Endurance

Endurance Specialty Holdings

Investor Presentation

December 31, 2013

Forward looking statements & regulation G disclaimer

Safe Harbor for Forward Looking Statements

Some of the statements in this presentation may 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 "should," "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 .

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

Focused on generating strong profitability through specialty underwriting and efficient operations

Transformation Progressing

- CEO John Charman has led a rapid transformation of Endurance
  - Substantially expanded our global underwriting and leadership talent
  - Rebalanced our insurance and reinsurance portfolios to lower volatility and improve profitability
  - Streamlined support operations to generate significant savings to fund underwriting additions

Diversified Portfolio of Businesses

- Portfolio of approximately $2.7 billion in annual gross written premiums
- Book of business diversified between insurance and reinsurance as well as short tail and long tail lines of business
- Proven leader in agriculture insurance business
- Focus on specialty lines of business
- Expanding international operations for both insurance and reinsurance

Strong Balance Sheet and Capital

- "A" ratings from AM Best and S&P
- $3.4 billion of total capital
- Conservative, short-duration, AA rated investment portfolio
- Prudent reserves that have historically been a source of value
- Diversified and efficient capital structure
- Since inception, returned $2.0 billion to investors through dividends and share repurchases

We have built a strong franchise in our first twelve years of operation

- **Inception to date operating ROE of 11.0%**
- **10 year book value per share plus dividends CAGR of 10.6%**

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We Are Transforming Our Specialty Insurance and Reinsurance Businesses

Rebalancing our insurance and reinsurance portfolios while expanding our global underwriting talent to enhance our positioning and relevance in the market

Restructuring operations

- Streamline leadership and operations to create efficiencies

Restructuring business

- Withdrawal from unprofitable lines and accounts
- Management of limits
- Strategic purchases of reinsurance and retrocessional coverage

Improving underwriting talent

- Attracting and retaining teams of high quality underwriters
- Expanded underwriting and product capabilities in insurance specialty lines
- Strong pipeline of underwriting talent remaining

Expanding our operations in Europe and Asia

- Launched London based international insurance operations and began writing in January 2014
- A Zurich based marine reinsurance team will be joining us in August 2014
- Expanded catastrophe reinsurance presence in Singapore

Larger book of business with lower volatility and improved return characteristics

We will continue to invest in our operations through additions of acknowledged market leaders as well as expanded global underwriting talent. Our goal is to produce a more consistent level of profitability while reducing volatility in order to deliver excellent sustainable results for our shareholders.

Specialty Insurance Strategic Direction

Expanding underwriting talent, refocusing our underwriting, rebalancing our portfolio and improving positioning and relevance in the market

Significantly enhancing the leadership team

- **Jack Kuhn**
  CEO , Global Insurance
- **Graham Evans**
  EVP & Head of International Insurance
- **Doug Worman**
  EVP & Head of U.S. Insurance
- **Richard Allen***
  EVP & Head of Professional Lines
- **Richard Housley***
  EVP & General Manager of London Insurance
- **Cliff Easton***
  EVP & Global Head of Energy

Opened an insurance office in London

Initial products will include:

- Energy
- Property
- Professional Lines
  - Misc. commercial classes
  - Fin. institutions

Meaningfully expanded our underwriting abilities in 2013

- Inland marine
- Excess casualty (E&S and retail)
- Ocean marine
- Numerous professional line underwriters
  - Misc. commercial classes
  - Financial institutions
  - Lawyers
- Commercial management liability
- Surety
- Healthcare

Increased Market Presence and Diversity

* Joining Endurance in 2014

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Reinsurance Segment Strategic Direction

Enhancing profitability through recruiting top flight underwriting talent, developing strategic partnerships with key clients and brokers, and improving our underwriting and risk selection

Third Quarter 2012 Additions

- **Engineering Risk Underwriter**
- **Trade Credit and Surety Team**
- **Global Weather Unit**

August 2013 – Hired Peter Mills Head of Specialty Reinsurance

October 2013 – Hired Chris Donelan, Head of U.S. Reinsurance and team of underwriters

January 2014 – Hired Marine Reinsurance Team based in Zurich (will start in August 2014)

Strategic Priorities for Global Reinsurance

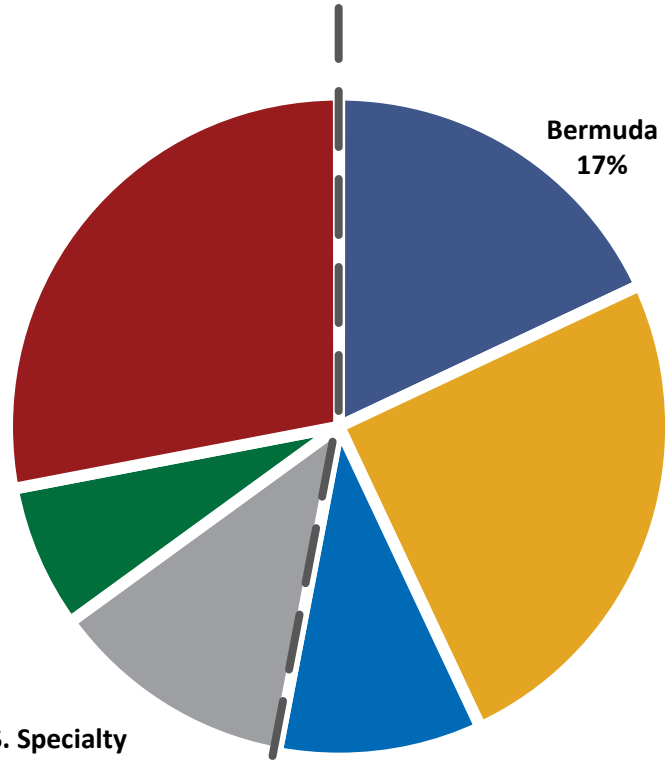
- Improve profitability and consistency of results through enhanced market presence, improved underwriting and risk selection
  - Hired Jerome Faure in March 2013 as CEO of Global Reinsurance
  - Completed the consolidation of our European reinsurance underwriting in Zurich
  - Focus on profitable growth and diversification through existing and new specialty reinsurance units
- Manage volatility through improved portfolio management and opportunistic retro purchases
- Eliminate substandard businesses with insufficient margins

Reinsurance focusing on growing specialty lines of business while deemphasizing standard lines with more volatile exposures. Reinsurance premiums to be managed taking into account the current challenging rate environment.

Diversified Portfolio of Businesses

Portfolio diversified by product, distribution source and geography

Annual Net Premiums Written as of December 31, 2013: $2.0 Billion



Insurance

Agriculture 28%
- ARMtech

Bermuda 7%
- Healthcare
- Excess Casualty
- Professional Lines

U.S. Specialty 11%
- Property
- Casualty
- Miscellaneous E&O
- Healthcare
- Ocean/Inland Marine

International 11%
- Casualty
- Professional Lines
- Property
- Marine
- Trade Credit/Surety

Reinsurance

Bermuda 17%
- International Property Catastrophe
- US Property Catastrophe
- Other Specialty (Aviation, Clash)

North America 26%
- Casualty
- Professional Liability
- Property Per Risk
- Small Business
- Surety

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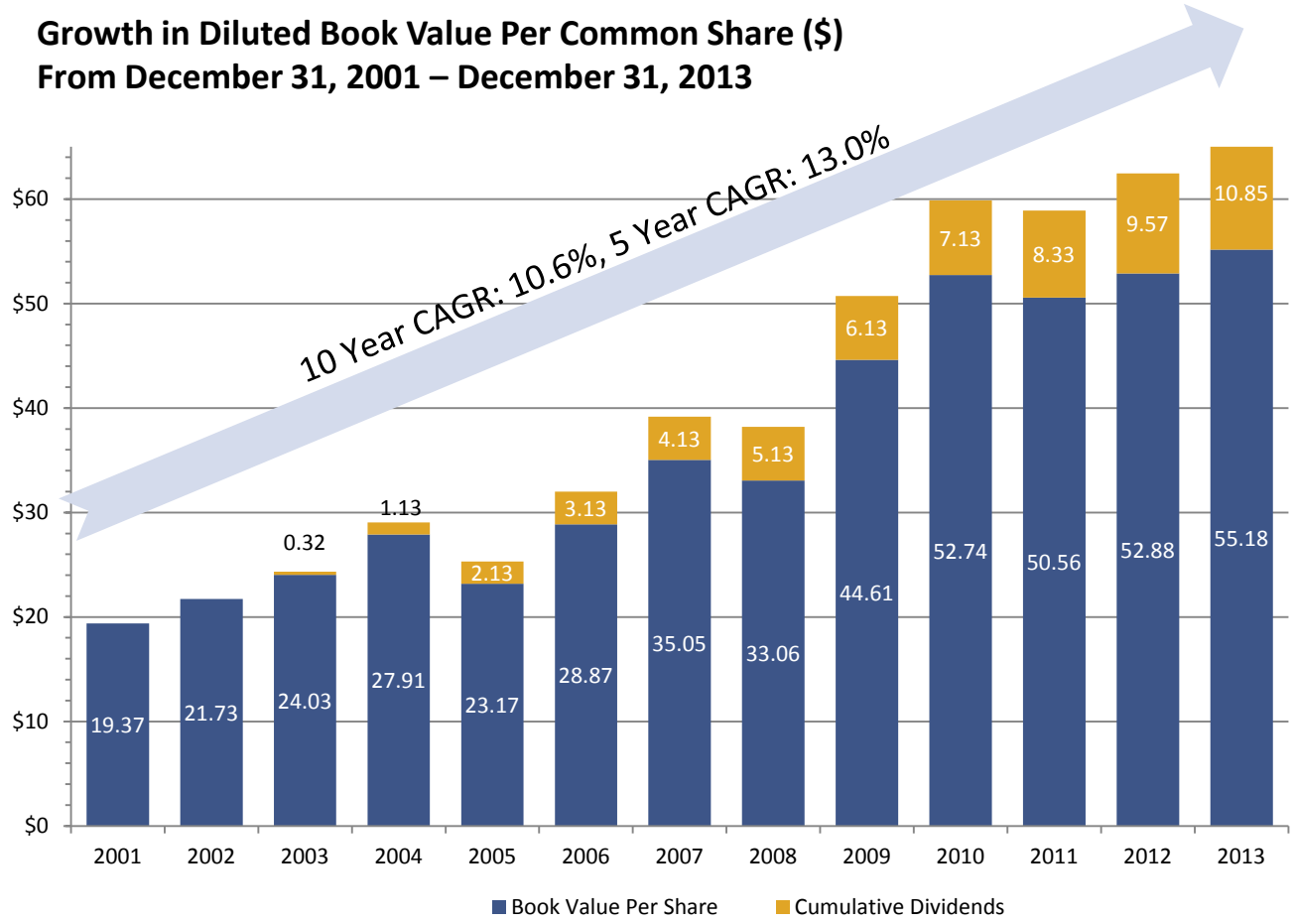
Endurance's Financial Results

Diluted book value per common share has grown strongly in absolute terms

Growth in Diluted Book Value Per Common Share ($)
From December 31, 2001 – December 31, 2013



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
- 2012 – Superstorm Sandy and Midwest drought

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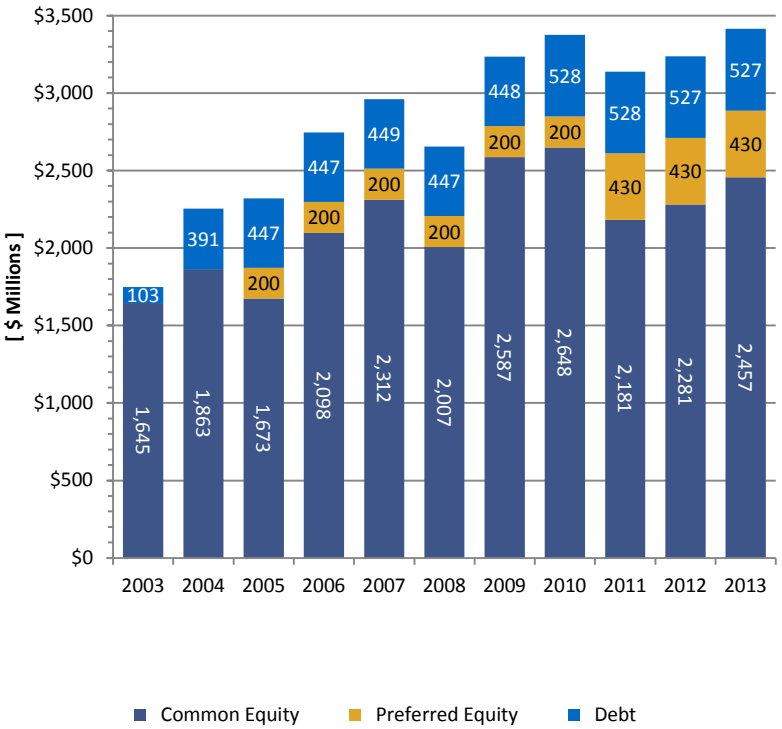
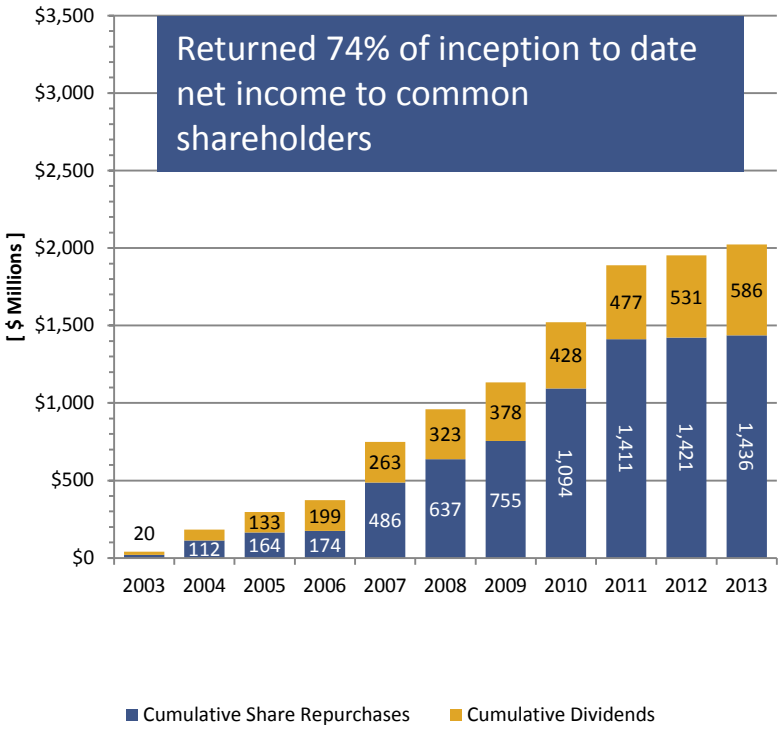
Growing and Diversified Capital Base

Organically generated capital will support current global growth initiatives

Endurance has a Diversified and Growing Capital Base



$2.0 Billion of Capital Cumulatively Returned to Shareholders



Endurance has proven its ability to generate capital which has allowed for the return to its shareholders of $2.0 billion through share repurchases and dividends while also supporting organic growth. More recently, our capital levels have grown over the last 18 months while we have also shrunk our net catastrophe exposures . The additional available capital can be used to fund global growth opportunities.

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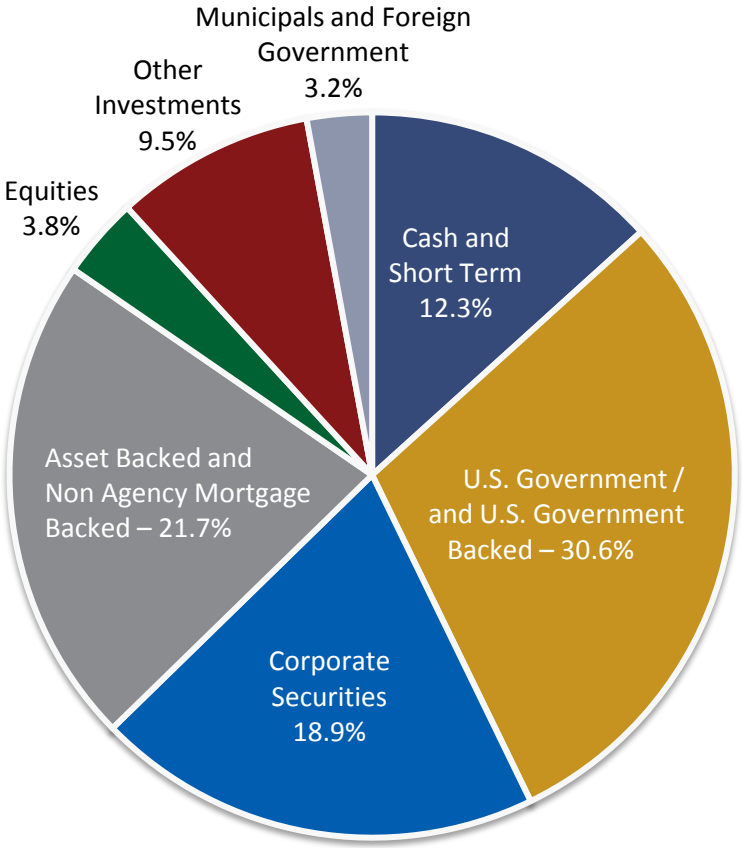
Strong Balance Sheet

Endurance maintains a high quality, short duration investment portfolio

$6.5 Billion Investment Portfolio at December 31, 2013



Investment Portfolio Highlights

- Fixed maturity portfolio duration is 3.1 years in order to balance investment yield and interest rate risk
- Investment quality (AA average) has remained high as the portfolio is conservatively managed in a challenging economy
  - 42.9% of investments are cash/short term or US backed
  - Minimal exposure to sovereign debt or bank debt of European peripheral countries
- Increased allocations to equities and alternatives to diversify portfolio and reduce interest rate risk
- Other investments of $617.5 million consist of alternative funds (74.7%) and specialty funds (25.3%)
  - Alternative funds include hedge funds and private equity funds
  - Specialty funds include high yield loan and convertible debt funds

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Conclusion

Endurance is a compelling investment opportunity

- Endurance is undergoing a fundamental transformation
  - John Charman joined Endurance in late May 2013 as Chairman and CEO
  - Over the last 12 months, Jack Kuhn and Jerome Faure have joined the company as CEOs of our insurance and reinsurance operations to build and expand our global specialty insurance and reinsurance capabilities
    - They have meaningfully expanded the global leadership and underwriting expertise within their segments
  - Rebalancing the insurance and reinsurance portfolios to lower volatility and improve profitability
  - In July 2013, completed cost savings initiatives which reduced the number of senior corporate executives by 30% and created annual cost savings of approximately $20 million which has helped to fund the necessary build out and expansion of our underwriting businesses
- Endurance maintains excellent balance sheet strength and liquidity
  - High quality investment portfolio; fixed maturity investments have an average credit quality of AA
  - Prudent reserving philosophy and strong reserve position; strong history of favorable development
  - Capital levels meaningfully exceed rating agency minimums, providing support for growth
- The outlook for Endurance's book of business remains attractive
  - Adding specialty underwriting talent
  - Actively reduced portfolio volatility through management of exposures and reinsurance purchases
  - Global geographic expansion of our specialty insurance franchise

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Appendix

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Overview of ARMtech

Overview of ARMtech

ARMtech has been a strong contributor to Endurance since its acquisition

- Multi Peril Crop Insurance (MPCI) is an insurance product regulated by the USDA that provides farmers with yield or revenue protection
  - Offered by 17 licensed companies (18 for 2014 crop year)
  - Pricing is set by the government and agent compensation limits are also imposed - no pricing cycle exists
  - Reduced downside risks due to Federally sponsored reinsurance and loss sharing
  - Agriculture insurance provides strong return potential, diversification in Endurance's portfolio of (re)insurance risks and is an efficient user of capital
- ARMtech is a leading specialty crop insurance business
  - Approximate 8% market share in MPCI (with estimated 175,000 total agriculture policies in force) and is 5th largest of 17 MPCI industry participants
  - MPCI 2013 crop year* estimated gross written premiums of $913 million and estimated 94.5% underwriting ratio
  - Portfolio is well diversified by geography and by crop
- ARMtech was founded by software developers and has maintained a strong focus on providing industry leading service through leveraging technology
- Endurance purchased ARMtech in December 2007 at a purchase price of approximately $125 million
  - ARMtech has grown MPCI policy count by 44.3% since 2007

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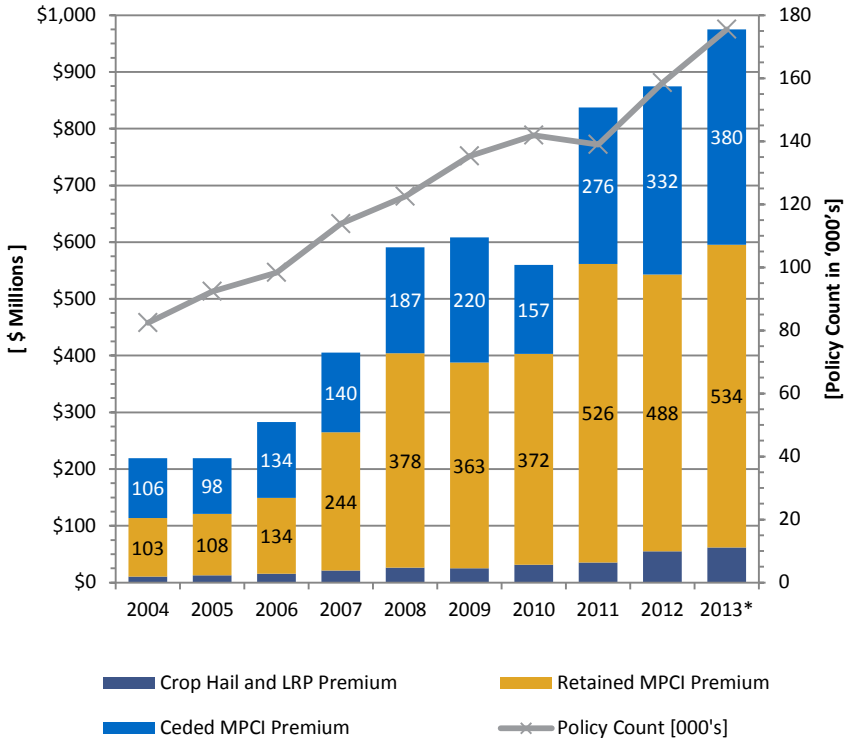
* 2013 crop year is defined as July 1, 2012 through June 30, 2013

ARMtech is a Leader in the Crop Insurance Space

ARMtech's focus on technology and service has allowed it to steadily grow its business

Written Premiums and Policy Counts by Crop Year



Using technology and service to expand premiums

- ARMtech has built a market leading specialty crop insurance business through its focus on offering excellent service supported by industry leading technology.
- MPCI policy count has grown 44.3% over the past six years in a line of business not subject to the property/casualty pricing cycle.
- ARMtech is a leader in using technology to deliver high quality service and to satisfy the intense compliance and documentation standards imposed on the industry by the U.S. Federal Government.
- ARMtech has generated approximately $80 million of underwriting profits since inception.

ARMtech has demonstrated its ability to grow market share and premiums over time through its leading edge technology and superior delivery of service and compliance.

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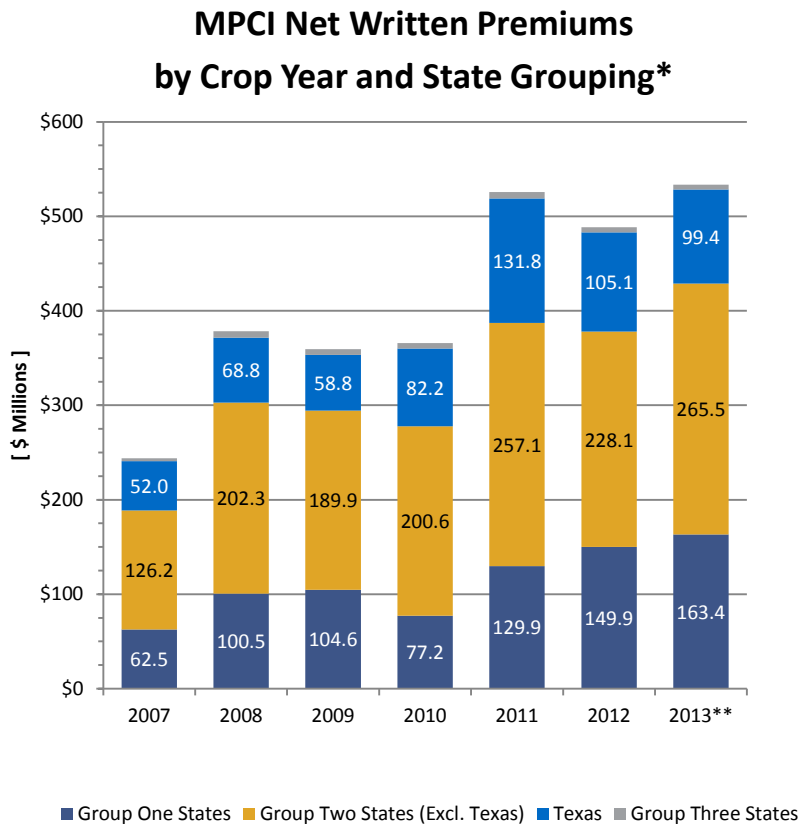
* Estimated 2013 crop year premiums and policy count

ARMtech is Increasing Market Share and Geographic Diversification

2012 and 2013 were very strong marketing years for ARMtech



Estimated 2013 Net Written Crop Year Premiums

- 2013 estimated crop year MPCI net written premiums of $533.5 million are 9.2% higher than crop year 2012
  - Estimated policy count growth in excess of 11%
  - Greater cessions due to continued dry conditions in parts of the United States
- The portfolio of crop risk is more balanced in 2013 through greater crop and geographic diversification and through greater cessions in Texas (cotton concentration)
- Purchased third party reinsurance to reimburse for losses from 100% to 110%

ARMtech continues to focus on diversifying its business geographically while managing its exposure to Texas through active use of available reinsurance protections.

* Group One States – IL, IN, IA, MN, NE
Group Two States – States other than Group One and Group Three states
Group Three States – CT, DE, MA, MD, NV, NH, NJ, NY, PA, UT, WY, WV

** Estimated 2013 crop year premiums

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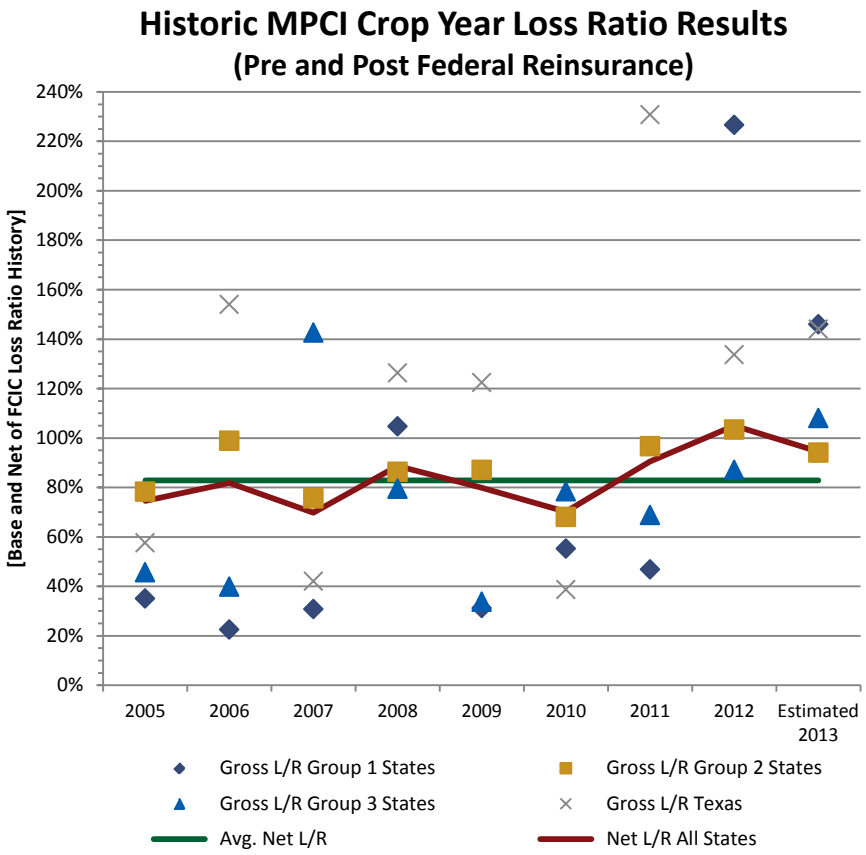
Agriculture Insurance is Not Correlated with the P&C Cycle

FCIC reinsurance lowers volatility



Stable Results in Volatile Times

- While individual states can produce large loss ratios, the U.S. Federal reinsurance program has historically reduced loss ratio volatility.
- ARMtech's business has historically produced stable profits over time after reflecting the reinsurance terms set out in the current standard crop reinsurance agreement
  - Historic average loss ratio post U.S. Federal cessions has been 82.9% [adjusted for the 2011 Federal reinsurance terms]
  - The best year was 2007 with a 69.8% net loss ratio and the worst was 2012 with a 104.0% net MPCI loss ratio
  - ARMtech's current expense run rate after the A&O subsidy is approximately 6% - 8%

While individual states can produce highly varied gross loss ratios on a year to year basis, the U.S. Federal reinsurance program has historically mitigated that volatility and leaves ARMtech with a business which is not correlated to the traditional P&C pricing cycle and has high risk adjusted return potential.

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Overview of ARMtech

ARMtech's recognition of premiums and earnings are influenced by growing seasons

Seasonality of MPCI Business

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Recognition of annual written premiums	60% - 65% Spring crops	10% - 15% Spring crop adjustments due to actual cessions	20% - 25% Spring crop acreage report adjustments Winter crops	5% - 10% Winter crop adjustments
Recognition of annual earned premiums	10%-15% Largely driven by winter crops	25% - 30% Driven by spring crops and winter crops	30% - 35% Largely driven by spring crops	25% - 30% Largely driven by spring crops
Commodity price setting	Setting of base prices for spring crops (forward commodity price for fourth quarter)	Harvest price determined for winter crops	Setting of base prices for winter crops (forward commodity price for second quarter)	Harvest price determined for spring crops
Harvest		Harvest of winter crops		Harvest of spring crops

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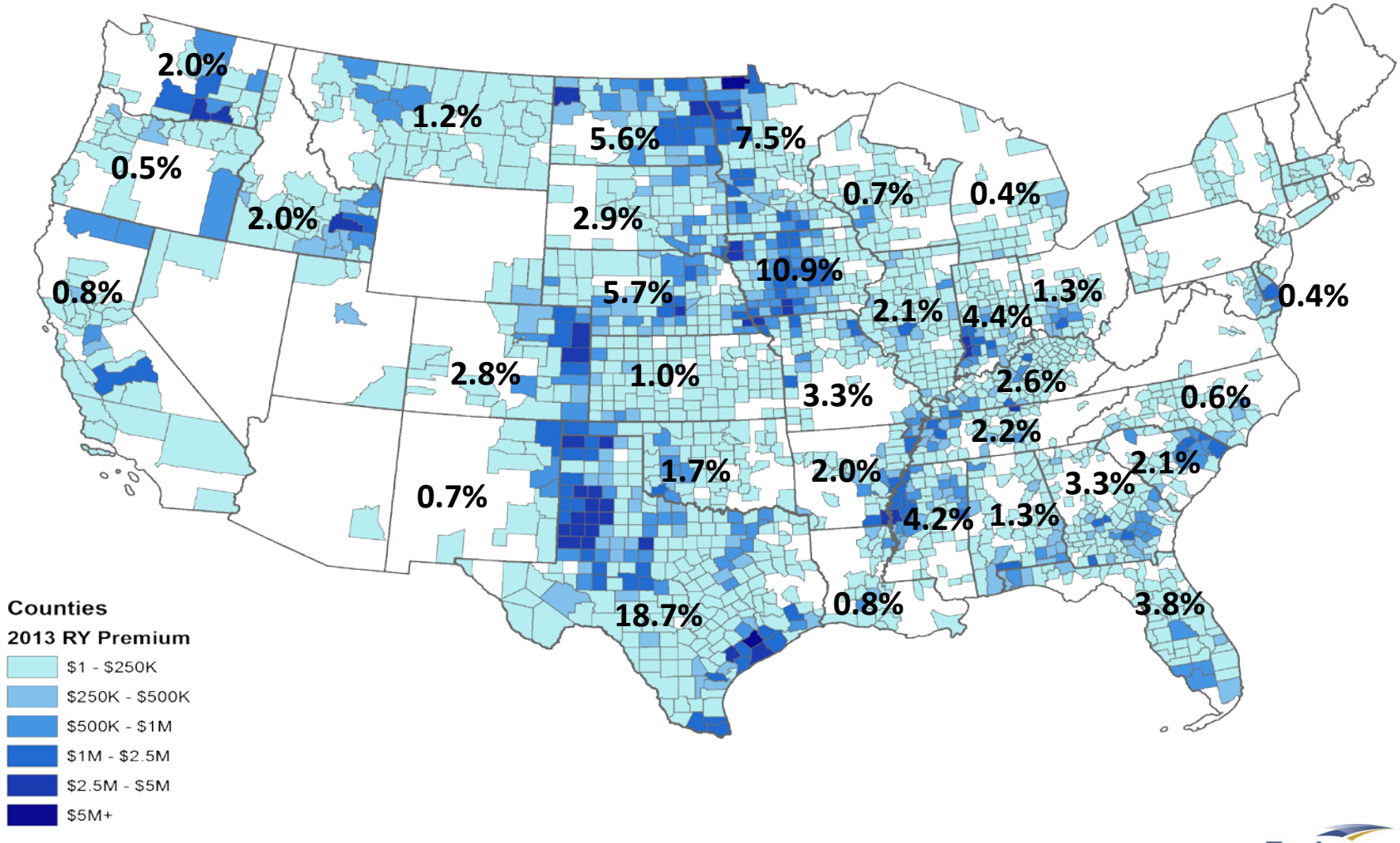
Geographic Diversification of Crop Insurance Business

ARMtech maintains a geographically diversified portfolio of risk

2013 Estimated Crop Year Net Written Premiums



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Diversification of Crops Within ARMtech's Portfolio

Underwritten risks diversified by geography and commodity type

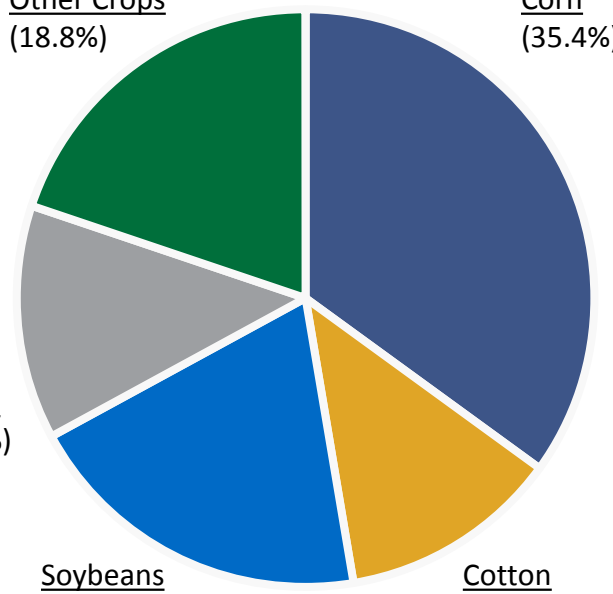
ARMtech's 2013 Estimated Crop Year MPCI Net Written Premiums

- Citrus, Nursery & Orange Trees - 3.2%
- Grain Sorghum – 2.4%
- Apples – 1.2%
- Pasture, Rangeland, Forage – 1.1%
- Potatoes – 1.1%
- Barley – 0.9%
- Rice – 0.9%
- Peanuts – 0.8%
- Tobacco – 0.8%
- Dry Beans – 0.7%
- All other crops – 5.7%

Other Crops (18.8%)

- Texas – 3.7%
- North Dakota – 1.4%
- Colorado – 1.1%
- Oklahoma – 1.1%
- Idaho – 1.0%
- Minnesota – 0.8%
- All other states – 4.3%

Wheat (13.4%)



Corn (35.4%)

- Iowa – 7.5%
- Nebraska – 4.0%
- Minnesota – 3.6%
- Indiana – 2.6%
- Texas – 2.4%
- North Dakota – 1.9%
- Missouri – 1.9%
- South Dakota – 1.8%
- Illinois – 1.4%
- Mississippi – 1.2%
- Colorado – 1.2%
- Kentucky – 0.8%
- Ohio – 0.7%
- Tennessee – 0.6%
- Arkansas – 0.6%
- South Carolina – 0.6%
- Wisconsin – 0.4%
- All other states – 2.2%

Soybeans (20.2%)

- Iowa – 3.3%
- Minnesota – 2.5%
- Mississippi – 2.2%
- Indiana –1.6%
- Nebraska – 1.5%
- Missouri – 1.1%
- North Dakota – 1.1%
- Kentucky – 1.2%
- Tennessee – 0.9%
- Arkansas – 0.9%
- Illinois – 0.6%
- All other states – 3.3%

Cotton (12.2%)

- Texas – 8.3%
- Georgia – 1.6%
- Alabama – 0.6%
- South Carolina – 0.5%
- Mississippi – 0.4%
- All other states – 0.8%

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Agriculture Insurance Contains Three Layers of Risk Mitigation

Farmers retention, ceding premiums to the U.S. Federal Government and limitations on losses and gains

2013 Crop Year Gross Liability

- 68.8% of risk retained by ARMtech
- 31.2% of first dollar risk retained by farmers

41.6% of MPCI Premiums Ceded to U.S. Federal Government

Assigned Risk Fund
"Higher Risk Policies"

Loss Sharing
(% of loss retained by ARMtech within each applicable band when the loss raio is above 100%.)

Loss Ratio	
100 - 160	7.5%
160 - 220	6.0%
220 - 500	3.0%

Gain Sharing
(% of gain retained by ARMtech within each applicable band when the loss raio is below 100%.)

Loss Ratio	
65 - 100	22.5%
50 - 65	13.5%
0 - 50	3.0%

14.2% of 2013 Crop Year NWP

Commercial Fund
"Lower Risk Policies"

Loss Ratio	Group 1 States	Group 2 & 3 States
100 - 160	65.0%	42.5%
160 - 220	45.0%	20.0%
220 - 500	10.0%	5.0%

Loss Ratio	Group 1 States	Group 2 & 3 States
65 - 100	75.0%	97.5%
50 - 65	40.0%	40.0%
0 - 50	5.0%	5.0%

85.8% of 2013 Crop Year NWP

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ARMtech Has Grown Market Share Over Time

Superior service and technology has driven growth in stable market

MPCI Certified Companies (Owners)	Crop Year Market Share 2013	2012	2011	2010	2009	2008	2007	% Change in Market Share 2007 - 2013
Rain and Hail (ACE) [(1)]	20.8%	21.3%	21.8%	22.6%	24.3%	24.1%	25.0%	-4.2%
Rural Community Insurance Company (Wells Fargo)	20.6%	22.1%	21.8%	22.9%	24.7%	25.2%	25.1%	-4.5%
NAU Country Insurance Company (QBE) [(1)]	13.1%	13.3%	14.8%	14.4%	13.7%	13.8%	13.3%	-0.2%
Great American Insurance Co.	8.5%	8.5%	8.7%	8.7%	9.1%	10.1%	10.6%	-2.1%
American Agri-Business Ins. Co. (Endurance)	**7.7%**	**7.4%**	**6.7%**	**7.0%**	**6.5%**	**5.7%**	**5.9%**	**1.8%**
Producers Ag. Ins. Co. (CUNA Mutual)	4.9%	5.5%	6.4%	6.3%	5.3%	5.2%	4.8%	0.2%
Guide One Mutual (CGB Diversified Services)	4.6%	4.0%	2.7%	2.0%	1.2%	1.2%	1.1%	3.4%
Farmers Mutual Hail Ins. of Iowa	4.3%	4.4%	4.5%	4.2%	3.8%	4.0%	4.0%	0.3%
John Deere Risk Protection, Inc.	3.8%	3.3%	3.3%	3.8%	4.0%	3.3%	3.0%	0.7%
Agrinational Insurance Company (ADM)	3.1%	2.5%	2.1%	1.5%	0.9%	1.0%	1.1%	2.1%
Heartland (Everest Re)	2.4%	2.3%	2.4%	3.0%	3.4%	3.3%	3.2%	-0.9%
Hudson Insurance Company [(1)]	2.0%	1.6%	1.2%	1.2%	0.8%	0.6%	0.4%	1.6%
AgriLogic (Occidental Firs & Casualty Co)	1.6%	1.8%	1.4%	0.1%	0.0%	0.0%	0.0%	1.6%
American Agricultural Ins. Co (Amer. Farm Bureau)	1.2%	1.3%	1.3%	1.3%	1.4%	1.4%	1.2%	0.0%
Country Mutual Insurance Company	0.9%	0.9%	0.9%	1.0%	1.1%	1.2%	1.4%	-0.5%
Global Ag (XL Reinsurance)	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%
International Ag (Starr Indemnity)	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%

Source - National Crop Insurance Services (NCIS)

(1) 2007 Crop Year Market Share was increased to reflect the acquisition of a company between 2007 and 2013.

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Other Miscellaneous Information

Probable Maximum Loss by Zone and Peril

Largest 1 in 100 year PML as of January 1, 2014 is equal to 11.0% of Shareholders' Equity as of December 31, 2013

		Estimated Occurrence Net Loss as of January 1, 2014					Jan. 1, 2013	Jan. 1, 2012
Zone	Peril	10 Year Return Period	25 Year Return Period	50 Year Return Period	100 Year Return Period	250 Year Return Period	100 Year Return Period	100 Year Return Period
United States	Hurricane	$135	$191	$237	$293	$357	$429	$574
Europe	Windstorm	92	173	233	317	428	346	384
California	Earthquake	42	155	199	238	326	395	409
Japan	Windstorm	32	102	140	144	154	201	317
Northwest U.S.	Earthquake	-	5	32	95	192	154	206
Japan	Earthquake	9	45	81	109	142	111	189
United States	Tornado/Hail	37	56	72	88	114	86	123
Australia	Earthquake	1	6	27	86	138	88	73
New Zealand	Earthquake	1	4	10	24	55	24	29
Australia	Windstorm	3	11	29	52	96	53	48
New Madrid	Earthquake	-	-	-	9	69	10	12

The net loss estimates by zone above represent estimated losses related to our property, catastrophe and other specialty lines of business, based upon our catastrophe models and assumptions regarding the location, size, magnitude, and frequency of the catastrophe events utilized to determine the above estimates. The net loss estimates are presented on an occurrence basis, before income tax and net of reinsurance recoveries and reinstatement premiums, if applicable. Return period refers to the frequency with which the related size of a catastrophic event is expected to occur.

Actual realized catastrophic losses could differ materially from our net loss estimates and our net loss estimates should not be considered as representative of the actual losses that we may incur in connection with any particular catastrophic event. The net loss estimates above rely significantly on computer models created to simulate the effect of catastrophes on insured properties based upon data emanating from past catastrophic events. Since comprehensive data collection regarding insured losses from catastrophe events is a relatively recent development in the insurance industry, the data upon which catastrophe models is based is limited, which has the potential to introduce inaccuracies into estimates of losses from catastrophic events, in particular those that occur infrequently. In addition, catastrophe models are significantly influenced by management's assumptions regarding event characteristics, construction of insured property and the cost and duration of rebuilding after the catastrophe. Lastly, changes in Endurance's underwriting portfolio risk control mechanisms and other factors, either before or after the date of the above net loss estimates, may also cause actual results to vary considerably from the net loss estimates above. For a listing of risks related to Endurance and its future performance, please see "Risk Factors" in our most recent Annual Report on Form 10-K.

Full Year 2013 Highlights

Results were driven by strong underwriting margins supported by light catastrophe losses and favorable development

- Book value per common share, adjusted for dividends, expanded 6.8% during 2013
  - Net income attributable to common shareholders of $279.2 million
    - Improved accident loss ratios, excluding catastrophes, in both segments
    - While crop insurance results were impacted by a 22% decline in corn prices and prevented planting claims in the spring, results were improved over 2012 which was impacted by a significant drought
    - General and administrative expenses were higher in 2013 reflecting the transformation of the company and included greater levels of corporate expenses, severance costs and expenses related to the hiring of numerous global underwriting teams. Expenses were also higher due to incentive compensation reflecting a more profitable year in 2013.
    - Lighter catastrophe activity in 2013 as 2012 included claims related to Superstorm Sandy
- Gross written premiums of $2.67 billion were 4.6% higher than full year 2012 while we significantly rebalanced our portfolios
  - Insurance gross written premiums of $1.48 billion increased 3.2% from 2012
    - Growth in agriculture policy counts was partially offset by declines in commodity prices and greater cessions to the federal government. Within our U.S. specialty business, the book was completely re-underwritten with lower margin and volatile lines of business being replaced with specialty business from newly hired teams.
  - Reinsurance gross written premiums of $1.19 billion increased 6.3% compared to 2012
    - The reinsurance portfolio was completely re-balanced during 2013 as we meaningfully reduced our volatile catastrophe and property lines while expanding professional and casualty lines underwritten by newly hired underwriting teams.

Financial Results for Fourth Quarter 2013

Financial highlights

$MM (except per share data and %)	Dec. 31, 2013	Dec. 31, 2012	$ Change	% Change
Net premiums written	280.1	187.9	92.2	49.1%
Net premiums earned	499.5	531.1	(31.6)	-5.9%
Net investment income	46.3	38.6	7.7	19.9%
Net underwriting income (loss)	32.4	(102.4)	134.8	NM
Net income (loss) to common shareholders	59.0	(40.8)	99.8	NM
Operating income (loss) to common shareholders	59.9	(76.4)	136.3	NM
Fully diluted net income (loss) EPS	1.33	(0.96)	2.29	NM
Fully diluted operating income (loss) EPS	1.35	(1.80)	3.15	NM

Key operating ratios

	Dec. 31, 2013	Dec. 31, 2012
Operating ROE (annualized)	9.9%	-13.1%
Net loss ratio	60.7%	95.1%
Acquisition expense ratio	16.4%	13.9%
General and administrative expense ratio	15.9%	10.2%
Combined ratio	93.0%	119.2%
Diluted book value per share	$55.18	$52.88
Investment leverage	2.62	2.74

Endurance

Fourth Quarter 2013 Gross Written Premiums

Insurance Segment

In $MM	Dec. 31, 2013	Dec. 31, 2012	$ Change	% Change
Casualty and other specialty	76.6	60.0	16.6	27.7%
Agriculture	58.2	64.8	-6.6	-10.2%
Professional lines	55.1	39.2	15.9	40.6%
Property	10.8	13.1	-2.3	-17.6%
Total insurance	200.7	177.1	23.6	13.3%

Reinsurance Segment

In $MM	Dec. 31, 2013	Dec. 31, 2012	$ Change	% Change
Professional lines	113.1	8.8	104.3	NM
Casualty	30.1	16.1	14.0	87.0%
Catastrophe	13.8	24.1	-10.3	-42.7%
Property	9.3	31.1	-21.8	-70.1%
Other specialty	3.8	4.8	-1.0	-20.8%
Total reinsurance	170.1	84.9	85.2	100.3%

Financial Overview: Inception to Date Financial Performance

Financial highlights from 2002 through December 31, 2013

In $MM	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Inception to date
Net premiums written	765	1,598	1,697	1,619	1,586	1,575	1,784	1,606	1,764	1,980	2,029	2,049	20,052
Net premiums earned	369	1,174	1,633	1,724	1,639	1,595	1,766	1,633	1,741	1,931	2,014	2,016	19,235
Net underwriting income (loss)	51	179	232	-410	304	322	111	265	195	-252	-48	195	1,144
Net investment income	43	71	122	180	257	281	130	284	200	147	173	166	2,054
Net income (loss) before preferred dividend	102	263	356	-220	498	521	100	555	365	-94	163	312	2,921
Net income (loss) available to common shareholders	102	263	356	-223	483	506	85	539	349	-118	130	279	2,751
Diluted EPS	$1.73	$4.00	$5.28	($3.60)	$6.73	$7.17	$1.33	$9.00	$6.38	($2.95)	$3.00	$6.37	$44.44

Key Operating Ratios	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Inception to date
Combined ratio	86.2%	84.7%	85.8%	123.5%	81.5%	79.9%	93.5%	84.0%	88.7%	112.9%	102.3%	90.2%	94.0%
Operating ROE	7.8%	17.3%	19.9%	(11.9%)	25.7%	23.8%	8.5%	22.0%	12.6%	(6.3%)	2.4%	11.9%	11.0%
Book value per share	$21.73	$24.03	$27.91	$23.17	$28.87	$35.05	$33.06	$44.61	$52.74	$50.56	$52.88	$55.18	

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