



NEWS RELEASE

A.M. BEST COMPANY, INC., OLDWICK, NJ • A.M. BEST EUROPE, LTD., LONDON
A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

CONTACTS: Analysts

Peter Dickey
(908) 439-2200, ext. 5053
peter.dickey@ambest.com

Robert DeRose
(908) 439-2200, ext 5453
robert.derose@ambest.com

Public Relations

Jim Peavy
(908) 439-2200, ext. 5644
james.peavy@ambest.com

Rachelle Morrow
(908) 439-2200, ext. 5378
rachelle.morrow@ambest.com

**A.M. Best Upgrades Ratings of Endurance Specialty Insurance Ltd. and
Revises Outlook To Stable**

OLDWICK, NEW JERSEY, U.S.A., Nov. 19, 2007—A.M. Best Co. has upgraded the financial strength rating (FSR) to A (Excellent) from A- (Excellent) and issuer credit ratings (ICR) to “a” from “a-” of **Endurance Specialty Insurance Ltd.** (Endurance) and its affiliates. Concurrently, A.M. Best has upgraded the ICR to “bbb” from “bbb-” and the debt ratings of **Endurance Specialty Holdings Ltd.** [NYSE: ENH]. The above named companies are domiciled in Bermuda. A.M. Best also has upgraded the indicative ratings to “bb+” from “bb” of **Endurance Holdings Capital Trust I & II Ltd.** The outlook for all ratings has been revised to stable from positive. (See link below for a detailed list of the companies and ratings.)

These rating actions reflect Endurance’s excellent capitalization, improved historical operating performance, proactive capital management and significantly enhanced risk management capability. The company operates on both primary and reinsurance platforms with coverage in both short- and long-tail lines of business.

The rating upgrades factor in Endurance’s enhanced underwriting and risk management controls. A.M. Best is satisfied that these controls are adequate to enable the company to better analyze correlation risk on all property submissions, accumulate zonal aggregations and determine each submission’s effect on capital usage and operating returns. Furthermore,

—MORE—



NEWS RELEASE

A.M. BEST COMPANY, INC., OLDWICK, NJ • A.M. BEST EUROPE, LTD., LONDON
A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

Endurance has bolstered its reinsurance program and exited marginally performing lines of business.

Endurance's primary operating platform includes a presence in the admitted and non-admitted U.S. excess and surplus lines market. The company's expansion into this business segment, which began approximately two years ago, continues to develop infrastructure and control systems. The growth of this business segment enables Endurance to penetrate new markets and positions the company well in the current softening price environment.

The company's proactive capital management has been exhibited by the formation of **Shackleton Re Limited** (Cayman Islands), a three tranche catastrophe bond, which provides protection from both first and second event U.S. earthquake and hurricane exposures through 2009, and a recent variable equity forward sale agreement. This agreement entitles Endurance Specialty Holdings Ltd. to sell its ordinary shares to a forward counterparty for proceeds of approximately \$150 million during a period of three years.

Endurance continues to exhibit strong financial flexibility with access to both equity and debt markets. Endurance's financial leverage measures remain commensurate with its new rating levels. A.M. Best expects the company to maintain financial leverage as measured by debt and preferred-to-total capital at approximately 30%, while fixed charge coverage is expected to remain in the upper single-digit range.

These strengths are partially offset by softening market conditions and pricing pressure in most lines of business. Additionally, although Endurance was among the first of its peers to enter the U.S. excess and surplus lines market, recently several other Bermuda-based companies have announced expansion plans into this market as well, which will likely increase competitive

—MORE—



NEWS RELEASE

A.M. BEST COMPANY, INC., OLDWICK, NJ • A.M. BEST EUROPE, LTD., LONDON
A.M. BEST ASIA-PACIFIC, LTD., HONG KONG

pressure over the near term.

For a complete list of Endurance Specialty Insurance Ltd.'s FSRs, ICRs and debt ratings, please visit <http://www.ambest.com/press/111902endurance.pdf>.

Founded in 1899, A.M. Best Company is a global full-service credit rating organization dedicated to serving the financial and health care service industries, including insurance companies, banks, hospitals and health care system providers. For more information, visit www.ambest.com.

####