



ace group

INSURING PROGRESSSM

Acquisition of Combined Insurance Company of America

December 17, 2007

Safe Harbor Disclosure

- ⇒ Forward-looking statements, including references to expected synergies, savings, EPS accretion, returns on investment and financial forecasts (including pro forma forecasts), are being made in this presentation; actual results could differ materially from projected results
- ⇒ Factors that could cause actual results to differ materially include, but are not limited to:
 - If the acquisition of Combined were not to close, if Combined and its subsidiaries were to perform differently than currently expected, if management departed unexpectedly or if anticipated expense-related efficiencies are not realized
 - The competitive environment in which we operate, including pricing and policy trends
 - Global political conditions, the occurrence of terrorist attacks or the outbreak and effects of war
 - Developments in financial markets, including changes in interest rates, availability of credit or exchange rates
 - The actual amount of new and renewal business, market acceptance of our products and risks associated with new products
 - The occurrence of catastrophic events or other insured or reinsured events with a frequency or severity exceeding our estimates and actual loss experience
 - The amount and timing of reinsurance collections and credit developments among reinsurers
 - The uncertainties in the loss reserving and claims settlement process
 - Rating agency action
 - Economic, legal, tax, regulatory, litigation, judicial, legislative and governmental developments or uncertainties and the resulting effects
- ⇒ See our SEC filings and our latest earnings press release and financial supplement, which are available on our website, for more information on factors that could affect our forward looking statements



ace group

INSURING PROGRESSSM

Strategic Highlights

- **Strong Industrial Logic for an ACE Acquisition**
 - ACE has a longstanding presence in A&H and knows how to run this type of business
 - Deep understanding of Combined's products, distribution and territories
 - Right size – meaningful impact with limited integration risk
- **Attractive A&H Franchise**
 - Leading position in the US and select international markets
 - Unique and proven distribution model
 - Focused and experienced management team
- **Extends ACE's Existing A&H Business**
 - Essentially doubles the size of ACE's A&H business and adds balance
 - Diversifies distribution channels with addition of full-time career agents to existing direct marketing and brokerage operations
 - Enhances geographic footprint by adding a meaningful domestic presence to ACE's primarily international A&H operations
- **Considerable Growth for ACE and Efficiency-Related Savings**
 - Cost synergies to drive earnings growth immediately
 - Investing in early years for longer-term international growth; positive earnings impact in 2010
 - Leverage ACE's international presence and emerging markets experience to replicate model in new markets
 - Under ACE's ownership, Combined's annual premium growth projected to increase from historical mid-single digit levels to low double-digits
- **Attractive Transaction Economics**
 - Franchise value and a portion of cost savings alone more than justify purchase price
 - Other value generated from projected incremental growth of international segment and other efficiency-related savings will accrete solely to ACE shareholders



ace group

INSURING PROGRESSSM

Financial Highlights

⇒ Earnings Stability and Diversification

- ↘ Contribution from A&H and Life operations to increase from 17% to 22%
- ↘ Further reduction in ACE's earnings volatility

⇒ Meaningful Synergies

- ↘ Analysis of Combined led to pre-tax efficiency target of approximately \$95mm, fully phased-in by 2010
- ↘ Savings from overlapping functions and leveraging ACE's existing infrastructure

⇒ Immediately Attractive to ACE Financially

- ↘ Meaningfully accretive to EPS (4.7%) and ROE (+56 bps) in 2009
- ↘ Accretive to book value per share (0.7% by year-end 2009)
- ↘ Generates additional capital and dividend capacity
- ↘ Still maintains strong financial flexibility with minimal impact on leverage ratios (15.9% Debt / Tangible Capital projected for year-end 2008)

↘ Returns Exceed ACE's Cost of Equity Capital by 2010

- ↘ 2009 return on investment net of dividends of 10.2%; 20.8% in 2012; 15.2% average 2009-2012
- ↘ 2009 return on equity deployed net of dividends of 14.0%; 37.3% in 2012; 24.4% average 2009-2012

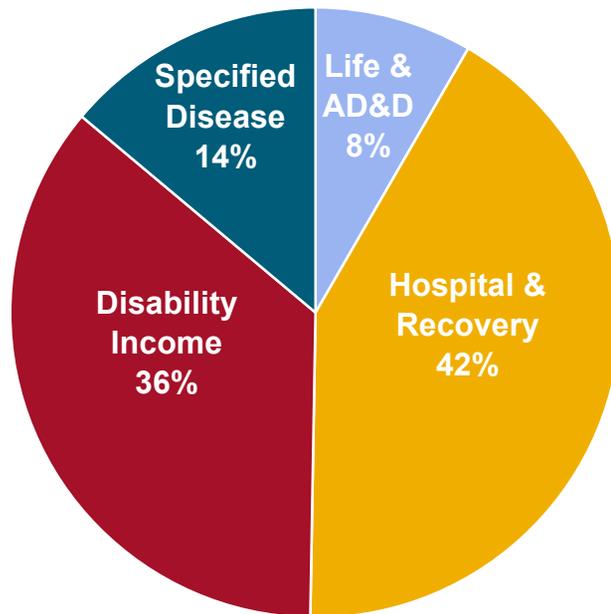


ace group

INSURING PROGRESSSM

Combined Overview

Product Breakdown



- Leading individual accident & supplemental health provider
- Majority of products are fixed payout
- Distributes products through nearly 7,000 full-time career agents
- Operates in US, Canada and 9 other international markets
 - International segment represents approximately 35% of premiums

LTM Net Premiums Earned: \$1.3 billion



ace group

Note: LTM represents twelve months ended 06/30/07.

INSURING PROGRESSSM

Combined Franchise Strengths

Powerful Distribution

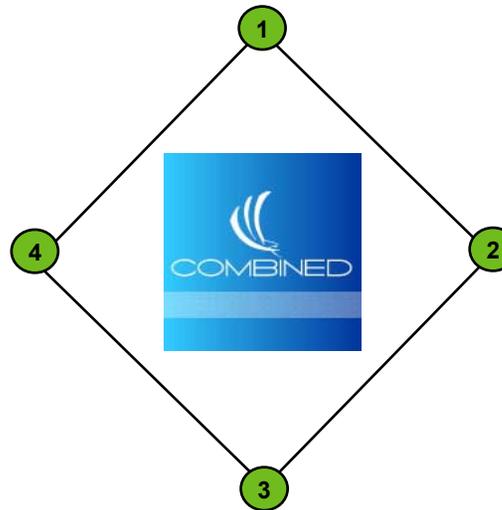
- ➔ Difficult to replicate
- ➔ Proven model for 85 years

International Growth Franchise

- ➔ Strong presence in UK, Ireland and Australia
- ➔ Successful entry into Portugal and Spain
- ➔ Attractive untapped geographies

Scale and Predictability of Earnings

- ➔ Attractive combined ratio with low volatility
- ➔ Steady cash flow
- ➔ Critical mass as a standalone business



Cross-Sell Potential

- ➔ 3mm policyholders in North America, 1mm International
- ➔ Attractive demographics with purchasing power



ace group

INSURING PROGRESSSM

Overview of Transaction Terms

Consideration / Financing	<ul style="list-style-type: none">⇒ \$2.4bn cash consideration<ul style="list-style-type: none">↘ \$1.65bn cash on hand↘ \$750mm senior unsecured notes⇒ No target debt assumed
Valuation	<ul style="list-style-type: none">⇒ Implied multiple of earnings of 14.6x and 12.8x for 2007E and 2008E, respectively<ul style="list-style-type: none">↘ 10.2x and 9.3x, respectively, including synergies⇒ 2.0x 12/31/07E GAAP book value, adjusted for \$325mm dividend to Aon
Structure	<ul style="list-style-type: none">⇒ Stock acquisition of Combined Insurance Company of America<ul style="list-style-type: none">↘ Sterling Life not included in transaction↘ 338(h)10 election (creates cash tax savings)
Brand Name / Products	<ul style="list-style-type: none">⇒ Maintain Combined's current brand strategy<ul style="list-style-type: none">↘ Export Combined's brand around the world↘ Broaden geographic reach through international expansion
Leadership	<ul style="list-style-type: none">⇒ Combined to remain as a unique sales organization and distinct franchise within ACE⇒ Combined management to stay in place
Timing	<ul style="list-style-type: none">⇒ 2Q08: Secure regulatory approvals, close transaction (estimated)

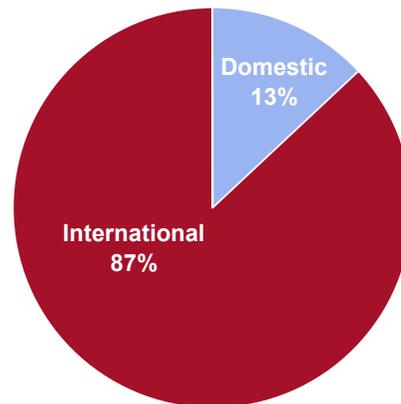
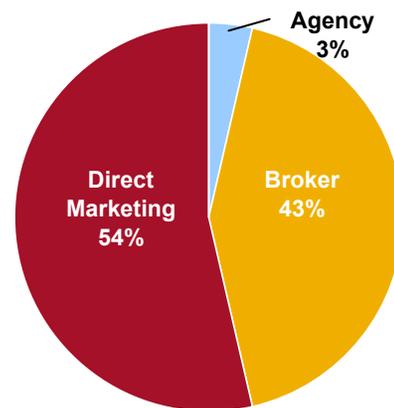


ace group

INSURING PROGRESSSM

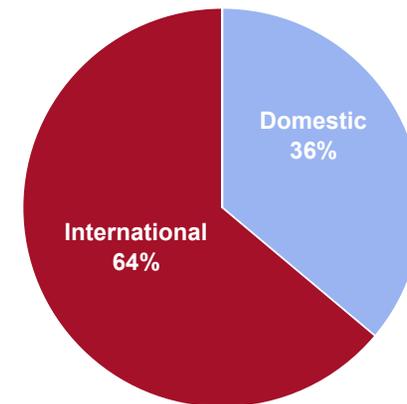
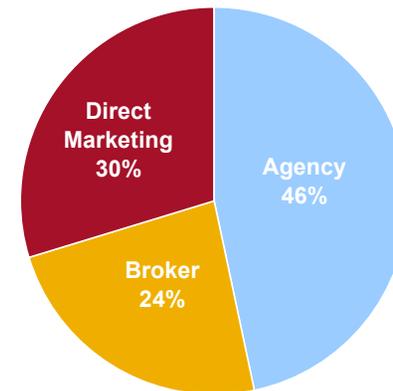
Extends ACE's Existing A&H Business

ACE Standalone



Total 2007E NPE = ~\$1.7bn

ACE Pro Forma



Total 2007E NPE = ~\$3.0bn

Distribution

Geography

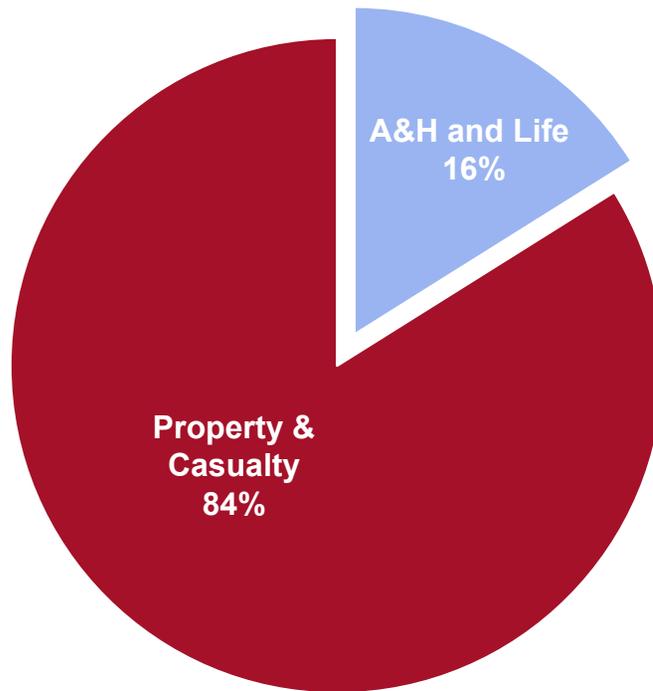


ace group

INSURING PROGRESSSM

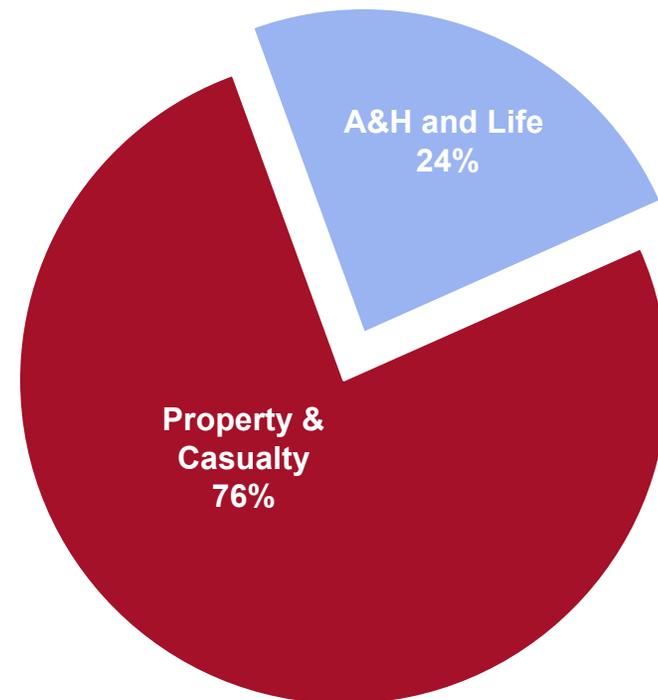
Increases ACE's Diversification Consolidated Premiums by Product

ACE Standalone



LTM Net Premiums Earned = \$12.2bn

ACE Pro Forma



LTM Net Premiums Earned = \$13.5bn

ACE's A&H and Life After-Tax Operating Earnings Contribution Increases From 17% to 22%



ace group

Note: LTM represents twelve months ended 06/30/07.

INSURING PROGRESSSM

Meaningful and Achievable Synergies

- ACE economies of scale: internal common support services to be provided more cost-effectively
- Leverage ACE's purchasing power with external service providers
- Utilize ACE's international support and back-office functions
- Employ efficient capital management that will result in modest tax benefits
- Cost synergies phase-in of 35% in 2008, 70% in 2009 and 100% by 2010

Total Run-Rate Synergies of \$95mm (15% of Combined's LTM Expense Base)



ace group

INSURING PROGRESSSM

Financially Attractive with Minimal Leverage

	2008E ¹	2009E	2009-2012 Average
Accretion / (Dilution)			
Diluted Earnings Per Share (IBES)	3.4%	4.7%	
Return on Equity	+ 48 bps	+ 56 bps	
Book Value Per Share	0.1% ²	0.7%	
Pro Forma			
Return on Investment (Net of Dividends) ³	8.2%	10.2%	15.2%
Return on Equity Deployed (Net of Dividends) ⁴	10.5%	14.0%	24.4%
Debt / Tangible Capital ⁵	15.9% ²	14.1%	
Goodwill / Equity	20.3% ²	18.0%	

Key Assumptions:

- ACE projections per IBES; Combined projections per ACE analysis
- Value of Business Acquired (VOBA) created equal to 150% of Combined's existing Deferred Acquisition Cost (DAC)
- Pre-tax opportunity cost of cash on hand assumed to be 5% (Bermuda portion nondeductible)
- 6.0% pre-tax cost of senior unsecured debt



ace group

INSURING PROGRESSSM

¹ Based on illustrative close of January 1, 2008. Projected EPS and ROE accretion for partial year of 1.7% and 24 bps, based on close at end of 2Q08.

² Shown projected for year-end 2008 based on close at end of 2Q08.

³ Return on Investment (Net of Dividends) is a non-GAAP financial measure and is defined as projected Combined earnings including synergies less amortization expense, divided by total purchase price net of estimated Combined dividend capacity. ACE does not believe that there is a directly comparable GAAP financial measure.

⁴ Return on Equity Deployed (Net of Dividends) is a non-GAAP financial measure and is defined as projected Combined earnings including synergies less amortization expense and external financing expense, divided by cash on hand used to fund acquisition net of estimated Combined dividend capacity. ACE does not believe that there is a directly comparable GAAP financial measure.

⁵ Current outstanding trust preferred and perpetual preferred securities considered hybrid debt and excluded from numerator.

Concluding Remarks

Immediate Strategic and Financial Benefits

- ✓ Strong Industrial Logic for an ACE Acquisition
- ✓ Attractive A&H Franchise
- ✓ Extends ACE's Existing A&H Business
- ✓ Considerable growth for ACE
- ✓ Earnings Stability and Diversification
- ✓ Meaningful Synergies
- ✓ Immediately Attractive to ACE Financially
- ✓ Returns Exceed ACE's Cost of Capital



ace group

INSURING PROGRESSSM