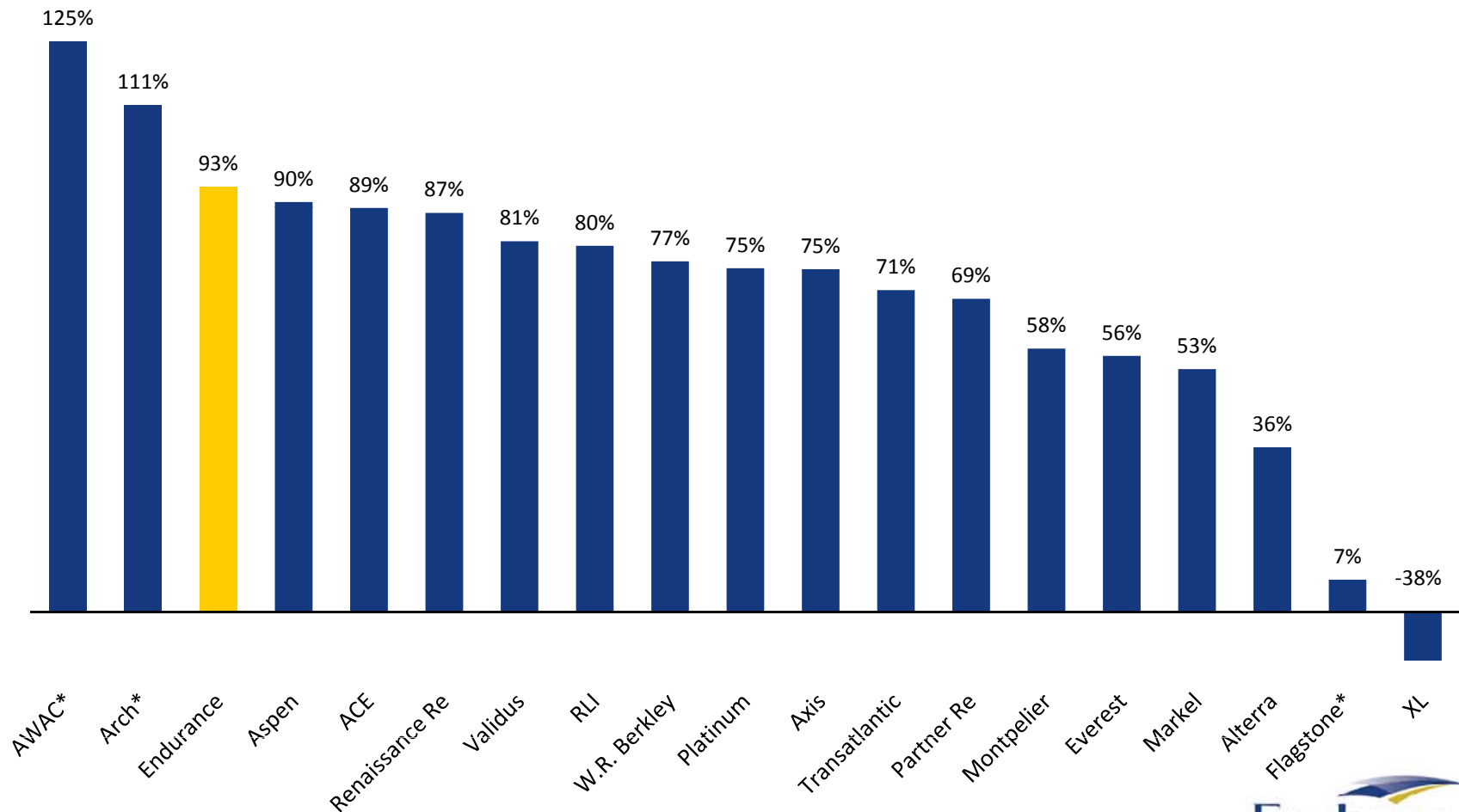


Endurance's Financial Results

Book value per common share has also grown significantly versus peers

5 Year Fully Diluted Book Value Per Share Plus Dividend Growth

From December 31, 2006 – December 31, 2011

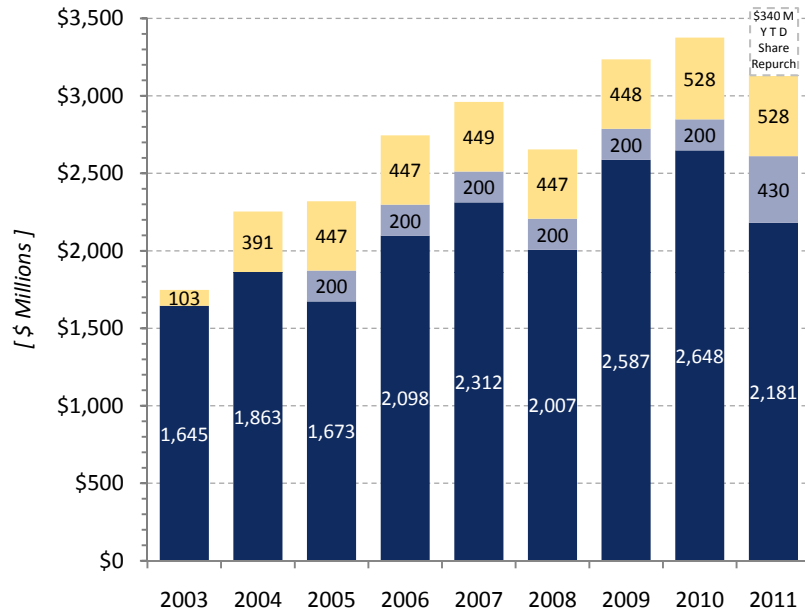


Note: Fully Diluted Book value per share and dividend data provided by company press releases and filings. For those companies that do not disclose fully diluted book value per share, the dilution was calculated using average diluted shares outstanding. * Financial results for 4Q2011 not yet reported.

Growing Capital Base while returning Capital to Investors

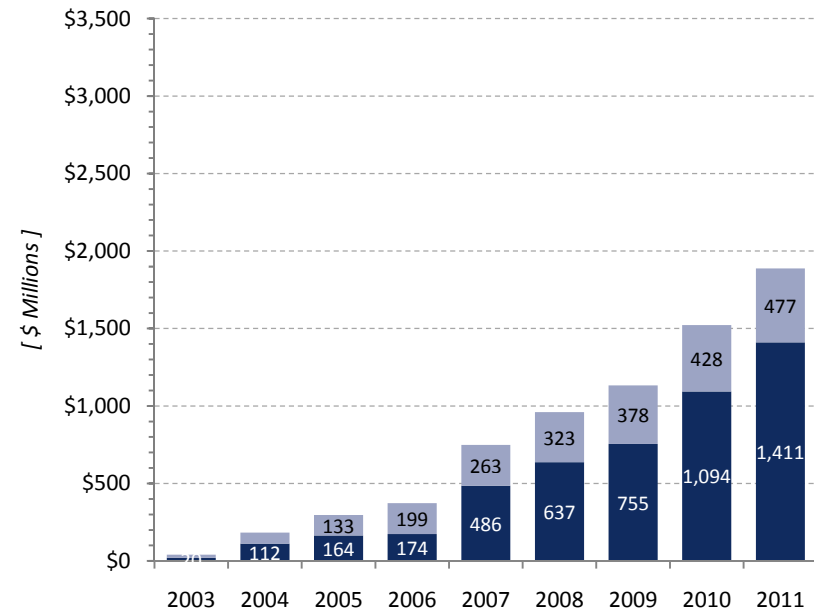
Outstanding diluted shares outstanding have been reduced by over 40% in the last five years

Endurance has a Diversified and Growing Capital Base



■ Common Equity ■ Preferred Equity ■ Debt

\$1.888 Billion of Capital Cumulatively Returned to Shareholders



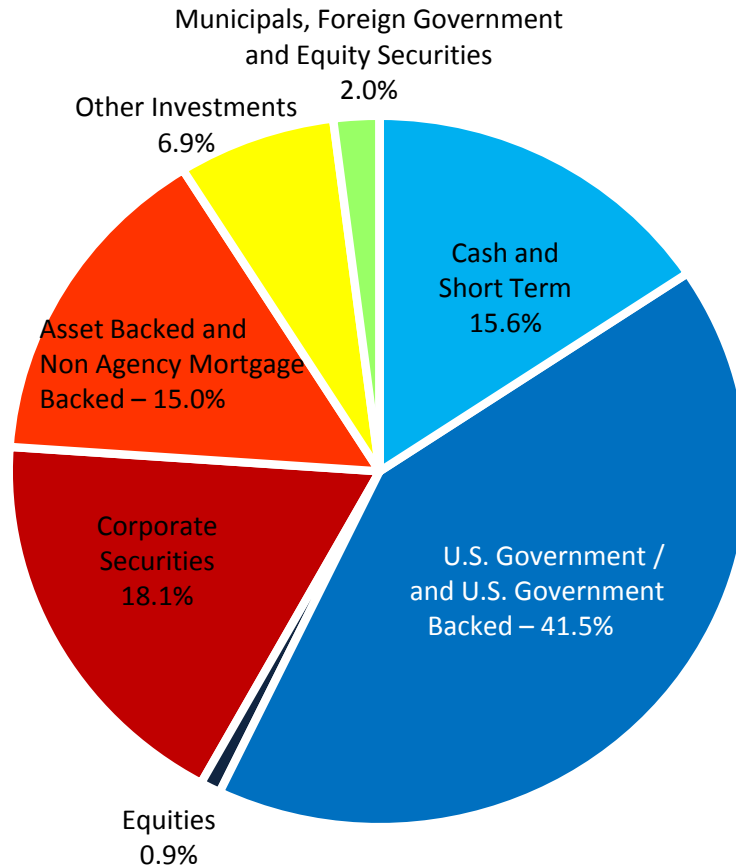
■ Cumulative Share Repurchases ■ Cumulative Dividends

Endurance has proven its ability to generate capital which has allowed for the return to its shareholders of nearly \$1.9 billion through share repurchases and dividends while also supporting organic growth. Current capital levels exceed rating agency minimum levels allowing for the possibility of opportunistic growth in the event that markets harden.

Strong Balance Sheet

Endurance maintains a high quality, short duration investment portfolio

\$6.3 B Investment Portfolio at December 31, 2011



Investment Portfolio Highlights

- Fixed maturity portfolio duration remains short at 2.39 years, down from 3.17 years in third quarter 2008 given high levels of interest rate risk.
- Investment quality (AA average) has remained high as the portfolio is conservatively managed in challenging economy
 - 57.1% of investments are cash/short term or US backed
 - No direct exposure to sovereign debt or bank debt of European peripheral countries
- Expanded into equities in 2011 to diversify portfolio and reduce interest rate risk
- Other investments of \$432.7 million consist of alternative funds (71.6%) and specialty funds (28.4%)
 - Alternative funds include hedge funds and private equity funds
 - Specialty funds include high yield loan and convertible debt funds
 - Other investments returns have significantly outperformed S&P 500 with half the volatility since programs inception

Conclusion

Endurance is a compelling investment opportunity

1. Strategically managing our business through the soft market

- Selectively reduced reinsurance premiums, especially in competitive longer tail lines
- Invested in agriculture insurance business which is not linked to the property-casualty market cycle
 - Accounted for 30% of net premiums written during 2011
- Active capital deployment to return excess capital to shareholders
 - Reduced diluted shares outstanding by over 40% in the last five years

2. Excellent balance sheet strength and liquidity

- High quality short duration investment portfolio; fixed maturity investments have an average credit quality of AA
- Prudent reserving philosophy and strong reserve position; strong history of favorable development
- Industry leading Enterprise Risk Management
- Capital levels well in excess of rating agency minimums provide flexibility to grow in potentially hardening markets

3. The outlook for Endurance's key areas of specialization remain attractive

- Agriculture business provides diversification from the property-casualty markets
- Catastrophe lines have remained disciplined and profitable and markets appear to be hardening

4. Endurance is currently trading at a discount to book, despite strong absolute and relative performance and strong market positioning