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During 2008, our prudent approach to capital and investment management has served us well, as we maintained our high-quality balance sheet and strong capital position despite significant industry catastrophe losses and historic volatility in the global financial markets.

CAPITAL & INVESTMENT MANAGEMENT



Endurance maintains a prudent approach to managing our capital and investment portfolio. Our primary objective is to ensure that our capital and liquidity are sufficient to meet our internal needs and the needs of our clients, regulators, rating agencies and other external constituents. At the same time, we strive to maintain an efficient capital structure to reduce our cost of capital and optimize shareholder returns. We deploy capital where there are opportunities to earn an appropriate risk-adjusted return; if opportunities cannot be identified, excess capital is returned to shareholders.

Endurance ended 2008 well positioned with total capital of \$2.7 billion and shareholders' equity of \$2.2 billion. In addition, we have access to additional committed capital and liquidity through our existing \$1.175 billion multi-year credit facility and our \$150 million variable forward equity sale agreement. Endurance returned \$153 million of capital to shareholders in 2008 through stock repurchases and dividends, and since inception has returned over a billion dollars of capital to our investors.

Our investment portfolio remains of very high quality despite widening credit spreads in 2008, and our fixed income portfolio maintained an average credit rating of AAA throughout the year. We continue to actively manage our portfolio to ensure that we earn an appropriate risk-adjusted return on our investments.

