



**ace limited**

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**News  
Release**

## **FOR IMMEDIATE RELEASE**

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### **ACE Limited Reports First Quarter Earnings**

HAMILTON, Bermuda – May 1, 2001 -- ACE Limited (NYSE: ACE) today reported income excluding net realized gains (losses) and the cumulative effect of adopting a new accounting standard (net of income tax) of \$164 million for the quarter ended March 31, 2001 compared with \$127 million for the same quarter in 2000. Earnings per share excluding net realized gains (losses) and the cumulative effect of adopting a new accounting standard (net of income tax), after deducting preferred dividends, was \$0.65 for the current quarter compared with \$0.58 for the same quarter last year. The fully diluted book value per share of the company at March 31, 2001 was \$23.82.

Brian Duperreault, chairman and chief executive officer of ACE Limited, commented: “This was an excellent quarter for ACE with gross premiums up 28 percent and net operating income up 29 percent. In addition it was the first time in quite a while that our results reflected the financial performance of the same business units in both periods. This highlights that the growth we achieved was organic as opposed to simply acquisition accretive.”

Mr. Duperreault added, “We continue to see the markets improve in nearly all geographic areas and across most product lines and, as a global entity, ACE is benefiting from the hardening market in each of our reporting segments.”

Gross premiums written during the March 31, 2001 quarter increased by 28 percent to \$2.6 billion, compared with \$2.0 billion for the comparable quarter in 2000.

Net premiums written during the March 31, 2001 quarter were \$1.7 billion compared with \$1.5 billion for the same period in 2000. Net premiums earned during the quarter were up 24 percent to \$1.4 billion from \$1.1 billion for the same quarter in 2000.

Net investment income, excluding net realized gains (losses) on investments, was \$204 million for the fiscal 2001 first quarter, compared with \$183 million for the same period last year. During the quarter, ACE had net realized losses on investments, net of income tax, of \$23 million, compared with net realized gains on investments of \$47 million for the same quarter in 2000.

During the quarter ended March 31, 2001, the Company adopted Financial Accounting Standard No. 133 "Accounting for Derivative Instruments and Hedging Activities". This adoption resulted in a one-time expense of \$23 million (net of income tax) on January 1, 2001, which has been recorded in the statement of operations.

The ACE Group of Companies provides insurance and reinsurance for a diverse group of clients. The ACE Group conducts its business on a global basis with operating subsidiaries in nearly 50 countries. Additional information can be found at: [www.acelimited.com](http://www.acelimited.com).

ACE Limited (NYSE: ACE) will host a live webcast of its first quarter earnings conference call on Tuesday, May 1, 2001, beginning at 9:30 a.m. EDT. The public may access the webcast, which is available on a listen-only basis, at [www.acelimited.com](http://www.acelimited.com). Please refer to our website under investor info, notices and events, for further log-in details. Individuals who access the webcast will be asked to identify themselves and their affiliation. A replay of the webcast will be available following the live webcast on Tuesday, May 1, 2001 until Friday, June 1, 2001, 11:30 a.m. EDT.

***Application of the Safe Harbor of the Private Securities Litigation Reform Act of 1995:***

*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, competition in the industry may impact rates, policy conditions and growth. ACE's forward-looking statements could be affected by the levels of new and renewal business achieved, market acceptance, market conditions affecting ACE's investments and financing plans and interest rates generally. Also, the frequency of unpredictable catastrophic events, actual loss experience, and economic, 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 could affect the forward-looking statements contained in this press release. 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.*

***(tables to follow)***

**ACE Limited**  
**Summary Consolidated Financial Data**  
(in thousands of U.S. dollars, except share and per share data)

	<b>Three Months Ended</b>	
	<b>March 31</b>	
	<u><b>2001</b></u>	<u><b>2000</b></u>
<b><i>Operations Data:</i></b>		
Gross premiums written	\$2,561,638	\$1,996,960
Net premiums written	1,735,118	1,457,022
Net premiums earned	1,369,116	1,104,806
Loss and loss expenses	951,946	715,483
Policy acquisition costs	166,690	150,642
Administrative expenses	<u>193,293</u>	<u>194,008</u>
Underwriting income	57,187	44,673
Net investment income	204,430	182,935
Amortization of goodwill	19,880	19,646
Interest expense	54,324	57,189
Income tax expense	<u>23,580</u>	<u>23,735</u>
Income excluding net realized gains (losses) and cumulative effect of adopting a new accounting standard	163,833	127,038
Net realized gains (losses) (net of income tax)	<u>(22,769)</u>	<u>47,475</u>
Income excluding cumulative effect	141,064	174,513
Cumulative effect of adopting a new accounting standard (net of income tax)	<u>(22,670)</u>	<u>-</u>
Net income	<u>\$ 118,394</u>	<u>\$ 174,513</u>
<b><i>Basic earnings per share*:</i></b>		
Earnings per share excluding net realized gains (losses) and cumulative effect of adopting a new accounting standard	\$0.68	\$0.59
Earnings per share excluding cumulative effect of adopting a new accounting standard	\$0.58	\$0.80
Earnings per share	\$0.48	\$0.80
Weighted average shares outstanding	232,473,310	216,882,344
<b><i>Diluted earnings per share*:</i></b>		
Earnings per share excluding net realized gains (losses) and cumulative effect of adopting a new accounting standard	\$0.65	\$0.58
Earnings per share excluding cumulative effect of adopting a new accounting standard	\$0.55	\$0.80
Earnings per share	\$0.46	\$0.80
Weighted average shares outstanding	243,066,966	218,986,271
<b>* Earnings per share calculations provided on page 11 of this release.</b>		

**ACE Limited**  
**Consolidated Supplementary Segment Information**  
(in millions of U.S. dollars)

	<b>Three Months Ended</b>	
	<b>March 31</b>	
	<u>2001</u>	<u>2000</u>
<b><u>Gross Premiums Written</u></b>		
ACE Bermuda	\$ 377	\$ 173
ACE Global Markets	302	320
ACE Global Reinsurance	166	105
ACE USA	943	739
ACE International	621	512
ACE Financial Services	<u>152</u>	<u>148</u>
Total	<u>\$2,561</u>	<u>\$1,997</u>
<b><u>Net Premiums Written</u></b>		
ACE Bermuda	\$ 359	\$ 138
ACE Global Markets	200	237
ACE Global Reinsurance	162	104
ACE USA	456	460
ACE International	412	376
ACE Financial Services	<u>146</u>	<u>142</u>
Total	<u>\$1,735</u>	<u>\$1,457</u>
<b><u>Net Premiums Earned</u></b>		
ACE Bermuda	\$ 269	\$ 83
ACE Global Markets	169	133
ACE Global Reinsurance	54	32
ACE USA	386	383
ACE International	364	343
ACE Financial Services	<u>127</u>	<u>131</u>
Total	<u>\$1,369</u>	<u>\$1,105</u>

**ACE Limited**  
**Summary Consolidated Financial Data**  
(in thousands of U.S. dollars, except share and per share data)

	March 31, 2001	December 31, 2000
<b>Balance Sheet Data:</b>		
<b>Assets</b>		
Fixed maturities available for sale, at fair value (amortized cost \$11,152,162 and \$10,640,937)	\$11,356,614	\$10,721,309
Equity securities, at fair value (cost \$489,492 and \$495,049)	459,881	532,046
Short-term investments, at fair value (amortized cost \$1,068,918 and \$1,369,784)	1,068,918	1,369,784
Other investments, at fair value (cost \$538,542 and \$518,130)	560,517	531,116
Cash	<u>683,072</u>	<u>608,069</u>
Total investments and cash	\$14,129,002	\$13,762,324
Insurance and reinsurance balances receivable	2,319,146	2,095,573
Accounts and notes receivable	333,087	388,996
Reinsurance recoverable	9,382,942	8,994,940
Deferred policy acquisition costs	621,060	572,757
Goodwill	2,827,039	2,846,709
Deferred tax assets	1,138,876	1,144,261
Other assets	<u>2,138,321</u>	<u>1,883,966</u>
Total assets	<u>\$32,889,473</u>	<u>\$31,689,526</u>
<b>Liabilities</b>		
Unpaid losses and loss expenses	\$17,945,386	\$17,388,394
Unearned premiums	3,604,637	3,035,288
Insurance and reinsurance balances payable	1,424,852	1,319,091
Contract holder deposit funds	122,809	139,056
Accounts payable, accrued expenses and other liabilities	1,302,928	1,412,699
Short-term debt	371,612	364,509
Long-term debt	1,424,383	1,424,228
Trust preferred securities	<u>875,000</u>	<u>875,000</u>
Total liabilities	<u>\$27,071,607</u>	<u>\$25,958,265</u>
<b>Commitments and contingencies</b>		
<b>Mezzanine equity</b>	\$ <u>311,050</u>	\$ <u>311,050</u>
<b>Shareholders' equity</b>		
Ordinary shares (\$0.041666667 par value, 300,000,000 shares authorized; 231,383,700 and 232,346,579 shares issued and outstanding)	\$ 9,641	\$ 9,681
Additional paid-in capital	2,624,351	2,637,085
Unearned stock grant compensation	(44,914)	(29,642)
Retained earnings	2,792,451	2,733,633
Accumulated other comprehensive income	<u>125,287</u>	<u>69,454</u>
Total shareholders' equity	\$ <u>5,506,816</u>	\$ <u>5,420,211</u>
Total liabilities, mezzanine equity and shareholders' equity	<u>\$32,889,473</u>	<u>\$31,689,526</u>

**ACE Limited**  
**Supplemental Information by Segment**  
**Three months ended March 31, 2001**  
(in thousands of U.S. dollars)

	<u>ACE Bermuda</u>	<u>ACE Global Markets</u>	<u>ACE Global Reinsurance</u>	<u>ACE USA</u>	<u>ACE Inter- national</u>	<u>ACE Financial Services</u>	<u>Other</u> <sup>(1)</sup>	<u>ACE Consolidated</u>
<b>Operations Data:</b>								
Gross premiums written	\$376,603	\$302,436	\$166,434	\$943,290	\$620,767	\$152,108	\$ -	\$2,561,638
Net premiums written	358,766	200,557	161,787	455,950	411,551	146,507	-	1,735,118
Net premiums earned	268,976	169,127	54,441	385,549	363,914	127,109	-	1,369,116
Losses and loss expenses	236,877	98,493	13,491	276,693	226,992	99,400	-	951,946
Policy acquisition costs	4,715	48,684	9,554	34,713	57,101	11,923	-	166,690
Administrative expenses	<u>8,695</u>	<u>16,562</u>	<u>5,003</u>	<u>70,115</u>	<u>64,423</u>	<u>9,463</u>	<u>19,032</u>	<u>193,293</u>
Underwriting income	18,689	5,388	26,393	4,028	15,398	6,323	(19,032)	57,187
Net investment income	39,653	9,174	15,833	90,010	22,121	24,518	3,121	204,430
Amortization of goodwill	(225)	926	3,503	135	-	1,051	14,490	19,880
Interest expense	-	794	-	9,281	-	3,371	40,878	54,324
Income tax expense (benefit)	<u>669</u>	<u>4,427</u>	<u>-</u>	<u>26,007</u>	<u>6,548</u>	<u>5,213</u>	<u>(19,284)</u>	<u>23,580</u>
Income (loss) excluding net realized gains (losses)	57,898	8,415	38,723	58,615	30,971	21,206	(51,995)	163,833
Net realized gains (losses) (net of income tax)	<u>(7,391)</u>	<u>2,190</u>	<u>(19,809)</u>	<u>(7,370)</u>	<u>5,367</u>	<u>4,244</u>	<u>-</u>	<u>(22,769)</u>
Net income excluding cumulative effect	50,507	10,605	18,914	51,245	36,338	25,450	(51,995)	141,064
Cumulative effect of adopting a new accounting standard (net of income tax)	<u>-</u>	<u>510</u>	<u>470</u>	<u>(50)</u>	<u>-</u>	<u>(23,600)</u>	<u>-</u>	<u>(22,670)</u>
Net income (loss)	<u>\$ 50,507</u>	<u>\$ 11,115</u>	<u>\$ 19,384</u>	<u>\$ 51,195</u>	<u>\$ 36,338</u>	<u>\$ 1,850</u>	<u>\$(51,995)</u>	<u>\$ 118,394</u>
Losses and loss expense ratio	88.1%	58.2%	24.8%	71.8%	62.4%	78.2%		69.5%
Policy acquisition cost ratio	1.8%	28.8%	17.5%	9.0%	15.7%	9.4%		12.2%
Administrative expense ratio	3.2%	9.8%	9.2%	18.2%	17.7%	7.4%		14.1%
Combined ratio	93.1%	96.8%	51.5%	99.0%	95.8%	95.0%		95.8%

<sup>(1)</sup> Includes ACE Limited, ACE INA Holdings and Intercompany eliminations.

**ACE Limited**  
**Supplemental Information by Segment**  
**Three months ended March 31, 2000**  
(in thousands of U.S. dollars)

	<u>ACE Bermuda</u>	<u>ACE Global Markets</u>	<u>ACE Global Reinsurance</u>	<u>ACE USA</u>	<u>ACE Inter- national</u>	<u>ACE Financial Services</u>	<u>Other <sup>(1)</sup></u>	<u>ACE Consolidated</u>
<b>Operations Data by Segment</b>								
Gross premiums written	\$173,079	\$319,918	\$104,866	\$738,895	\$512,600	\$147,602	\$ -	\$1,996,960
Net premiums written	138,048	237,191	103,477	459,998	376,160	142,148	-	1,457,022
Net premiums earned	82,485	133,008	32,196	382,814	343,292	131,011	-	1,104,806
Losses and loss expenses	58,904	72,184	9,798	277,205	198,520	98,872	-	715,483
Policy acquisition costs	3,085	36,560	5,950	34,436	56,180	14,431	-	150,642
Administrative expenses	<u>7,460</u>	<u>17,585</u>	<u>1,253</u>	<u>69,192</u>	<u>74,647</u>	<u>7,525</u>	<u>16,346</u>	<u>194,008</u>
Underwriting income	13,036	6,679	15,195	1,981	13,945	10,183	(16,346)	44,673
Net investment income	36,172	8,188	15,000	83,422	21,514	22,360	(3,721)	182,935
Amortization of goodwill	(208)	1,040	3,502	135	-	1,052	14,125	19,646
Interest expense	684	1,205	-	8,269	-	3,307	43,724	57,189
Income tax expense (benefit)	<u>627</u>	<u>2,855</u>	<u>-</u>	<u>23,192</u>	<u>6,503</u>	<u>6,333</u>	<u>(15,775)</u>	<u>23,735</u>
Income (loss) excluding net realized gains (losses)	48,105	9,767	26,693	53,807	28,956	21,851	(62,141)	127,038
Net realized gains (losses) (net of income tax)	<u>35,219</u>	<u>(774)</u>	<u>(2,120)</u>	<u>(4,398)</u>	<u>22,327</u>	<u>(1,052)</u>	<u>(1,727)</u>	<u>47,475</u>
Net income (loss)	\$ 83,324	\$ 8,993	\$ 24,573	\$ 49,409	\$ 51,283	\$ 20,799	\$(63,868)	\$ 174,513
Losses and loss expense ratio	71.5%	54.3%	30.4%	72.4%	57.8%	75.5%		64.8%
Policy acquisition cost ratio	3.7%	27.5%	18.5%	9.0%	16.4%	11.0%		13.6%
Administrative expense ratio	9.0%	13.2%	3.9%	18.1%	21.7%	5.7%		17.6%
Combined ratio	84.2%	95.0%	52.8%	99.5%	95.9%	92.2%		96.0%

<sup>(1)</sup> Includes ACE Limited, ACE INA Holdings and Intercompany eliminations.

**ACE Limited**  
**Supplementary Information**  
**March 31, 2001**  
(in millions of U.S. dollars)

	<u>Amount Outstanding at March 31, 2001</u>	<u>Coupon Rate</u>	<u>Interest Expense including Fees Three Months Ended March 31, 2001</u>
<b>Short-term Debt</b>			
ACE INA commercial paper	\$ 347	Floating	\$ 6
ACE Financial Services Note	<u>25</u>	Floating	<u>1</u>
	<u>\$ 372</u>		<u>\$ 7</u>
<b>Long-term Debt</b>			
ACE Financial Services Debentures due 2002	\$ 75	7.75%	\$ 1
ACE INA Notes due 2004	400	8.20%	8
ACE INA Notes due 2006	299	8.30%	6
ACE INA Debentures due 2029	100	8.875%	2
ACE US Senior Notes due 2008	250	6.47%	4
ACE INA Subordinated Notes due 2009	<u>300</u>	8.41%	<u>6</u>
	<u>\$1,424</u>		<u>\$27</u>
<b>Trust Preferred Securities</b>			
ACE INA Rhino Preferred Securities due 2002	\$ 400	Floating	\$ 7
ACE Financial Services Mandatorily Redeemable Preferred Securities due 2044	75	7.65%	1
ACE INA Trust Preferred Securities due 2029	100	8.875%	2
ACE INA Capital Securities due 2030	<u>300</u>	9.70%	<u>7</u>
	<u>\$ 875</u>		<u>\$17</u>
Other			<u>\$ 3</u>
			<u>\$54</u>
	<u>Amount Outstanding at March 31, 2001</u>	<u>Dividend Rate</u>	<u>Dividend Three Months Ended March 31, 2001</u>
<b>Mezzanine equity</b>	<u>\$ 311</u>	<u>8.25%</u>	<u>\$ 6</u>

**ACE Limited**  
**Consolidated Supplemental Information**  
(in millions of U.S. dollars)

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	<b>March 31, <u>2001</u></b>	<b>December 31, <u>2000</u></b>
<b>Reinsurance Recoverable</b>		
Reinsurance recoverable on paid losses and loss expenses	\$ 974	\$ 937
Reinsurance recoverable on unpaid losses and loss expenses	9,131	8,767
Provision for uncollectible balances	<u>(722)</u>	<u>(709)</u>
	<b><u>\$9,383</u></b>	<b><u>\$ 8,995</u></b>

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**Net Premiums Written by Type of Premium**

	<b><u>Property and Casualty</u></b>	<b><u>Life and Health</u></b>	<b><u>Financial Products</u></b>	<b><u>Total</u></b>
<b><u>Three months ended March 31, 2001</u></b>				
ACE Bermuda	\$ 35	\$ -	\$324	\$ 359
ACE Global Markets	198	2	-	200
ACE Global Reinsurance	161	1	-	162
ACE USA	392	-	64	456
ACE International	285	125	2	412
ACE Financial Services	<u>-</u>	<u>-</u>	146	<u>146</u>
<i>Total</i>	<b><u>\$1,071</u></b>	<b><u>\$128</u></b>	<b><u>\$536</u></b>	<b><u>\$1,735</u></b>

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**ACE Limited**  
**Consolidated Supplemental Information**  
**Computation of Basic and Diluted Earnings per Share**  
(in thousands of U.S. dollars, except share and per share data)

	<b>Three Months Ended</b>	
	<b>March 31</b>	
	<u><b>2001</b></u>	<u><b>2000</b></u>
<b><i>Numerator:</i></b>		
Income excluding net realized gains (losses) and cumulative effect of adopting a new accounting standard	\$ 163,833	\$ 127,038
Feline PRIDES dividend	<u>(6,348)</u>	<u>-</u>
Income available to the holders of ordinary shares, excluding net realized gains (losses) and cumulative effect of adopting a new accounting standard	157,485	127,038
Net realized gains (losses) (net of income tax)	<u>(22,769)</u>	<u>47,475</u>
Net income available to the holders of ordinary shares excluding cumulative effect	\$ <u>134,716</u>	\$ <u>174,513</u>
Cumulative effect of adopting a new accounting standard (net of income tax)	<u>(22,670)</u>	<u>-</u>
Net income available to the holders of ordinary shares	\$ <u>112,046</u>	\$ <u>174,513</u>
<b><i>Denominator:</i></b>		
Denominator for basic earnings per share:		
Weighted average shares outstanding	232,473,310	216,882,344
Dilutive effect of Feline PRIDES	3,396,241	-
Effect of other dilutive securities	<u>7,197,415</u>	<u>2,103,927</u>
Denominator for diluted earnings per share:		
Adjusted weighted average shares outstanding and assumed conversions	<u>243,066,966</u>	<u>218,986,271</u>
<b><i>Basic earnings per share:</i></b>		
Earnings per share excluding net realized gains (losses) and cumulative effect of adopting a new accounting standard	\$0.68	\$0.59
Earnings per share excluding cumulative effect of adopting a new accounting standard	\$0.58	\$0.80
Earnings per share	\$0.48	\$0.80
<b><i>Diluted earnings per share:</i></b>		
Earnings per share excluding net realized gains (losses) and cumulative effect of adopting a new accounting standard	\$0.65	\$0.58
Earnings per share excluding cumulative effect of adopting a new accounting standard	\$0.55	\$0.80
Earnings per share	\$0.46	\$0.80

## **ACE Corporate Announcements - First Quarter, 2001**

### ***March 19, 2001 – ACE USA Names Taylor Atkins as Senior Vice President, Operations***

ACE USA announced the appointment of Taylor Atkins as Senior Vice President, Operations Based in Philadelphia, Atkins will focus on several key areas, including working with our business units in spearheading process and workflow reengineering; implementing new workflows and changes as we implement our IT replacement strategy; developing plans to improve efficiencies in all units; identifying areas to reduce costs; and completing the processing and servicing initiatives now underway.

### ***March 16, 2001 – Sovereign Risk Announces Signing of Reinsurance Contract with the Inter-American Development Bank***

Sovereign Risk announced the signing by Sovereign and the Inter-American Development Bank (IDB) of the first contract providing reinsurance for a private sector guarantee issued by IDB. Sovereign's US\$50 million reinsurance policy supports the IDB's first private sector convertibility/transferability guarantee for Brazil, issued for a US\$100 million loan to VBC Energia S.A. (VBC).

### ***March 5, 2001 – ACE USA's INAMAR Marine Facilities Group Expands Nationwide Package Coverages for Yacht Clubs, Marinas, Boat Dealers and Builders***

INAMAR Marine Facilities Group (MFG) announced an expansion of its marine specialty policies to include a wide array of combined marine and non-marine coverages. The INAMAR MFG package is offered for a variety of marine-related businesses, events and facilities including yacht clubs, marinas, boat dealers, boat builders and more. INAMAR is the marine insurance products and services arm of ACE USA.

### ***February 9, 2001 – Lawrence Owen, U.S. Consul General to Bermuda, Will Join ACE INA in Key External Affairs Post***

ACE INA Holdings, Inc. announced the appointment of Lawrence Owen, U.S. Consul General to Bermuda, to a new post as Senior Vice President for External Affairs. Mr. Owen served as U.S. Consul General to Bermuda since his appointment by President Bill Clinton in 1999.

### ***January 12, 2001 – ACE USA Names David Lupica to Managing Director for ACE USA Professional Risk***

ACE USA announced the appointment of David Lupica to Managing Director. Based in New York City, he will have responsibility for underwriting and production for the Errors & Omissions and Directors & Officers product lines.

### ***January 5, 2001 – ACE USA Names John Lupica to Executive Vice President for ACE USA Professional Risk***

ACE USA announced the appointment of John Lupica to Executive Vice President of Professional Risk Division. Based in New York City, he will have responsibility for the overall operational aspects of the division, specializing in Professional, Management Liability, Surety and related products.

### ***January 4, 2001 – ACE USA's INAMAR Marine Launches Interactive Website***

INAMAR announced the launch of [www.INAMARmarine.com](http://www.INAMARmarine.com), its interactive web site for customers, agents and brokers. The new site showcases the products and services of the five INAMAR units: Recreational Marine, Ocean Marine, Marine Claims & Recovery Services, Marine Advisory Services and Marine Marketing Specialists.

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