Endurance

YOUR RISK IS OUR FOCUS

QUARTERLY FINANCIAL UPDATE

Q4 & Year Ending | 2011

Endurance Worldwide

Reinsurance

The unprecedented worldwide catastrophe events of 2011, coupled with continued turbulence in the global economy resulted in a punishing year for our industry. Notwithstanding these challenges, our well diversified portfolio and prudent risk and capital management techniques have enabled Endurance to maintain a solid balance sheet. We continue to focus on your needs and have delivered on our pledge to support you through these difficult times with our superior claims and underwriting services.

Endurance remains committed to grow responsibly by maintaining our disciplined underwriting approach, enhancing our global resources and selectively entering new markets and geographies. Our financial stability and the emphasis on risk management by our dedicated teams of underwriters, actuaries, claims staff and other professionals have earned Endurance financial strength group ratings of "A" from both A.M. Best and Standard & Poor's.

We look forward to improved market conditions in 2012 and reinforcing our partnerships with you as we face the coming year together.

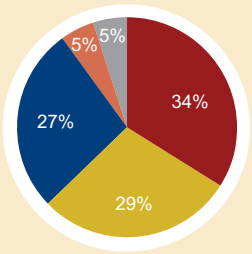
Sincerely,

William M. Jewett
President

FINANCIAL HIGHLIGHTS (in millions of U.S. dollars, except percentages)

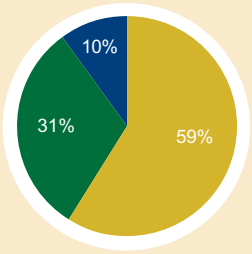
	Year Ended Dec 31, 2011 (Audited)	Year Ended Dec 31, 2010 (Audited)	Year Ended Dec 31, 2009 (Audited)
Endurance Specialty Holdings Ltd.			
Gross premiums written	$2,467.1	$2,053.2	$2,021.5
Net premiums written	1,979.8	1,763.7	1,606.1
Net (loss) income before preferred dividends	(93.7)	364.7	536.1
Loss ratio	84.6%	59.6%	53.1%
Combined ratio	112.9%	88.7%	84.0%
Total assets	$8,292.6	$7,979.4	$7,666.7
Total shareholders' equity	2,611.2	2,848.2	2,787.3
Debt to total capitalization	16.8%	15.6%	13.8%
ROAE, Operating (loss) income	(6.3%)	12.6%	22.0%
Worldwide Reinsurance Segment			
Gross premiums written	$997.3	$941.0	$869.3
Net premiums written	974.3	933.9	865.7
Underwriting (loss) income	(247.6)	117.9	195.6
Loss ratio	91.3%	52.2%	38.8%
Combined ratio	126.0%	86.9%	75.9%

Year Ending December 31, 2011
Reinsurance Net Premiums Written = $974.3 Million



Reinsurance Net Premiums Written (NPW) by Business Lines

- Catastrophe
- Casualty
- Property
- Aerospace and Marine
- Surety and Other Specialty



Reinsurance Risk Exposures (NPW)

- Property
- Casualty
- Other Specialty

REINSURANCE SPECIALTY LINES

Catastrophe

Reinsurance for catastrophic perils on a treaty basis for events such as hurricanes, typhoons, earthquakes, floods, tornados, hail, fire, and certain workers' compensation coverages

Casualty

Reinsurance of general liability, auto/motor liability, professional liability, directors' and officers' liability, umbrella liability and workers' compensation insurance

Property

Proportional and excess of loss reinsurance of personal lines and commercial exposures

Surety and Other Specialty

Contract and commercial surety reinsurance, on both a proportional and excess of loss basis, as well as personal accident, agriculture and terrorism

Aerospace and Marine

Reinsurance of aviation and space insurance, including aviation hull, aircraft liability and aircraft products coverages, as well as satellite launch and in-orbit coverage

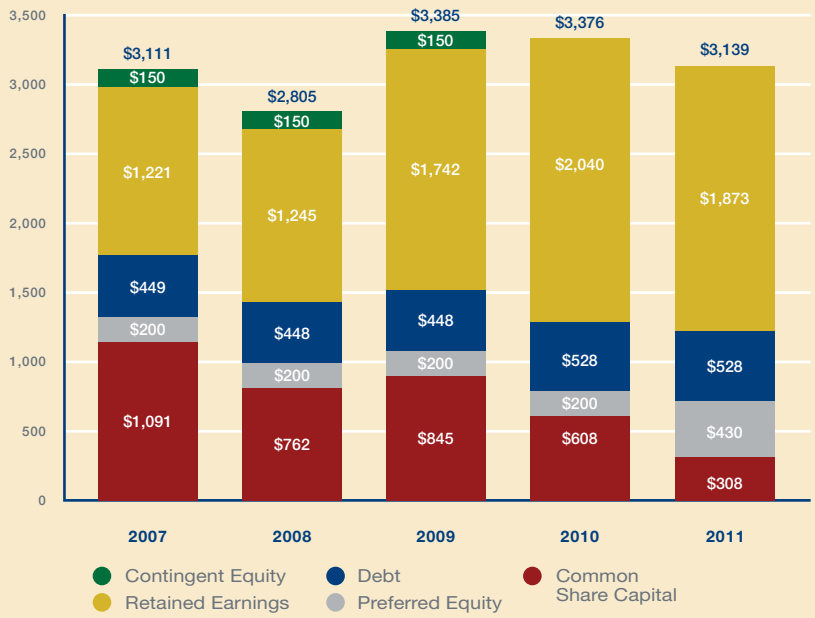
Proportional and non-proportional reinsurance of bluewater hull, brownwater hull and cargo insurance

ENDURANCE SPECIALTY HOLDINGS LTD.

Endurance Specialty Holdings Ltd. (NYSE:ENH) is an insurance and reinsurance provider focused on underwriting specialty lines on a global basis through our operating subsidiaries. Our clients are serviced by approximately 850 employees located in Bermuda, Europe, Asia and throughout the United States.

At Endurance, specialization is at the core of our strategy, culture and values. We believe that this specialty focus best positions us to weather market cycles and to identify and develop opportunities to further enhance our business.

Strong and Flexible Capital Structure (in millions of U.S. dollars)



The decline in capital in 2011 was principally driven by $414.1 million of share repurchases and dividends and to a lesser extent from $93.7 million in net losses for the year. These declines were partially offset by $250.7 million in proceeds received upon issuance of perpetual preferred shares and exercise of common stock options and warrants.

EXCELLENT FINANCIAL STRENGTH AND LIQUIDITY AT DECEMBER 31, 2011

Endurance's total capital was $3.14 billion as of December 31, 2011 and includes $2.61 billion of shareholders' equity.

At December 31, 2011, Endurance had access to additional capital in the form of a credit facility with approximately $728 million in remaining capacity.

Endurance maintains significant levels of liquidity with approximately 57.1% of investments in cash, short-term investments, U.S. Government, and U.S. Government-backed securities at December 31, 2011.

Endurance's investment portfolio is comprised of high quality assets with an average rating of AA for our fixed income investments at December 31, 2011. Our priority is capital preservation with a secondary goal of attractive risk adjusted returns. We have limited exposure to lower rated sovereign credits.

Endurance's investment portfolio has been managed to an average duration of 2.39 years at December 31, 2011 to minimize interest rate risk. We carefully manage our asset-liability exposure and ensure that more than sufficient liquidity is available.

Endurance Group Financial Strength Ratings

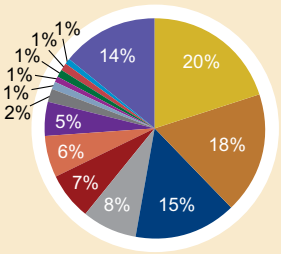
A.M. Best XV Financial Strength Stable Outlook	A (Excellent)
Standard & Poor's Stable Outlook	A (Strong)

Enterprise Risk Management Rating

Standard & Poor's	Excellent

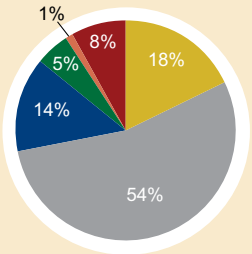
NYSE: ENH

Investment Portfolio as of December 31, 2011
Fair Value = $6.3 Billion*



Type of Investment

- U.S. Government & Agencies Notes
- Corporate Securities
- U.S. Government Agency Residential Mortgage-Backed Securities
- Non-Agency Commercial Mortgage-Backed Securities
- Other Investments
- Government & Agency Guaranteed Corporates
- Asset-Backed Securities
- Non-Agency Residential Mortgage-Backed Securities
- Short-Term Investments
- Foreign Government
- Municipals
- U.S. Government Agency Commercial Mortgage-Backed Securities
- Equity Securities
- Cash & Equivalents



Investment Portfolio Ratings*

- AAA/Aaa
- AA/U.S. Government & Agencies
- A/A
- BBB and Below/Not Rated
- Equity Securities
- Other Investments

* *Investment totals net of investments pending settlement*

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Endurance®
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To learn more, visit us at: www.endurance.bm