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**News
Release**

FOR IMMEDIATE RELEASE

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ACE LIMITED ANNOUNCES EARNINGS GUIDANCE FOR 2008; PROVIDES ADDITIONAL DISCLOSURE ON INVESTMENT PORTFOLIO

HAMILTON, Bermuda – December 18, 2007 – ACE Limited (NYSE: ACE) announced today the following earnings guidance for the ACE Group of Companies for the full year 2008:

- **Earnings per Common Share** are expected to range between \$7.00 and \$7.50
- **Property & Casualty Net Earned Premiums** are expected to decline 3% to 5%
- **Catastrophe Losses** included in our estimated earnings are \$400 million pre-tax (\$315 million after-tax)

This guidance does not include the impact of the Combined Insurance Company of America transaction, announced December 17, 2007. Pending the closing of that transaction, which is anticipated to occur in the second quarter of 2008, the Company will provide updated guidance.

The Company also provided the following additional disclosure on the composition of its fixed income investment portfolio in response to the recent volatility in the global credit markets:

- ACE holds no collateralized debt obligations (CDOs) or collateralized loan obligations (CLOs) in its portfolio.
- Sub-prime asset-backed holdings have been reduced to \$137 million from \$257 million as reported on September 30, 2007, with no significant gain or loss.
- The Company's relationship with Assured Guaranty Ltd. (AGO) is limited to its equity investment, valued at \$445 million as of September 30, 2007. The Company conducts no financial guaranty business directly or with AGO and retains no financial guaranty exposures with AGO.
- As of September 30, 2007, the value of the Company's high-yield corporate bond holdings was \$2.6 billion, representing 6.5% of the total fixed income portfolio. The high-yield holdings are actively managed, targeted to the BB/B or "upper tier" sectors, and are broadly diversified with over 525 issuers. In addition, the portfolio guidelines restrict issuer limits to 1.5%, industry limits to 15% and do not allow the purchase of CCC rated securities.

"Due to the extraordinary conditions in the global credit markets, we are providing this additional disclosure to our investors to increase overall transparency," said Philip V. Bancroft, ACE Limited Chief Financial Officer. "As we believe the facts demonstrate, our investment portfolio is conservatively managed with a high average credit quality of AA and a duration of 3.6 years. Quarter-to-date, the overall marked-to-market effect on our fixed income portfolio is positive."

Additional details on the mortgage-backed and asset-backed components of ACE's investment portfolio are provided below:

Mortgage-Backed and Asset-Backed Fixed Income Portfolio
Market Value at September 30, 2007
(in millions of U.S. dollars)

	Rating						<u>Total</u>
	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BB</u>	<u>B</u>	
Mortgage-Backed Securities							
Residential Mortgage-Backed							
GNMA	368						368
FNMA	5,329						5,329
Freddie Mac	<u>2,032</u>						<u>2,032</u>
Total Agency RMBS	7,729						7,729
Non-Agency RMBS	<u>3,064</u>	<u>11</u>	<u>3</u>	<u>13</u>			<u>3,091</u>
Total Residential Mortgage-Backed	10,793	11	3	13			10,820
Commercial Mortgage-Backed	<u>2,702</u>	<u>8</u>	<u>10</u>	<u>3</u>			<u>2,722</u>
Total Mortgage-Backed Securities	<u>13,495</u>	<u>19</u>	<u>12</u>	<u>16</u>			<u>13,542</u>
Asset-Backed Securities							
Sub-prime	246	1	8	1			257
Credit Cards	86		13	8			108
Autos	711		16				727
Other	<u>282</u>		<u>3</u>				<u>285</u>
Total Asset-Backed Securities	<u>1,325</u>	<u>1</u>	<u>40</u>	<u>10</u>			<u>1,377</u>

- **Mortgage-backed securities** total \$13.5 billion, are rated predominantly AAA and comprise 35% of the fixed income portfolio. This compares to a 45% mortgage-backed weighting in representative indices of the U.S. fixed income market.
- **Securities issued by Federal agencies** with implied or explicit government guarantees total \$7.7 billion and represent 72% of the residential mortgage-backed portfolio.
- **Non-agency residential mortgage-backed securities** are rated predominantly AAA, backed by prime collateral and broadly diversified in over 300,000 loans. The portfolio's loan-to-value ratio is approximately 69% with an average FICO score of 734. With this conservative loan-to-value ratio and subordinated collateral of 13%, the cumulative 5-year foreclosure rate would have to rise to 29% and real estate values would have to fall 61% before principal is impaired. The comparable historical cumulative foreclosure rate is 2.5% for prime mortgages.

Within the portfolio of prime AAA non-agency RMBS are \$355 million of holdings classified as ALT-A. These ALT-A holdings are broadly diversified with over 60% issued prior to 2006. The average FICO score is 712 with a relatively conservative loan-to-value ratio of 72%. With subordinated collateral of 20%, the cumulative 4-year foreclosure rate would have to rise to 47% and real estate values would have to fall more than 59% before principal is impaired. The comparable historical cumulative foreclosure rate is approximately 8%.

- **Commercial mortgage-backed securities** are rated predominantly AAA, broadly diversified with over 30,000 loans and seasoned with 65% of the portfolio issued before 2006. The average loan-to-value ratio is approximately 64% with a debt service coverage ratio in excess of 1.6 and weighted average subordinated collateral of 26%. The cumulative foreclosure rate would have to rise to 67% and commercial real estate values would have to fall more than 62% before principal is impaired. The historical annual delinquency rate is 1%.
- **Sub-prime asset-backed securities** (current holdings of \$137 million) are rated predominantly AAA, broadly diversified in over 175,000 loans with an average loan-to-value ratio of approximately 73% and an average FICO score of 623. With subordinated collateral of 33%, the cumulative 5-year foreclosure rate would have to rise to 75% and real estate values would have to fall more than 58% before principal is impaired. The comparable historical cumulative 5-year foreclosure rate is 27%. The ratings have been reaffirmed on substantially all of these securities.
- **Auto loan asset-backed securities** are rated predominantly AAA with a short duration of approximately 1.2 years and average subordinated collateral of 17%. Annual default rates would have to rise to 11 times their historic average of 1.5% before principal is impaired.

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.acelimited.com.

Cautionary Statement Regarding Forward-Looking Statements:

Any forward-looking statements made in this press release 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 its earnings guidance and statements regarding its investment portfolio, 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 and severity of catastrophic events, actual loss experience, uncertainties in the loss reserving and claims settlement process, new theories of liability, judicial, legislative, regulatory and other governmental developments, litigation tactics and developments, investigation developments, the amount and timing of reinsurance recoverables, credit developments among reinsurers, changes in the cost or availability of reinsurance, 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.

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