

ACE LTD

FORM 8-K (Current report filing)

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Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

Current Report

**Pursuant To Section 13 or 15 (d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) – April 29, 2008

ACE LIMITED

(Exact name of registrant as specified in its charter)

Cayman Islands
(State or other jurisdiction
of Incorporation)

1-11778
(Commission File Number)

98-0091805
(I.R.S. Employer
Identification No.)

**ACE Global Headquarters
17 Woodbourne Avenue
Hamilton HM 08 Bermuda**
(Address of principal executive offices)

Registrant's telephone number, including area code: (441) 295-5200

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition

On April 29 2008, ACE Limited issued a press release reporting its first quarter 2008 results and the availability of its first quarter financial supplement. The press release and the financial supplement are attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, and are hereby incorporated herein by reference.

Item 9.01. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits

Exhibit Number	Description
99.1	Press release, dated April 29, 2008, reporting first quarter results
99.2	First Quarter 2008 Financial Supplement

EXHIBIT INDEX

<u>Number</u>	<u>Description</u>	<u>Method of Filing</u>
99.1	Press release, dated April 29, 2008, reporting first quarter results	Furnished herewith
99.2	First Quarter 2008 Financial Supplement	Furnished herewith



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News Release

FOR IMMEDIATE RELEASE

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ACE LIMITED REPORTS FIRST QUARTER 2008 OPERATING INCOME UP 9.5% TO RECORD \$725 MILLION; NET INCOME OF \$377 MILLION

HAMILTON, Bermuda, April 29, 2008 — ACE Limited (NYSE: ACE) today reported net income for the first quarter ended March 31, 2008, of \$1.10 per common share after payment of preferred dividends, compared with \$2.10 per share for the same quarter last year. Income excluding net realized gains (losses) for the first quarter was \$2.16 per share, compared with \$1.98 per share for the same quarter of last year. ⁽¹⁾ The first quarter was marked by unprecedented financial market volatility in both the credit and equity markets, which impacted net income and book value. The net realized and unrealized loss after tax was \$650 million for the quarter. This loss is the result of market pricing changes only. Actual credit-related impairments included in this number were insignificant, at approximately \$20 million. Book value increased \$58 million for the quarter, and the annualized return on average equity was 17.7%. ⁽²⁾

First Quarter Summary (in millions, except per share amounts) (Unaudited)

	2008	2007	Change	(Per Share – Diluted)		
				2008	2007	Change
Net income	\$ 377	\$701	(46)%	\$ 1.10	\$2.10	(48)%
Net realized gains (losses), net of tax	(348)	38	—	(1.06)	0.12	—
Income excluding net realized gains (losses), net of tax ⁽¹⁾	\$ 725	\$663	9.5%	\$ 2.16	\$1.98	9%

Evan Greenberg, Chairman and Chief Executive Officer of ACE Limited, commented: "It was a busy and very good quarter for ACE. We closed two acquisitions – Combined Insurance and the Atlantic Companies' personal lines business – and we announced our intention to re-domesticate our holding company to Zurich, Switzerland. These moves speak to the medium- and long-term strategic positioning of our Company. We had a strong quarter in terms of operating performance, with net operating income up 9.5%. Net income, which was down, and book value growth, which was essentially flat, were negatively impacted by the unprecedented volatility experienced in the debt and equity markets during the quarter. The business climate has grown more difficult globally, including the broad economy and financial markets. Ironically, the P&C market continues to grow more competitive. Our balance sheet and income statement are strong, and in the face of these realities, we are well positioned to seek out and capitalize upon opportunities on both the asset and liability sides of our balance sheet."

Other operating highlights were as follows:

- Net premiums written declined 4% over the prior year quarter.
- Net premiums earned declined 5% over the prior year quarter.
- The property and casualty (P&C) combined ratio for the quarter was 84.6% compared with 87.1% for the prior year quarter.
- P&C underwriting income increased 14% over the prior year quarter to \$439 million.
- Underwriting income in the first quarter benefited from positive prior period development of \$137 million compared to \$18 million in the first quarter of last year. This was 90% short-tail-related, predominantly crop insurance and property.
- The P&C expense ratio reported in the quarter increased by 4.0 percentage points from last year's first quarter to 29%. Of this increase, 1.6 percentage points related to a profit-sharing commission paid in the U.S. crop insurance book due to a profitable 2007 crop year, and 1.4 percentage points related to a large risk management contract written in last year's first quarter.
- Operating cash flow was \$1 billion for the quarter.
- Invested assets increased by \$1.4 billion or 3% during the first quarter to \$43.7 billion.
- Reinsurance recoverables decreased \$393 million for the quarter to \$13,969 million.
- Net loss reserves increased \$463 million during the quarter to \$23.2 billion.
- Net investment income increased 8% over the prior year quarter to \$489 million.
- Return on average equity for the first quarter was 17.7%; excluding FAS 115, it was 18.2%. ⁽²⁾
- Book value increased \$58 million from December 31, 2007 while book value per share ⁽³⁾ declined from \$48.89 at December 31, 2007 to \$48.65.
- The net realized and unrealized loss after tax was \$650 million. This includes approximately \$183 million from derivatives, principally related to the guaranteed minimum income benefit (GMIB) liabilities of our life reinsurance business, and \$480 million from our investment portfolio, which comprises \$150 million from high grade fixed income, \$110 million from high yield and \$220 million from equities and other.

Details of our financial results for our business segments are available in the financial supplement. Key segment items include:

- Insurance-North American: Net premiums written decreased 10% over the prior year quarter. The combined ratio was 86.0% compared with 88.4% for the same quarter last year. Last year's quarter included \$168 million of premiums written related to a large risk management contract, and in this year's quarter we recorded \$109 million in premiums written related to the Atlantic Companies' personal lines business, now known as ACE Private Risk Services. Adjusting for these transactions, net written premiums would have decreased by approximately 7%.

- **Insurance-Overseas General:** Net premiums written increased 13% over the prior year quarter, 6% on a currency-adjusted basis. The combined ratio was 82.7% compared with 85.4% for the same quarter last year.
- **Global Reinsurance:** Net premiums written decreased 28% over the prior year quarter. The combined ratio was 70.8% compared with 78% for the same quarter last year.
- **Life Insurance and Reinsurance:** Net premiums written increased 19% over the prior year quarter. Income excluding net realized gains (losses) decreased 23% to \$33 million over the prior year quarter, primarily as a result of a reduction in our income related to our life reinsurance business. Net realized losses of \$186 million are primarily attributable to the mark-to-market impact on the GMIB liabilities that are accounted for as derivatives. The losses resulted from an increase in the fair value liabilities relating to our reinsurance of guarantees for variable annuities. This is primarily the result of the adverse financial market changes in the first quarter, including negative equity returns, a reduction in long-term interest rates, and an increase in implied volatility for both equities and interest rates. This is purely a mark-to-market adjustment, required because the transactions are deemed to be derivatives for accounting purposes, and does not indicate negative cash flows on our reinsurance treaties. These results are in line with our expectations given these market conditions.

The following earnings guidance has been updated for the full year 2008 and reflects the acquisition of Combined Insurance Company of America and certain of its subsidiaries, which was completed on April 1, 2008. We are now estimating that Combined Insurance will be 3.4% or \$0.25 per share accretive for the remainder of 2008. This compares to our previous estimate of 2.6% or \$0.19 per share accretive for the same time frame.

- **Operating Income per Share** is expected to range between \$7.40 and \$7.90. The previous range was between \$7.00 and \$7.50.
- **Property & Casualty Net Premiums Earned** are expected to increase 1% to 3%. The previous range was a decline between 3% and 5%. The change is due primarily to the international portion of the Combined Insurance transaction.
- **Consolidated Net Premiums Earned** are expected to increase 8% to 10%. This is due primarily to the impact of the total Combined Insurance transaction.
- **Catastrophe Losses** included in our estimated earnings are \$340 million pre-tax (\$270 million after-tax) for the remainder of the year.

Please refer to the ACE Limited Financial Supplement dated March 31, 2008, which is posted on the Company's website in the Investor Information section, and access Financial Reports for more detailed information on individual segment performance, together with additional disclosure on reinsurance recoverable, loss reserves, investment portfolio and capital structure. The URL reference is: http://media.corporate-ir.net/media_files/irol/10/100907/fin_supp_march_31_2008.xls. (Due to the length of this URL, it may be necessary to copy and paste this hyperlink into your Internet browser's URL address field.)

ACE will host its first quarter earnings conference call and webcast on Wednesday, April 30, 2008, beginning at 8:30 a.m. ET. The earnings conference call will be available via live and archived webcast at www.acelimited.com or by dialing 888-632-5021 (within the United States) or 913-312-0656 (international); passcode 5744621. Please refer to the ACE Limited website in the Investor Information section under Calendar of Events for details. A replay of the call will be available for approximately one month. To listen to the replay, dial: 888-203-1112 (in the United States) or 719-457-0820 (international); passcode 5744621.

The ACE Group of Companies is a global leader in insurance and reinsurance serving a diverse group of clients. Headed by ACE Limited, a component of the Standard & Poor's 500 stock index, the ACE Group of Companies conducts its business on a worldwide basis with operating subsidiaries in more than 50 countries. Additional information can be found at: www.ancelimited.com.

¹ Non-GAAP Financial Measures:

Operating Income or Income excluding net realized gains (losses), net of tax is a common performance measurement for insurance companies. We believe this presentation enhances the understanding of our results of operations by highlighting the underlying profitability of our insurance business. We exclude net realized gains (losses) and net realized gains (losses) included in Other (income) expense related to partially-owned insurance companies because the amount of these gains (losses) is heavily influenced by, and fluctuates in part according to, the availability of market opportunities.

Underwriting income is calculated by subtracting losses and loss expenses, life and annuity benefits, policy acquisition costs and administrative expenses from net premiums earned. We use underwriting income and operating ratios to monitor the results of our operations without the impact of certain factors, including net investment income, other (income) expense, interest and income tax expense and net realized gains (losses). We believe the use of these measures enhances the understanding of our results of operations by highlighting the underlying profitability of our insurance business.

Tangible shareholders' equity is shareholders' equity less goodwill. See reconciliation of Non-GAAP Financial Measures beginning on page 21 in the financial supplement.

These measures should not be viewed as a substitute for net income determined in accordance with generally accepted accounting principles (GAAP).

- ² Calculated using income excluding net realized gains (losses) less perpetual preferred securities divided by average ordinary shareholders' equity for the period. To annualize a quarterly rate, multiply by four.
- ³ Book value per ordinary share is ordinary shareholders' equity divided by the shares outstanding. Tangible book value per ordinary share is ordinary shareholders' equity less goodwill divided by the shares outstanding.

Cautionary Statement Regarding Forward-Looking Statements :

Forward-looking statements made in this press release, such as those related to economic conditions, company performance, reserves and valuations, and integration of ACE's recent acquisitions, reflect the Company's current views with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties, which may cause actual results to differ materially from those set forth in these statements. For example, the Company's forward-looking statements could be affected by competition, pricing and policy term trends, the levels of new and renewal business achieved, market acceptance, changes in demand, the frequency of unpredictable catastrophic events, actual loss experience, uncertainties in the reserving or settlement process, integration activities and unexpected financial or operational performance with respect to acquired companies, new theories of liability, judicial, legislative, regulatory and other governmental developments, litigation tactics and developments, investigation developments and actual settlement terms, the amount and timing of reinsurance recoverable, credit developments among reinsurers, actual market developments, rating agency action, possible terrorism or the outbreak and effects of war and economic, political, regulatory, insurance and reinsurance business conditions, as well as management's response to these factors, and other factors identified in the Company's filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they are made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

(tables to follow)

ACE Limited
Summary Consolidated Balance Sheets
(in millions of U.S. dollars, except per share data)
(Unaudited)

	March 31	December 31
	2008	2007
	(Unaudited)	
Assets		
Total investments	\$ 43,230	\$ 41,779
Cash	511	510
Insurance and reinsurance balances receivable	3,748	3,540
Reinsurance recoverable	13,969	14,362
Other assets	12,461	11,899
Total assets	<u>\$ 73,919</u>	<u>\$ 72,090</u>
Liabilities		
Unpaid losses and loss expenses	\$ 37,182	\$ 37,112
Unearned premium	6,653	6,227
Other liabilities	13,349	12,074
Total liabilities	<u>\$ 57,184</u>	<u>\$ 55,413</u>
Shareholders' equity		
Total shareholders' equity	<u>\$ 16,735</u>	<u>\$ 16,677</u>
Total liabilities and shareholders' equity	<u>\$ 73,919</u>	<u>\$ 72,090</u>
Book value per ordinary share ⁽³⁾	\$ 48.65	\$ 48.89

ACE Limited
Summary Consolidated Financial Data
(in millions of U.S. dollars, except per share data, and ratios)
(Unaudited)

	Three Months Ended March 31	
	2008	2007
Gross premiums written	\$ 4,409	\$ 4,496
Net premiums written	3,154	3,270
Net premiums earned	2,940	3,082
Losses and loss expenses	1,579	1,860
Life and annuity benefits	63	36
Policy acquisition costs	468	417
Administrative expenses	375	356
Underwriting income ⁽¹⁾	455	413
Net investment income	489	451
Net realized gains (losses)	(353)	16
Interest expense	46	46
Other expense	15	4
Income tax expense	153	129
Net income	377	701
Preferred share dividend	(11)	(11)
Net income available to holders of ordinary shares	<u>\$ 366</u>	<u>\$ 690</u>
<i>Diluted earnings per share:</i>		
Income excluding net realized gains (losses) ⁽¹⁾	\$ 2.16	\$ 1.98
Net income	\$ 1.10	\$ 2.10
Weighted average diluted shares outstanding	331.0	328.9
Loss and loss expense ratio	55.6%	62.1%
Policy acquisition cost ratio	16.2%	13.5%
Administrative expense ratio	12.8%	11.5%
Combined ratio	84.6%	87.1%

ACE Limited
Consolidated Supplemental Information
(in millions of U.S. dollars)
(Unaudited)

	Three Months Ended	
	March 31	
	2008	2007
Gross Premiums Written		
Insurance – North American	\$ 2,181	\$ 2,269
Insurance – Overseas General	1,778	1,659
Global Reinsurance	345	478
Life Insurance and Reinsurance	105	90
<i>Total</i>	<u>\$ 4,409</u>	<u>\$ 4,496</u>
Net Premiums Written		
Insurance – North American	\$ 1,360	\$ 1,514
Insurance – Overseas General	1,345	1,192
Global Reinsurance	344	476
Life Insurance and Reinsurance	105	88
<i>Total</i>	<u>\$ 3,154</u>	<u>\$ 3,270</u>
Net Premiums Earned		
Insurance – North American	\$ 1,354	\$ 1,539
Insurance – Overseas General	1,223	1,112
Global Reinsurance	263	343
Life Insurance and Reinsurance	100	88
<i>Total</i>	<u>\$ 2,940</u>	<u>\$ 3,082</u>
Income Excluding Net Realized Gains (Losses) ⁽¹⁾		
Insurance – North American	\$ 327	\$ 298
Insurance – Overseas General	256	215
Global Reinsurance	144	132
Life Insurance and Reinsurance	33	43
Corporate	(35)	(25)
<i>Total</i>	<u>\$ 725</u>	<u>\$ 663</u>



ace limited

Financial Supplement

March 31, 2008

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This report is for informational purposes only. It should be read in conjunction with documents filed by ACE Limited with the Securities and Exchange Commission, including the most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

Cautionary Statement Regarding Forward-Looking Statements:

Forward-looking statements made in this financial supplement reflect the Company's current views with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties which may cause actual results to differ materially from those set forth in these statements. For example, the Company's forward-looking statements, such as statements concerning exposures, reserves and recoverables, could be affected by the frequency of unpredictable catastrophic events, actual loss experience, uncertainties in the reserving or settlement process, new theories of liability, judicial, legislative, regulatory and other governmental developments, litigation tactics and developments, investigation developments and actual settlement terms, the amount and timing of reinsurance receivable and credit developments among reinsurers.

The Company's forward-looking statements could also be affected by competition, pricing and policy term trends, the levels of new and renewal business achieved, market acceptance, changes in demand, actual market developments, rating agency action, possible terrorism or the outbreak and effects of war, and changes in the financial, securities, and capital markets and the investment community. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they are made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



ACE Limited
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ACE Limited
Consolidated Financial Highlights
(in millions of U.S. dollars, except share, per share data and ratios)
(Unaudited)

	<u>Three months ended March 31</u>		% Change 1Q-08 vs. 1Q-07
	<u>2008</u>	<u>2007</u>	
Gross premiums written	\$ 4,409	\$ 4,496	-2%
Net premiums written	\$ 3,154	\$ 3,270	-4%
Net premiums earned	\$ 2,940	\$ 3,082	-5%
Net investment income	\$ 489	\$ 451	8%
Net income	\$ 377	\$ 701	-46%
Income excluding net realized gains (losses) ⁽¹⁾	\$ 725	\$ 663	9%
Comprehensive income	\$ 88	\$ 775	-89%
Operating cash flow	\$ 1,015	\$ 1,236	-18%
Combined ratio			
Loss and loss expense ratio	55.6%	62.1%	
Underwriting and administrative expense ratio	29.0%	25.0%	
Combined ratio	84.6%	87.1%	
Annualized ROE*	17.7%	18.5%	
Annualized ROE, excluding FAS 115*	18.2%	19.4%	
Effective tax rate on income excluding net realized gains (losses)	20%	19%	
Diluted earnings per share			
Income excluding net realized gains (losses) ⁽¹⁾	\$ 2.16	\$ 1.98	9%
Net income	\$ 1.10	\$ 2.10	-48%
Book value per ordinary share	\$ 48.65	\$ 43.87	11%
Tangible book value per ordinary share	\$ 40.35	\$ 35.55	13%
Weighted average basic ordinary shares outstanding	327.0	324.1	
Weighted average diluted ordinary shares outstanding	331.0	328.9	
Debt/ total capitalization	16.9%	14.8%	

(1) See page 21 Non-GAAP Financial Measures.

* Calculated using income excluding net realized gains (losses)



ACE Limited
Consolidated Results - Consecutive Quarters
(in millions of U.S. dollars)
(Unaudited)

ACE Limited Consolidated

						Full Year
	1Q-08	4Q-07	3Q-07	2Q-07	1Q-07	2007
Property and Casualty						
Gross premiums written	\$4,304	\$4,035	\$4,363	\$4,545	\$4,406	\$17,349
Net premiums written	3,049	2,716	2,705	2,995	3,182	11,598
Net premiums earned	2,840	2,959	3,055	2,921	2,994	11,929
Losses and loss expenses	1,579	1,788	1,910	1,793	1,860	7,351
Policy acquisition costs	460	448	450	422	406	1,726
Administrative expenses	362	372	345	344	344	1,405
P&C underwriting income	\$ 439	\$ 351	\$ 350	\$ 362	\$ 384	\$ 1,447
Life underwriting income excluding investment income	16	16	30	30	29	105
Net investment income	489	504	492	471	451	1,918
Net realized gains (losses)	(353)	(66)	—	(11)	16	(61)
Interest expense	46	43	44	42	46	175
Other income (expense) ⁽¹⁾	(15)	(49)	(32)	4	(4)	(81)
Income tax expense (benefit)	153	141	140	165	129	575
Net income	\$ 377	\$ 572	\$ 656	\$ 649	\$ 701	\$ 2,578
Net realized gains (losses)	(353)	(66)	—	(11)	16	(61)
Net realized gains (losses) in other income (expense) ⁽¹⁾	(28)	(57)	(38)	—	—	(95)
Tax expense (benefit) on net realized gains (losses)	(33)	(2)	(2)	4	(22)	(22)
Income excluding net realized gains (losses) ⁽²⁾	\$ 725	\$ 693	\$ 692	\$ 664	\$ 663	\$ 2,712

% Change versus prior year period ⁽³⁾

Property and Casualty net premiums written	-4%	-3%	-1%	0%	-2%	-1%
Property and Casualty net premiums earned	-5%	0%	1%	3%	9%	3%

Other ratios

Net premiums written/gross premiums written	71%	67%	62%	66%	72%	67%
Effective tax rate on income excluding net realized gains (losses)	20%	17%	17%	20%	19%	18%

Combined ratio ⁽³⁾

Loss and loss expense ratio	55.6%	60.4%	62.5%	61.4%	62.1%	61.6%
Policy acquisition cost ratio	16.2%	15.1%	14.7%	14.5%	13.5%	14.5%
Administrative expense ratio	12.8%	12.6%	11.3%	11.7%	11.5%	11.8%
Combined ratio	84.6%	88.1%	88.5%	87.6%	87.1%	87.9%
Expense ratio P&C	29.0%	27.7%	26.0%	26.2%	25.0%	26.3%
Expense ratio excluding A&H	25.8%	24.6%	22.8%	23.6%	21.9%	23.2%

Large losses and other items ⁽³⁾

Catastrophe losses (before tax)	\$ 31	\$ 23	\$ 21	\$ 81	\$ 34	\$ 159
Prior period development - unfavorable (favorable) ⁽⁴⁾	\$ (137)	\$ (89)	\$ (70)	\$ (40)	\$ (18)	\$ (217)

(1) Net realized investment and derivative losses related to our unconsolidated insurance affiliates.

(2) See page 21 Non-GAAP Financial Measures.

(3) Property and casualty excluding Life is presented to allow for comparison and analysis with earnings guidance. This is a non-GAAP measure.

(4) For quarter 1 2008, prior period favorable development of \$181 million less \$44 million of profit share commission on Crop business settlement.



ACE Limited
Summary Consolidated Balance Sheets
(in millions of U.S. dollars, except per share data)

	March 31 2008 (Unaudited)	December 31 2007 (Audited)
Assets		
Fixed maturities available for sale, at fair value	\$ 32,619	\$ 33,184
Fixed maturities held to maturity, at amortized cost	2,913	2,987
Equity securities, at fair value	1,660	1,837
Short-term investments, at fair value	4,795	2,631
Other investments	1,243	1,140
Total investments	<u>43,230</u>	<u>41,779</u>
Cash	511	510
Securities lending collateral	2,361	2,109
Insurance and reinsurance balances receivable	3,748	3,540
Reinsurance recoverable	13,969	14,362
Deferred policy acquisition costs	1,220	1,121
Prepaid reinsurance premiums	1,742	1,600
Goodwill	2,763	2,731
Deferred tax assets	1,054	1,087
Investments in partially owned insurance companies	776	773
Other assets	2,545	2,478
Total assets	<u>\$ 73,919</u>	<u>\$ 72,090</u>
Liabilities		
Unpaid losses and loss expenses	\$ 37,182	\$ 37,112
Unearned premiums	6,653	6,227
Future policy benefits for life and annuity contracts	632	545
Insurance and reinsurance balances payable	2,756	2,843
Deposit liabilities	362	351
Securities lending payable	2,361	2,109
Payable for securities purchased	1,391	1,798
Accounts payable, accrued expenses and other liabilities	1,885	1,825
Income taxes payable	198	111
Short-term debt	1,341	372
Long-term debt	2,114	1,811
Trust preferred securities	309	309
Total liabilities	<u>57,184</u>	<u>55,413</u>
Shareholders' equity		
Total shareholders' equity, excl. AOCI	16,261	15,908
Accumulated other comprehensive income (AOCI)	474	769
Total shareholders' equity	<u>16,735</u>	<u>16,677</u>
Total liabilities and shareholders' equity	<u>\$ 73,919</u>	<u>\$ 72,090</u>
Book value per ordinary share ⁽¹⁾	\$ 48.65	\$ 48.89
Tangible book value per ordinary share ⁽¹⁾	\$ 40.35	\$ 40.61

(1) See page 21 Non-GAAP Financial Measures.



ACE Limited
Consolidated Premiums by Line of Business
(in millions of U.S. dollars)
(Unaudited)

ACE Limited Consolidated

	<u>1Q-08</u>	<u>% of Total Consolidated</u>	<u>1Q-07</u>	<u>% of Total Consolidated</u>	<u>% Change 1Q-08 vs. 1Q-07</u>
Net premiums written					
Property and all other	\$1,073	34%	\$1,003	30%	7%
Casualty	1,476	47%	1,759	54%	-16%
Personal accident (A&H)	500	16%	420	13%	19%
Total P&C	<u>3,049</u>	<u>97%</u>	<u>3,182</u>	<u>97%</u>	<u>-4%</u>
Life	105	3%	88	3%	19%
Total Consolidated	<u>\$3,154</u>	<u>100%</u>	<u>\$3,270</u>	<u>100%</u>	<u>-4%</u>
Net premiums earned					
Property and all other	\$ 874	30%	\$ 853	27%	2%
Casualty	1,498	51%	1,747	57%	-14%
Personal accident (A&H)	468	16%	394	13%	19%
Total P&C	<u>2,840</u>	<u>97%</u>	<u>2,994</u>	<u>97%</u>	<u>-5%</u>
Life	100	3%	88	3%	14%
Total Consolidated	<u>\$2,940</u>	<u>100%</u>	<u>\$3,082</u>	<u>100%</u>	<u>-5%</u>

Line of Business



ACE Limited
Consolidating Statement of Operations
Three months ended March 31, 2008 and 2007
(in millions of U.S. dollars)
(Unaudited)

	Insurance - North American	Insurance - Overseas General	Global Reinsurance	Corporate & Other	Consolidated P&C	Life Insurance & Reinsurance	ACE Consolidated
March 31, 2008							
Gross premiums written	\$ 2,181	\$ 1,778	\$ 345	\$ —	\$ 4,304	\$ 105	\$ 4,409
Net premiums written	1,360	1,345	344	—	3,049	105	3,154
Net premiums earned	1,354	1,223	263	—	2,840	100	2,940
Losses and loss expenses	869	593	117	—	1,579	—	1,579
Life and annuity benefits	—	—	—	—	—	63	63
Policy acquisition costs	161	245	54	—	460	8	468
Administrative expenses	135	173	15	39	362	13	375
Underwriting income (loss)	189	212	77	(39)	439	16	455
Net investment income	269	117	73	15	474	15	489
Net realized gains (losses)	(61)	(83)	(45)	22	(167)	(186)	(353)
Interest expense	—	—	—	46	46	—	46
Other income (expense)	—	3	—	(18)	(15)	—	(15)
Income tax expense (benefit)	123	47	4	(19)	155	(2)	153
Net income (loss)	274	202	101	(47)	530	(153)	377
Net realized gains (losses)	(61)	(83)	(45)	22	(167)	(186)	(353)
Net realized gains (losses) in other income (expense)	—	7	—	(35)	(28)	—	(28)
Tax expense (benefit) on net realized gains (losses)	(8)	(22)	(2)	(1)	(33)	—	(33)
Income (loss) excluding net realized gains (losses) ⁽¹⁾	<u>\$ 327</u>	<u>\$ 256</u>	<u>\$ 144</u>	<u>\$ (35)</u>	<u>\$ 692</u>	<u>\$ 33</u>	<u>\$ 725</u>
March 31, 2007							
Gross premiums written	\$ 2,269	\$ 1,659	\$ 478	\$ —	\$ 4,406	\$ 90	\$ 4,496
Net premiums written	1,514	1,192	476	—	3,182	88	3,270
Net premiums earned	1,539	1,112	343	—	2,994	88	3,082
Losses and loss expenses	1,111	564	185	—	1,860	—	1,860
Life and annuity benefits	—	—	—	—	—	36	36
Policy acquisition costs	116	224	66	—	406	11	417
Administrative expenses	133	162	17	32	344	12	356
Underwriting income (loss)	179	162	75	(32)	384	29	413
Net investment income	241	104	66	28	439	12	451
Net realized gains (losses)	37	(26)	6	3	20	(4)	16
Interest expense	—	—	—	46	46	—	46
Other income (expense)	(9)	(3)	(1)	9	(4)	—	(4)
Income tax expense (benefit)	128	40	7	(44)	131	(2)	129
Net income	320	197	139	6	662	39	701
Net realized gains (losses)	37	(26)	6	3	20	(4)	16
Tax expense (benefit) on net realized gains (losses)	15	(8)	(1)	(28)	(22)	—	(22)
Income (loss) excluding net realized gains (losses) ⁽¹⁾	<u>\$ 298</u>	<u>\$ 215</u>	<u>\$ 132</u>	<u>\$ (25)</u>	<u>\$ 620</u>	<u>\$ 43</u>	<u>\$ 663</u>

(1) See page 21 Non-GAAP Financial Measures.



ACE Limited
Segment Results - Consecutive Quarters
(in millions of U.S. dollars)
(Unaudited)

Insurance - North American

	<u>1Q-08</u>	<u>4Q-07</u>	<u>3Q-07</u>	<u>2Q-07</u>	<u>1Q-07</u>	<u>2007</u>
Gross premiums written	\$2,181	\$2,274	\$2,708	\$2,589	\$2,269	\$ 9,840
Net premiums written	1,360	1,373	1,449	1,497	1,514	5,833
Net premiums earned	1,354	1,418	1,595	1,455	1,539	6,007
Losses and loss expenses	869	1,004	1,138	1,016	1,111	4,269
Policy acquisition costs	161	121	150	128	116	515
Administrative expenses	135	138	129	130	133	530
Underwriting income	189	155	178	181	179	693
Net investment income	269	276	260	257	241	1,034
Net realized gains (losses)	(61)	44	29	15	37	125
Other income (expense)	—	—	(1)	(1)	(9)	(11)
Income tax expense (benefit)	123	100	125	115	128	468
Net income	274	375	341	337	320	1,373
Net realized gains (losses)	(61)	44	29	15	37	125
Tax expense (benefit) on net realized gains (losses)	(8)	(2)	—	8	15	21
Income excluding net realized gains (losses) ⁽¹⁾	<u>\$ 327</u>	<u>\$ 329</u>	<u>\$ 312</u>	<u>\$ 330</u>	<u>\$ 298</u>	<u>\$ 1,269</u>

Combined ratio

Loss and loss expense ratio	64.1%	70.8%	71.3%	69.8%	72.2%	71.1%
Policy acquisition cost ratio	11.9%	8.6%	9.4%	8.8%	7.5%	8.6%
Administrative expense ratio	10.0%	9.7%	8.1%	8.9%	8.7%	8.8%
Combined ratio	<u>86.0%</u>	<u>89.1%</u>	<u>88.8%</u>	<u>87.5%</u>	<u>88.4%</u>	<u>88.5%</u>

Large losses and other items (before tax)

Catastrophe losses (before tax)	\$ 15	\$ —	\$ —	\$ 16	\$ —	\$ 16
Prior period development - unfavorable (favorable) ⁽²⁾	\$ (79)	\$ 1	\$ 4	\$ (6)	\$ 10	\$ 9

% Change versus prior year period

Net premiums written	-10%	-7%	-1%	0%	1%	-2%
Net premiums earned	-12%	-4%	3%	6%	15%	5%

Other ratios

Net premiums written/gross premiums written	62%	60%	54%	58%	67%	59%
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(1) See page 21 Non-GAAP Financial Measures.

(2) For quarter 1 2008 prior period favorable development of \$123 million less \$44 million of profit share commission on Crop business settlement.



ACE Limited
Segment Results - Consecutive Quarters
(in millions of U.S. dollars)
(Unaudited)

Insurance - Overseas General

	<u>1Q-08</u>	<u>4Q-07</u>	<u>3Q-07</u>	<u>2Q-07</u>	<u>1Q-07</u>	<u>2007</u>
Gross premiums written	\$1,778	\$1,584	\$1,427	\$1,621	\$1,659	\$ 6,291
Net premiums written	1,345	1,169	1,041	1,166	1,192	4,568
Net premiums earned	1,223	1,229	1,141	1,141	1,112	4,623
Losses and loss expenses	593	631	611	614	564	2,420
Policy acquisition costs	245	269	240	230	224	963
Administrative expenses	173	175	170	162	162	669
Underwriting income	212	154	120	135	162	571
Net investment income	117	119	116	111	104	450
Net realized gains (losses)	(83)	(11)	(5)	(27)	(26)	(69)
Other income (expense)	3	12	12	(1)	(3)	20
Income tax expense (benefit)	47	59	26	58	40	183
Net income	202	215	217	160	197	789
Net realized gains (losses)	(83)	(11)	(5)	(27)	(26)	(69)
Net realized gains (losses) in other income (expense)	7	15	11	—	—	26
Tax expense (benefit) on net realized gains (losses)	(22)	(1)	(1)	(4)	(8)	(14)
Income excluding net realized gains (losses) ⁽¹⁾	<u>\$ 256</u>	<u>\$ 210</u>	<u>\$ 210</u>	<u>\$ 183</u>	<u>\$ 215</u>	<u>\$ 818</u>

Combined ratio

Loss and loss expense ratio	48.5%	51.4%	53.6%	53.9%	50.7%	52.4%
Policy acquisition cost ratio	20.0%	21.8%	21.1%	20.1%	20.2%	20.8%
Administrative expense ratio	14.2%	14.3%	14.8%	14.2%	14.5%	14.5%
Combined ratio	<u>82.7%</u>	<u>87.5%</u>	<u>89.5%</u>	<u>88.2%</u>	<u>85.4%</u>	<u>87.7%</u>

Large losses and other items

Catastrophe losses (before tax)	\$ 15	\$ 13	\$ 8	\$ 58	\$ 15	94
Prior period development - unfavorable (favorable)	\$ (44)	\$ (76)	\$ (64)	\$ (31)	\$ (21)	(192)

% Change versus prior year period

Net premiums written	13%	10%	6%	8%	4%	7%
Net premiums earned	10%	12%	4%	5%	7%	7%

Other ratios

Net premiums written/gross premiums written	76%	74%	73%	72%	72%	73%
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(1) See page 21 Non-GAAP Financial Measures.



ACE Limited
Segment Results - Consecutive Quarters
(in millions of U.S. dollars)
(Unaudited)

Global Reinsurance

						Full Year
	<u>1Q-08</u>	<u>4Q-07</u>	<u>3Q-07</u>	<u>2Q-07</u>	<u>1Q-07</u>	<u>2007</u>
Gross premiums written	\$ 345	\$ 177	\$ 228	\$ 335	\$ 478	\$ 1,218
Net premiums written	344	174	215	332	476	1,197
Net premiums earned	263	312	319	325	343	1,299
Losses and loss expenses	117	155	161	163	185	664
Policy acquisition costs	54	58	60	64	66	248
Administrative expenses	15	17	14	16	17	64
Underwriting income	77	82	84	82	75	323
Net investment income	73	73	69	66	66	274
Net realized gains (losses)	(45)	(3)	25	(7)	6	21
Other income (expense)	—	(1)	—	(2)	(1)	(4)
Income tax expense (benefit)	4	7	11	7	7	32
Net income	101	144	167	132	139	582
Net realized gains (losses)	(45)	(3)	25	(7)	6	21
Tax expense (benefit) on net realized gains (losses)	(2)	(1)	—	—	(1)	(2)
Income excluding net realized gains (losses) ⁽¹⁾	<u>\$ 144</u>	<u>\$ 146</u>	<u>\$ 142</u>	<u>\$ 139</u>	<u>\$ 132</u>	<u>\$ 559</u>

Combined ratio

Loss and loss expense ratio	44.5%	49.8%	50.6%	50.1%	53.8%	51.1%
Policy acquisition cost ratio	20.6%	18.3%	18.8%	19.9%	19.2%	19.1%
Administrative expense ratio	5.7%	5.5%	4.2%	5.0%	5.0%	4.9%
Combined ratio	<u>70.8%</u>	<u>73.6%</u>	<u>73.6%</u>	<u>75.0%</u>	<u>78.0%</u>	<u>75.1%</u>

Large losses and other items

Catastrophe losses (before tax)	\$ 1	\$ 10	\$ 13	\$ 7	\$ 19	\$ 49
Prior period development - unfavorable (favorable)	\$ (14)	\$ (14)	\$ (10)	\$ (3)	\$ (7)	\$ (34)

% Change versus prior year period

Net premiums written	-28%	-31%	-24%	-20%	-21%	-23%
Net premiums earned	-23%	-18%	-14%	-16%	-8%	-14%

Other ratios

Net premiums written/gross premiums written	100%	98%	94%	99%	100%	98%
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(1) See page 21 Non-GAAP Financial Measures.



ACE Limited
Segment Results - Consecutive Quarters
(in millions of U.S. dollars)
(Unaudited)

Life Insurance and Reinsurance

	<u>1Q-08</u>	<u>4Q-07</u>	<u>3Q-07</u>	<u>2Q-07</u>	<u>1Q-07</u>	<u>Full Year 2007</u>
Gross premiums written ⁽¹⁾	\$ 105	\$ 109	\$100	\$ 92	\$ 90	\$ 391
Net premiums written	105	111	95	87	88	381
Net premiums earned	100	98	95	87	88	368
Life and annuity benefits	63	60	39	33	36	168
Policy acquisition costs	8	9	13	12	11	45
Administrative expenses	13	13	13	12	12	50
Net investment income	<u>15</u>	<u>15</u>	<u>14</u>	<u>14</u>	<u>12</u>	<u>55</u>
Life underwriting income ⁽²⁾	31	31	44	44	41	160
Net realized gains (losses)	(186)	(108)	(51)	(1)	(4)	(164)
Other income (expense)	—	(1)	—	—	—	(1)
Income tax expense (benefit)	<u>(2)</u>	<u>(4)</u>	<u>(3)</u>	<u>1</u>	<u>(2)</u>	<u>(8)</u>
Net income (loss)	(153)	(74)	(4)	42	39	3
Net realized gains (losses)	(186)	(108)	(51)	(1)	(4)	(164)
Net realized gains (losses) in other income (expense)	<u>—</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1</u>
Income excluding net realized gains (losses) ⁽³⁾	<u>\$ 33</u>	<u>\$ 33</u>	<u>\$ 47</u>	<u>\$ 43</u>	<u>\$ 43</u>	<u>\$ 166</u>
% Change versus prior year period						
Net premiums written	19%	42%	38%	32%	44%	39%
Net premiums earned	14%	26%	38%	32%	44%	34%

(1) Consistent with GAAP, premiums collected on universal life and investment contracts are considered deposits and excluded from premium revenue. For the quarters ended March 31, 2008, December 31, 2007, September 30, 2007, and June 30, 2007, premiums or deposits collected on investment and universal life contracts that are excluded from premium revenue above aggregated \$41.2 million, \$27.2 million, \$17.4 million and \$10.6 million, respectively. Previous to Q2-07, premiums collected on such contracts were inconsequential.

(2) We assess the performance of our Life Insurance and Reinsurance business based on Life underwriting income which includes net investment income.

(3) See page 21 Non-GAAP Financial Measures.



ACE Limited
Loss Reserve Rollforward
(in millions of U.S. dollars)
(Unaudited)

	Total			Ongoing			Run-off ⁽¹⁾		
	Unpaid Losses			Unpaid Losses			Unpaid Losses		
	Gross	Ceded	Net	Gross	Ceded	Net	Gross	Ceded	Net
Balance at December 31, 2006	\$35,517	\$13,509	\$22,008	\$28,989	\$8,977	\$20,012	\$6,528	\$4,532	\$1,996
Losses and loss expenses incurred	2,703	843	1,860	2,690	832	1,858	13	11	2
Losses and loss expenses paid	(2,363)	(943)	(1,420)	(2,206)	(797)	(1,409)	(157)	(146)	(11)
Other (incl. foreign exch. revaluation)	(44)	4	(48)	(44)	4	(48)	—	—	—
Balance at March 31, 2007	35,813	13,413	22,400	29,429	9,016	20,413	6,384	4,397	1,987
Losses and loss expenses incurred	2,280	487	1,793	2,249	473	1,776	31	14	17
Losses and loss expenses paid	(2,111)	(758)	(1,353)	(1,977)	(637)	(1,340)	(134)	(121)	(13)
Other (incl. foreign exch. revaluation)	141	34	107	140	34	106	1	—	1
Balance at June 30, 2007	36,123	13,176	22,947	29,841	8,886	20,955	6,282	4,290	1,992
Losses and loss expenses incurred	3,010	1,100	1,910	2,999	1,093	1,906	11	7	4
Losses and loss expenses paid	(2,429)	(948)	(1,481)	(2,269)	(833)	(1,436)	(160)	(115)	(45)
Other (incl. foreign exch. revaluation)	164	58	106	164	58	106	—	—	—
Balance at September 30, 2007	36,868	13,386	23,482	30,735	9,204	21,531	6,133	4,182	1,951
Losses and loss expenses incurred	2,838	1,050	1,788	2,815	1,057	1,758	23	(7)	30
Losses and loss expenses paid	(2,613)	(933)	(1,680)	(2,400)	(806)	(1,594)	(213)	(127)	(86)
Other (incl. foreign exch. revaluation)	19	17	2	19	17	2	—	—	—
Balance at December 31, 2007	37,112	13,520	23,592	31,169	9,472	21,697	5,943	4,048	1,895
Losses and loss expenses incurred	1,659	80	1,579	1,670	87	1,583	(11)	(7)	(4)
Losses and loss expenses paid	(1,748)	(601)	(1,147)	(1,554)	(406)	(1,148)	(194)	(195)	1
Other (incl. foreign exch. revaluation)	159	71	88	159	71	88	—	—	—
Balance at March 31, 2008	\$37,182	\$13,070	\$24,112	\$31,444	\$9,224	\$22,220	\$5,738	\$3,846	\$1,892

(1) The run-off reserves primarily include the Brandywine group, the Commercial Insurance Service - Middle Market Workers' Comp. reserves and the pre-1997 Westchester Specialty reserves.



ACE Limited
Reinsurance Recoverable Analysis
(in millions of U.S. dollars)
(Unaudited)

Net Reinsurance Recoverable by Division

	March 31	December 31
	<u>2008</u>	<u>2007</u>
Reinsurance recoverable on paid losses and loss expenses		
Active operations	\$ 686	\$ 697
Brandywine	342	305
Westchester Run-off	34	36
Other Run-off	9	12
Total	<u>\$ 1,071</u>	<u>\$ 1,050</u>
Reinsurance recoverable on unpaid losses and loss expenses		
Active operations	\$ 9,778	\$ 10,024
Brandywine	3,004	3,161
Westchester Run-off	627	653
Other Run-off	169	160
Total	<u>\$13,578</u>	<u>\$ 13,998</u>
Gross reinsurance recoverable		
Active operations	\$10,464	\$ 10,721
Brandywine	3,346	3,466
Westchester Run-off	661	689
Other Run-off	178	172
Total	<u>\$14,649</u>	<u>\$ 15,048</u>
Provision for uncollectible reinsurance		
Active operations	\$ (444)	\$ (435)
Brandywine	(189)	(197)
Westchester Run-off	(31)	(31)
Other Run-off	(16)	(23)
Total	<u>\$ (680)</u>	<u>\$ (686)</u>
Net reinsurance recoverable		
Active operations	\$10,020	\$ 10,286
Brandywine	3,157	3,269
Westchester Run-off	630	658
Other Run-off	162	149
Total	<u>\$13,969</u>	<u>\$ 14,362</u>

Reinsurance Recoverable

Page 11



ACE Limited
Reinsurance Recoverable Analysis - 2
(in millions of U.S. dollars)
(Unaudited)

Reinsurance Recoverable for Active Operations

Categories	December 31, 2007		
	Recoverable	Provision	% of Gross
Top 10 reinsurers	\$ 5,190	\$ 70	1.3%
Other reinsurers balances >\$20 million	2,306	85	3.7%
Other reinsurers balances <\$20 million	639	78	12.2%
Mandatory pools and government agencies	557	3	0.5%
Structured settlements	232	7	3.0%
Captives	1,408	2	0.1%
Other ⁽¹⁾	389	190	48.8%
Total	\$ 10,721	\$ 435	4.1%

At December 31, 2007, \$7.6 billion of ACE Limited active operations recoverables were from rated reinsurers, of which 94.5% were rated the equivalent of A- or better by internationally recognized rating agencies. The Company held collateral of \$3.2 billion, of which \$2.1 billion was matched and usable against existing recoverables.

Top 10 Reinsurers (net of collateral) ⁽²⁾

AGRI General Ins Co
American International Group
Berkshire Hathaway Insurance Group
Chubb Insurance Group
Federal Crop Insurance Corp
HDI Haftpflichtverband Der Deutschen
Industrie Vag (Hannover)
Lloyd's Of London
Munich Re Group
Swiss Re Group
XL Capital Group

Other Reinsurers Balances Greater Than \$20 million (net of collateral) ⁽²⁾

AIOI Insurance Group
Allianz
Allied World Assurance Group
Arch Capital
Aspen Insurance Holdings Ltd
AXA

Brit Insurance Holding Plc
CIGNA
Dow Chemical Co
Electric Insurance Company Group
Equitas
Everest Re Group
Fairfax Financial
Hartford Insurance Group
Independence Blue Cross Group

IRB - Brasil Resseguros S.A. Group
Liberty Mutual Insurance Companies
Partner Re
Platinum Underwriters
PMA Capital Corp
Power Corp Of Canada

Renaissance Re Holdings Ltd
Royal & Sun Alliance Insurance Group
SCOR Group
Sompo Japan Group
Toa Reinsurance Company
Travelers Companies Inc
White Mountains Insurance Group
WR Berkley Corp

(1) Other principally includes amounts recoverable that are in dispute, or are from companies who are in supervision, rehabilitation or liquidation. Our estimate of provision for uncollectible reinsurance associated with Other considers the credit quality of the reinsurer, and whether we have received collateral or other credit protections such as multi-beneficiary trusts and parental guarantees.

(2) Excludes recoverable amounts from companies who are in supervision, rehabilitation or liquidation, or are captive reinsurers, mandatory pools or voluntary pools.



ACE Limited
Reinsurance Recoverable Analysis - 3
(in millions of U.S. dollars)
(Unaudited)

Consolidated Reinsurance Recoverable

Categories	December 31, 2007		
	Recoverable	Provision	% of Gross
Top 10 reinsurers	\$ 7,627	\$ 105	1.4%
Other reinsurers balances >\$20 million	3,375	204	6.0%
Other reinsurers balances <\$20 million	728	93	12.8%
Mandatory pools and government agencies	562	3	0.5%
Structured settlements	551	16	2.9%
Captives	1,507	21	1.4%
Other ⁽¹⁾	698	244	35.0%
Total	\$ 15,048	\$ 686	4.6%

At December 31, 2007, \$10.7 billion of ACE Limited recoverables were from rated reinsurers, of which 94.4% were rated the equivalent of A- or better by internationally recognized rating agencies.

Top 10 Reinsurers (net of collateral) ⁽²⁾	Other Reinsurers Balances Greater Than \$20 million (net of collateral) ⁽²⁾		
American International Group	AGRI General Ins Co	Dow Chemical Co	Platinum Underwriters
Berkshire Hathaway Insurance Group	AIOI Insurance Group	Dukes Place Holdings	PMA Capital Corp
Chubb Insurance Group	Allianz	Electric Insurance Company Group	Power Corp Of Canada
Equitas	Allied World Assurance Group	Enstar Group Ltd	Renaissance Re Holdings Ltd
Everest Re Group	Allstate Group	Fairfax Financial	Royal & Sun Alliance Insurance Group
HDI Haftpflichtverband Der Deutschen Industrie Vag (Hannover)	Arch Capital	Federal Crop Insurance Corp	SCOR Group
Lloyd's Of London Munich Re Group	Aspen Insurance Holdings Ltd	FM Global Group	Sompo Japan Group
Swiss Re Group	AVIVA Plc	Globale Rueckversicherungs-ag (Globale Re)	Tawa UK Ltd
XL Capital Group	AXA	Hartford Insurance Group	Toa Reinsurance Company
	Brit Insurance Holding Plc	Independence Blue Cross Group	Travelers Companies Inc
	CIGNA	IRB - Brasil Resseguros S.A. Group	Trenwick Group
	CNA Insurance Companies	Liberty Mutual Insurance Companies	White Mountains Insurance Group
	Dominion Insurance Co Ltd	Millea Holdings	WR Berkley Corp
		Partner Re	Zurich Financial Services Group

(1) Other principally includes amounts recoverable that are in dispute, or are from companies who are in supervision, rehabilitation or liquidation. Our estimate of provision for uncollectible reinsurance associated with Other considers the credit quality of the reinsurer, and whether we have received collateral or other credit protections such as multi-beneficiary trusts and parental guarantees.

(2) Excludes recoverable amounts from companies who are in supervision, rehabilitation or liquidation, or are captive reinsurers, mandatory pools or voluntary pools.



ACE Limited
Reinsurance Recoverable Analysis - 4
(in millions of U.S. dollars)
(Unaudited)

Detail on Reinsurance Recoverable on Paid Losses and Loss Expenses

	General Collections (1)	Other (2)	Total
Gross balance at December 31, 2007	\$ 774	\$ 276	\$1,050
Provision at 12/31/07	43	173	216
% of gross	5.6%	62.7%	20.6%
Net balance at December 31, 2007	<u>\$ 731</u>	<u>\$ 103</u>	<u>\$ 834</u>
Gross balance at March 31, 2008	\$ 789	\$ 282	\$1,071
Provision at 3/31/08	42	162	204
% of gross	5.3%	57.4%	19.0%
Net balance at March 31, 2008 ⁽³⁾	<u>\$ 747</u>	<u>\$ 120</u>	<u>\$ 867</u>

- (1) General collections balances represent amounts in process of collection in the normal course of business, for which we have no indication of dispute or credit issues.
- (2) Other principally includes amounts recoverable that are in dispute, or are from companies who are in supervision, rehabilitation or liquidation for Brandywine Group and active operations. Our estimation of the reserve for other, considers the merits of the underlying matter, the credit quality of the reinsurer, and whether we have received collateral or other credit protections such as multi-beneficiary trusts and parental guarantees.
- (3) The current quarter split between general collections and other is estimated based on prior quarter balances. Balances are adjusted to actual in the next quarter.



ACE Limited
Investment Portfolio
(in millions of U.S. dollars)
(Unaudited)

	March 31 2008		December 31 2007	
Market Value				
Fixed maturities available for sale	\$ 32,619		\$ 33,184	
Fixed maturities held to maturity	2,960		3,015	
Short-term investments ⁽¹⁾	4,795		2,631	
Total	<u>\$ 40,374</u>		<u>\$ 38,830</u>	
Asset Allocation by Market Value				
Treasury	\$ 974	2%	\$ 1,145	3%
Agency	1,939	5%	1,820	5%
Corporate	8,906	22%	9,015	23%
Mortgage-backed securities	13,087	32%	13,733	35%
Asset-backed securities	1,060	3%	1,150	3%
Municipal	2,025	5%	1,844	5%
Non-U.S.	7,588	19%	7,492	19%
Short-term investments	4,795	12%	2,631	7%
Total	<u>\$ 40,374</u>	<u>100%</u>	<u>\$ 38,830</u>	<u>100%</u>
Credit Quality by Market Value				
AAA	\$ 26,162	65%	\$ 24,553	63%
AA	3,746	9%	3,747	10%
A	4,620	12%	4,590	12%
BBB	3,188	8%	3,297	8%
BB	1,249	3%	1,073	3%
B	1,341	3%	1,481	4%
Other	68	0%	89	0%
Total	<u>\$ 40,374</u>	<u>100%</u>	<u>\$ 38,830</u>	<u>100%</u>
Cost/Amortized Cost				
Fixed maturities available for sale	\$ 32,615		\$ 32,994	
Fixed maturities held to maturity	2,913		2,987	
Short-term investments	4,795		2,631	
Subtotal	40,323		38,612	
Equity securities	1,597		1,618	
Other investments	992		880	
Total	<u>\$ 42,912</u>		<u>\$ 41,110</u>	
Avg. duration of fixed maturities, adjusted for int. rate swaps	3.5 years		3.5 years	
Avg. market yield of fixed maturities	5.1%		5.3%	
Avg. credit quality	AA		AA	

(1) Liquidity required for the acquisition of Combined Insurance Company of America (Combined) on April 1, 2008.



ACE Limited
Investment Portfolio - 2
(in millions of U.S. dollars)
(Unaudited)

Mortgage-backed and Asset-backed Fixed Income Portfolio
Market Value at March 31, 2008

	S&P Credit Rating					Total
	AAA	AA	A	BBB	BB and below	
Mortgage-backed securities						
Residential mortgage-backed (RMBS)						
GNMA	\$ 477	\$—	\$—	\$—	\$ —	\$ 477
FNMA	5,164	—	—	—	—	5,164
Freddie Mac	2,159	—	—	—	—	2,159
Total agency RMBS	7,800	—	—	—	—	7,800
Non-agency RMBS	2,851	10	2	11	—	2,874
Total residential mortgage-backed	10,651	10	2	11	—	10,674
Commercial mortgage-backed	2,398	3	9	3	—	2,413
Total mortgage-backed securities	<u>\$13,049</u>	<u>\$ 13</u>	<u>\$ 11</u>	<u>\$ 14</u>	<u>\$ —</u>	<u>\$13,087</u>
Asset-backed securities						
Sub-prime	\$ 124	\$ 2	\$ 7	\$—	\$ —	\$ 133
Credit cards	61	—	17	8	—	86
Autos	596	32	8	—	—	636
Other	202	—	3	—	—	205
Total asset-backed securities	<u>\$ 983</u>	<u>\$ 34</u>	<u>\$ 35</u>	<u>\$ 8</u>	<u>\$ —</u>	<u>\$ 1,060</u>

- 1) Insured municipal bonds represent \$942 million, or 46% of our municipal bond holdings.
- 2) Insured asset-backed securities represent \$192 million, or 18% of our asset-backed security holdings.



ACE Limited
Investment Portfolio - 3
(in millions of U.S. dollars)
(Unaudited)

Mortgage-backed and Asset-backed Fixed Income Portfolio
Book Value at March 31, 2008

	S&P Credit Rating					Total
	AAA	AA	A	BBB	BB and below	
Mortgage-backed securities						
Residential mortgage-backed (RMBS)						
GNMA	\$ 466	\$—	\$—	\$—	\$ —	\$ 466
FNMA	5,043	—	—	—	—	5,043
Freddie Mac	2,103	—	—	—	—	2,103
Total agency RMBS	7,612	—	—	—	—	7,612
Non-agency RMBS	3,029	11	2	11	—	3,053
Total residential mortgage-backed	10,641	11	2	11	—	10,665
Commercial mortgage-backed	2,407	3	10	3	—	2,423
Total mortgage-backed securities	<u>\$13,048</u>	<u>\$ 14</u>	<u>\$ 12</u>	<u>\$ 14</u>	<u>\$ —</u>	<u>\$13,088</u>
Asset-backed securities						
Sub-prime	\$ 137	\$ 2	\$ 8	\$—	\$ —	\$ 147
Credit cards	60	—	17	8	—	85
Autos	591	32	7	—	—	630
Other	201	—	3	—	—	204
Total asset-backed securities	<u>\$ 989</u>	<u>\$ 34</u>	<u>\$ 35</u>	<u>\$ 8</u>	<u>\$ —</u>	<u>\$ 1,066</u>

- 1) Insured municipal bonds represent \$931 million, or 46% of our municipal bond holdings.
- 2) Insured asset-backed securities represent \$197 million, or 18% of our asset-backed security holdings.



ACE Limited
Net Realized and Unrealized Gains (Losses)
(in millions of U.S. dollars)
(Unaudited)

	Three months ended March 31, 2008		
	Net Realized	Net Unrealized	
	Gains (Losses) ⁽¹⁾	Gains (Losses)	Net Impact
Fixed maturities	\$ (105)	\$ (184)	\$(289)
Equity securities	(54)	(156)	(210)
Equity and fixed income derivatives	(9)	—	(9)
Foreign exchange gains (losses)	6	—	6
Other	(26)	(5)	(31)
Sub-total	(188)	(345)	(533)
Unrealized losses from derivative transactions ⁽²⁾	(165)	—	(165)
Total gains (losses)	(353)	(345)	(698)
Partially-owned insurance companies ⁽³⁾	(28)	21	(7)
Income tax expense (benefit)	(33)	(22)	(55)
Net gains (losses)	<u>\$ (348)</u>	<u>\$ (302)</u>	<u>\$(650)</u>

- (1) The quarter includes impairments of \$128M for fixed maturities, \$36M for equities, and \$25M for other investments.
- (2) Other FAS 133 adjustments includes \$183M of unrealized losses primarily on the guaranteed minimum income benefit derivatives from our life reinsurance operations.
- (3) Net realized and unrealized gains (losses) on partially-owned insurance companies that meet the requirements for equity accounting. The net income or loss is included in other income (expense).

	Three months ended March 31, 2007		
	Net Realized	Net Unrealized	
	Gains (Losses) ⁽⁴⁾	Gains (Losses)	Net Impact
Fixed maturities	\$ (21)	\$ 57	\$ 36
Equity securities	34	(1)	33
Equity and fixed income derivatives	(7)	—	(7)
Foreign exchange gains (losses)	—	—	—
Other	10	20	30
Sub-total	16	76	92
Unrealized losses from derivative transactions	—	—	—
Total gains (losses)	16	76	92
Income tax expense (benefit)	(22)	13	(9)
Net gains (losses)	<u>\$ 38</u>	<u>\$ 63</u>	<u>\$ 101</u>

- (4) The quarter includes impairments of \$37M for fixed maturities, \$1M for equities, and \$nil for other investments.



ACE Limited
Capital Structure
(in millions of U.S. dollars)
(Unaudited)

	March 31	December 31	December 31
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Total short-term debt ⁽¹⁾	\$ 1,341	\$ 372	\$ 578
Total long-term debt	<u>2,114</u>	<u>1,811</u>	<u>1,560</u>
Total debt	<u>\$ 3,455</u>	<u>\$ 2,183</u>	<u>\$ 2,138</u>
Total trust preferred securities	<u>\$ 309</u>	<u>\$ 309</u>	<u>\$ 309</u>
Perpetual preferred shares	\$ 557	\$ 557	\$ 557
Ordinary shareholders' equity	<u>16,178</u>	<u>16,120</u>	<u>13,721</u>
Total shareholders' equity	<u>\$16,735</u>	<u>\$ 16,677</u>	<u>\$ 14,278</u>
Total capitalization	\$20,499	\$ 19,169	\$ 16,725
Tangible shareholders' equity ⁽²⁾	\$13,972	\$ 13,946	\$ 11,547
Leverage ratios			
Debt/ total capitalization	16.9%	11.4%	12.8%
Debt plus trust preferred securities/ total capitalization	18.4%	13.0%	14.6%
Debt/ tangible equity	24.7%	15.7%	18.5%
Debt plus trust preferred securities/ tangible equity	26.9%	17.9%	21.2%
Debt plus total preferred stock/ total capitalization	21.1%	15.9%	18.0%

(1) First quarter of 2008 includes \$1.0 billion of repurchase agreements for the Combined acquisition.

(2) Tangible equity is equal to shareholders' equity less goodwill.



ACE Limited
Computation of Basic and Diluted Earnings Per Share
(in millions of U.S. dollars, except share and per share data)
(Unaudited)

	Three months ended March 31	
	2008	2007
Numerator		
Income excluding net realized gains (losses) ⁽¹⁾	\$ 725	\$ 663
Perpetual preferred dividend	(11)	(11)
Income to ordinary shares, excl. net realized gains (losses)	714	652
Net realized gains (losses), net of income tax	(348)	38
Net income available to the holders of ordinary shares	<u>\$ 366</u>	<u>\$ 690</u>
Rollforward of Ordinary Shares		
Ordinary Shares - beginning of period	329,704,531	326,455,468
Issued under employee stock purchase plan	93,228	104,162
Shares (cancelled) granted	1,174,680	1,394,898
Issued for option exercises	1,534,108	354,697
Ordinary Shares - end of period	<u>332,506,547</u>	<u>328,309,225</u>
Denominator		
Weighted average shares outstanding	327,004,051	324,079,146
Effect of other dilutive securities	4,031,290	4,818,859
Adj. wtd. avg. shares outstanding and assumed conversions	<u>331,035,341</u>	<u>328,898,005</u>
Basic earnings per share		
Income excluding net realized gains (losses) ⁽¹⁾	\$ 2.18	\$ 2.01
Net realized gains (losses), net of income tax	(1.06)	0.12
Net income	<u>\$ 1.12</u>	<u>\$ 2.13</u>
Diluted earnings per share		
Income excluding net realized gains (losses) ⁽¹⁾	\$ 2.16	\$ 1.98
Net realized gains (losses), net of income tax	(1.06)	0.12
Net income	<u>\$ 1.10</u>	<u>\$ 2.10</u>

(1) See page 21 Non-GAAP Financial Measures.



ACE Limited
Non-GAAP Financial Measures
(in millions of U.S. dollars)
(Unaudited)

Regulation G - Non-GAAP Financial Measures

In presenting our results, we have included and discussed certain non-GAAP measures. These non-GAAP measures, which may be defined differently by other companies, are important for an understanding of our overall results of operations. However, they should not be viewed as a substitute for measures determined in accordance with GAAP. A reconciliation of book value per share is provided on page 22.

In presenting our segment operating results, we have shown our performance with reference to underwriting results. Underwriting results are calculated by subtracting losses and loss expenses, life and annuity benefits, policy acquisition costs, and administrative expenses from net premiums earned. We use underwriting results and operating ratios to monitor the results of our operations without the impact of certain factors, including investment income, other income and expenses, interest and income tax expense, and net realized gains (losses).

The following non-GAAP measure is a common performance measurement and is defined as income excluding net realized gains (losses) and the related tax expense (benefit). We believe this presentation enhances the understanding of our results of operations by highlighting the underlying profitability of our insurance business. We exclude net realized gains (losses) and net realized gains (losses) included in other income (expense) related to partially owned insurance companies because the amount of these gains (losses) is heavily influenced by, and fluctuates in part according to, the availability of market opportunities. Income excluding net realized gains (losses) should not be viewed as a substitute for net income determined in accordance with generally accepted accounting principles (GAAP).

	Full Year					
	<u>1Q-08</u>	<u>4Q-07</u>	<u>3Q-07</u>	<u>2Q-07</u>	<u>1Q-07</u>	<u>2007</u>
Net income, as reported	\$ 377	\$572	\$656	\$649	\$701	\$ 2,578
Net realized gains (losses)	(353)	(66)	—	(11)	16	(61)
Net realized gains (losses) in other income (expense) ⁽¹⁾	(28)	(57)	(38)	—	—	(95)
Income tax expense (benefit) on net realized gains (losses)	(33)	(2)	(2)	4	(22)	(22)
Income excluding net realized gains (losses)	<u>\$ 725</u>	<u>\$693</u>	<u>\$692</u>	<u>\$664</u>	<u>\$663</u>	<u>\$ 2,712</u>

(1) Realized gains (losses) on partially-owned insurance companies that meet the requirements for equity accounting. The net income or loss is included in other income (expense).



ACE Limited
Book Value per Ordinary Share
(in millions of U.S. dollars, except share and per share data)
(Unaudited)

Reconciliation of Book Value per Ordinary Share

	<u>March 31</u> <u>2008</u>	<u>December 31</u> <u>2007</u>
Shareholders' equity	\$ 16,735	\$ 16,677
Proceeds from issuance of perpetual preferred shares	<u>(557)</u>	<u>(557)</u>
Numerator for book value per share calculation	16,178	16,120
Less: goodwill	<u>2,763</u>	<u>2,731</u>
Numerator for tangible book value per share	<u>\$ 13,415</u>	<u>\$ 13,389</u>
Denominator	<u>332,506,547</u>	<u>329,704,531</u>
Book value per ordinary share	\$ 48.65	\$ 48.89
Tangible book value per ordinary share	\$ 40.35	\$ 40.61

Reconciliation Book Value

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ACE Limited
Comprehensive Income
(in millions of U.S. dollars)
(Unaudited)

Consolidated Statement of Comprehensive Income

	<u>1Q-08</u>	<u>4Q-07</u>	<u>3Q-07</u>	<u>2Q-07</u>	<u>1Q-07</u>	<u>Full Year</u> <u>2007</u>
Net income	\$ 377	\$572	\$656	\$ 649	\$701	\$ 2,578
Net unrealized appreciation (depreciation) on investments						
Unrealized appreciation (depreciation) on investments	(497)	133	218	(427)	73	(3)
Reclassification adjustment for net realized (gains) losses included in net income	173	6	6	12	3	27
Change in cumulative translation adjustment	27	12	58	19	16	105
Change in minimum pension liability	—	(1)	(1)	(2)	—	(4)
Income tax (expense) benefit related to other comprehensive income items	8	(37)	(28)	23	(18)	(60)
Other comprehensive income (loss)	(289)	113	253	(375)	74	65
Comprehensive income	<u>\$ 88</u>	<u>\$685</u>	<u>\$909</u>	<u>\$ 274</u>	<u>\$775</u>	<u>\$ 2,643</u>

Comprehensive Income

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ACE Limited Glossary

Annualized return on ordinary shareholders' equity (ROE): Income excluding net realized gains (losses) less perpetual preferred securities divided by average ordinary shareholders' equity for the period. To annualize a quarterly rate multiply by four.

Book value per ordinary share: Ordinary shareholders' equity divided by the shares outstanding.

Combined ratio: The sum of the loss and loss expense ratio, acquisition cost ratio and the administrative expense ratio excluding life business. Calculated on a GAAP basis.

Effective tax rate: Income tax expense divided by the sum of income tax expense and income excluding net realized gains (losses).

FAS 115: Unrealized gains (losses) on investments and the deferred tax component included in shareholders' equity.

Life underwriting income: Net premium earned and net investment income less future policy benefits, acquisition costs and administrative expenses.

NM: Not meaningful.

Ordinary shareholders' equity: Shareholders' equity less perpetual preferred shares.

P&C: Property and casualty.

Tangible book value per ordinary share: Ordinary shareholders' equity less goodwill divided by the shares outstanding.

Tangible equity: Shareholders' equity less goodwill.

Total capitalization: Short-term debt, long-term debt, trust preferreds, perpetual preferred shares and shareholders' equity.