

ACE Limited Re-Domestication Questions & Answers

March 19, 2008

1. What are the reasons of the re-domestication?

When we were incorporated in the Cayman Islands in 1985, we were formed to be a monoline excess insurer providing coverage to our shareholders. Since then we have become a major global insurer. Switzerland has a reputation for being a stable and credible location, home to some of the world's largest and most respected financial and insurance companies. The Swiss legal and regulatory framework is well established and respected around the world. Switzerland has numerous commercial and tax treaties with countries around the world which will benefit ACE by creating greater certainty. Re-domestication in Switzerland also provides ACE with a holding company office presence in Europe, where more than 25% of the company's business originates.

2. How will the re-domestication affect your presence in Bermuda?

The re-domestication of the holding company from the Caymans will change our jurisdiction of incorporation. We will maintain ACE Limited executive offices in Bermuda, and we will maintain ACE Group Holdings executive offices in New York. We intend to continue our presence in Bermuda and don't contemplate moving positions from Bermuda to Zurich. Our new Zurich offices will have staffing appropriate to a Swiss-based holding company and to strategic oversight of the ACE Group. Furthermore, the re-domestication does not impact the operations of our Bermuda subsidiaries in any way.

3. What will your Swiss operations look like?

Besides Switzerland being our jurisdiction of incorporation and Swiss law governing our holding company, the holding company will maintain a physical presence in Zurich with financial and regulatory professionals appropriate for a holding company. We will be holding a certain number of board and management strategy meetings in Switzerland. In this connection, our senior executives will be present in Switzerland periodically during the year. In conjunction with the re-domestication, we will change our existing Zurich branch office into a regulated Swiss subsidiary, and we will create another Swiss subsidiary as a vehicle for reinsurance, which will offer considerable capital management flexibility.

4. Won't the re-domestication increase your expenses?

Based on our current plans and taking into account financial benefits of the move, we believe the incremental expenses of the re-domestication will be minimal.

5. Won't moving from a tax-free jurisdiction to a taxable jurisdiction affect ACE's results of operations?

We believe that the tax impact of the re-domestication will be minimal. As a result of the re-domestication, we do not anticipate our overall effective tax rate to change materially. Swiss taxation of holding companies is premised on a so-called "participation exemption," which generally eliminates tax at the holding company level on income earned by non-Swiss operating subsidiaries, as well as dividends paid to the holding company by non-Swiss operating subsidiaries. Switzerland enjoys relationships, via tax treaties and otherwise, with the United States and with the European Union.

6. Won't there be withholding tax on dividends paid on your common stock?

While there is withholding tax on dividends paid from retained earnings, there is no withholding tax on dividends paid from paid-in capital or as a reduction in par value. In connection with the re-domestication, we intend to increase the par value of our common equity sufficiently to be able to pay dividends without the need for withholding taxes for 15-20 years.

7. How will the re-domestication affect the trading of your stock?

Our shares will continue to be listed on the New York Stock Exchange under the same symbol. We will also continue our secondary listing on the Bermuda Stock Exchange. We do not intend to have our shares traded in the form of American Depositary Receipts, nor do we intend to list our shares on the Swiss exchange. We will continue to pay dividends in U.S. dollars. Our ordinary shares are currently a component of the Standard & Poor's 500 Index. S&P has considered ACE and a number of other "offshore registered companies" as domestic companies. We believe this re-domestication does not materially change our operations. However, we are informed that S&P will not make any determination on ACE's continued inclusion in the S&P 500 until after the re-domestication.

8. How will the re-domestication affect your financial reporting?

ACE will continue to prepare its financial statements in accordance with U.S. GAAP reporting and report in U.S. dollars. ACE will continue to file 10-Ks, 10-Qs and 8-Ks with the U.S. Securities and Exchange Commission as it did before. As part of the re-domestication, the par value of our shares will increase and our retained earnings will correspondingly decrease. However, our total shareholders' equity will not change. The holding company will also prepare its own financials under Swiss law.

9. What are the conditions to the re-domestication?

The re-domestication has been approved by the ACE Board of Directors and will be put to a vote of our shareholders at our annual general meeting later this year. Under Cayman Islands law, the re-domestication requires the affirmative vote of the holders of two-thirds of all of our outstanding shares. We expect to file a prospectus/proxy statement with the SEC in the near future which will describe the transaction and conditions in greater detail. We do not believe that any significant regulatory approvals will be required as the re-domestication does not involve a change of control of our company, just its jurisdiction of incorporation.

10. When will the re-domestication become effective?

We expect the re-domestication to become effective immediately upon receiving shareholder approval at our annual general meeting, which should take place in July.

11. What will the differences in shareholders' rights be?

The prospectus/proxy statement for our annual general meeting will describe in detail the rights of our shareholders under Swiss law and describe the difference between their current rights and their new rights. As a general matter, under Swiss law, many more decisions are reserved to shareholders than under Cayman Islands law. For example, shareholders have to approve all dividends.

12. Will shareholders have to exchange stock certificates?

Registered holders of our ordinary shares will not have to exchange their share certificates and their current certificates will represent common shares of the Swiss company.