



# Aspen Insurance Holdings Ltd. (AHL:NYSE)

Julian Cusack, Chief Financial Officer  
KBW Insurance Conference  
September 7, 2005

# Forward Looking Statements



*This presentation contains, and the Company may from time to time make, written or oral "forward-looking statements" within the meaning of the U.S. federal securities laws. All forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties and other factors, many of which are outside the Company's control that could cause actual results to differ materially from such statements. Important events that could cause the actual results to differ include, but are not necessarily limited to: our dependence on principal employees; the cyclical nature of the reinsurance business; the levels of new and renewal business achieved; the possibility of greater frequency, severe or unanticipated losses from natural or man-made catastrophes, including losses from developing windstorms; the impact of terrorist activities and acts of war and related legislations; the effectiveness of our loss limitation methods; our reliance on brokers; the impact of currency exchange rates and interest rates on our investment results; changes in the availability, cost or quality of reinsurance or retrocessional coverage; a decline in the operating subsidiaries ratings with Standard & Poor's, A.M. Best or Moody's; changes in general economic conditions; increased competition on the basis of pricing, capacity, coverage terms or other factors; decrease in demand for the Company's insurance or reinsurance products and cyclical downturn of the industry; changes in governmental regulations or tax laws in the jurisdictions where the Company conducts its business; and changes in rating agency policies and practices. In addition, due in part to these assumptions and factors, any projections of growth in our gross written premium, net earned premium, revenues or other similar financial information would not necessarily result in commensurate levels of underwriting and operating profits. The Company's forward-looking statements concerning market observations could be affected by changes in demand, pricing and policy terms and competition. For a more detailed description of these uncertainties and other factors, please see the "Risk Factors" section in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 filed with the Securities and Exchange Commission. 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. 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 contents of this presentation were finalized before Hurricane Katrina made landfall on the Gulf Coast and do not reflect any impact of the Hurricane on Aspen or the insurance market.*

## Agenda

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- Business Overview and Strategy
- Financial Performance
- Capital Structure



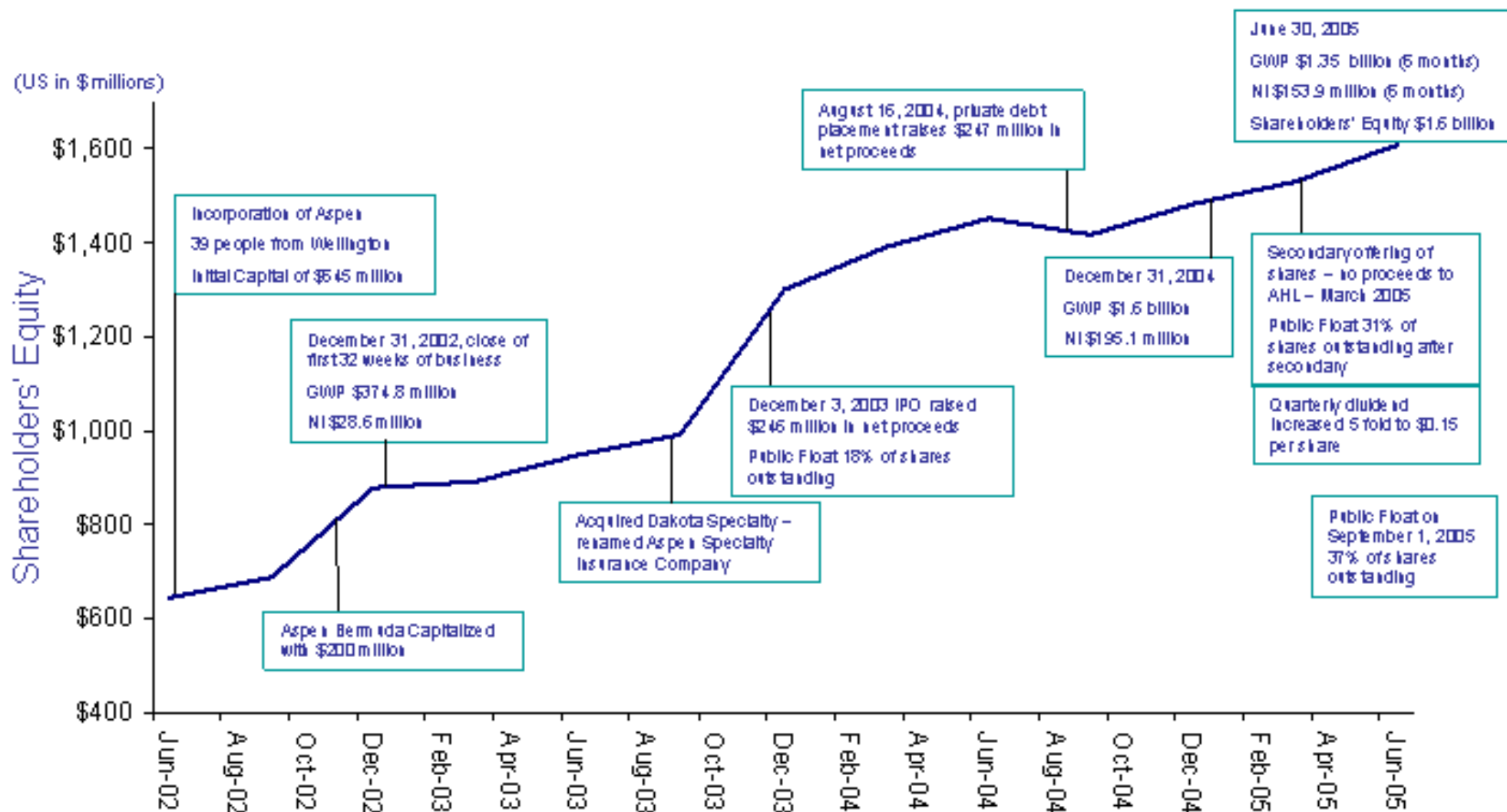
# Business Overview and Strategy

## Profile

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- Specialty P&C reinsurer & insurer
- Domiciled in Bermuda
- London origins
- Shareholders' Equity of US\$1.6 billion\*
- Operations in Bermuda, UK and the USA
- 2004 GWP of US\$1.6 billion; 6 months 2005 GWP of US\$1.4 billion
- 322 employees worldwide\*
- NYSE Listed: 'AHL'

# Milestones



**Capital growth from earnings and capital raising**

## Accomplishments

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- Established diversified underwriting and operating platform
  - U.K., Bermuda and U.S.
  - Reinsurance, insurance and specialty
- Delivered excellent financial performance
  - Annualized ROE of 20%, 14% and 16% in 2005\*, 2004 and 2003, respectively
  - Achieved 15% CAGR in book value per share since December 2003 IPO
- Expanded selectively into profitable growth areas
  - Marine & energy
  - Aviation
- Increased presence of property reinsurance in Bermuda
  - Economic benefits
  - Enhanced distribution opportunities

**Business platform built out and significant growth achieved**

## Four Product Groups

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- Property Reinsurance
  - Cat, Risk, Pro-Rata, Retrocession
- Casualty Reinsurance
  - International Casualty, US Casualty
- Specialty Lines
  - Aviation, Energy, Hull, Liability, Specialty reinsurance
- Property and Casualty Insurance
  - UK Primary, US E&S, Worldwide property

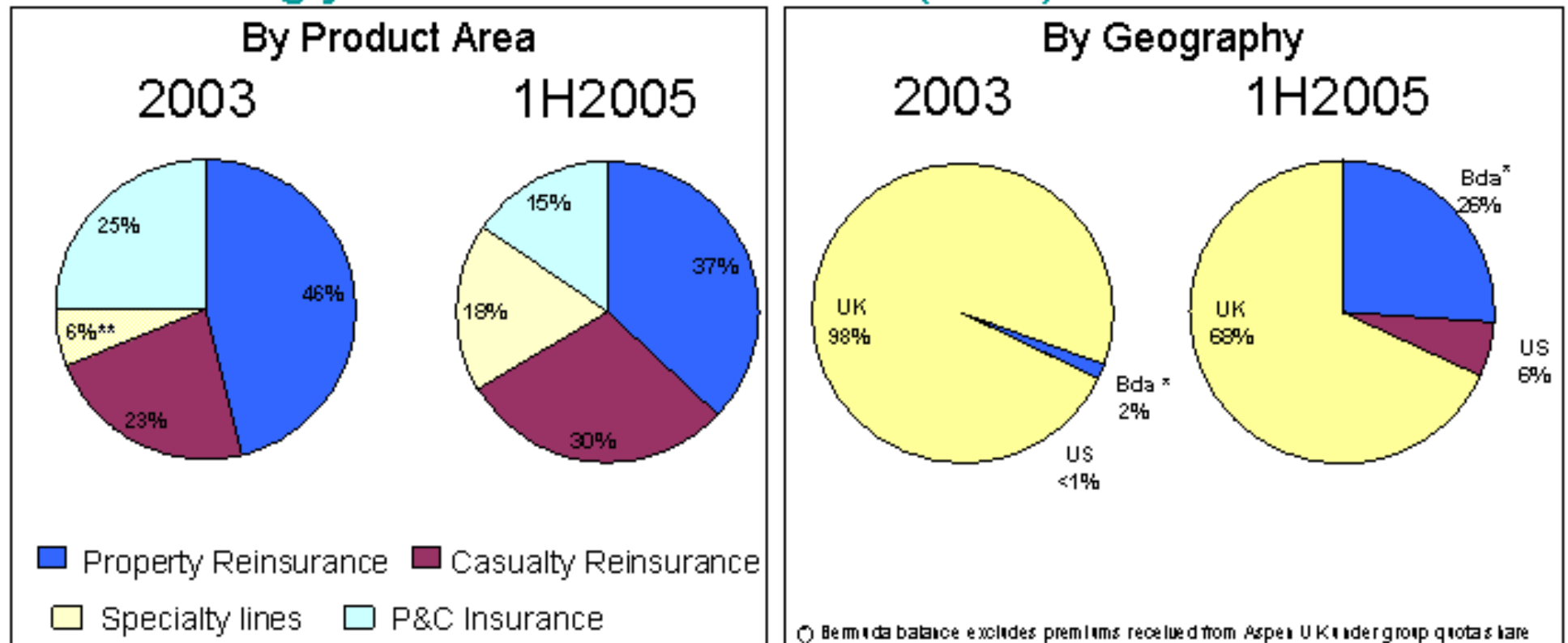


**Proven track record in lines we understand**



# Business Mix

## Increasingly diverse book of business (GWP)



**Flexibility to allocate capital to maximize opportunity**

\*\* 2003 Specialty lines excludes QOS of Wellington Syndicate 2020

## Selective Expansion into Specialty Lines

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- **Marine & Energy Team**

- Joined in 4Q04
- Strong team with excellent track record
- Initial focus on liability and marine hull
- Opportunity to write significantly more business than originally planned in energy physical damage post Hurricane Ivan

- **Aviation Team**

- Joined in 1Q05
- Highly successful team with demonstrable background
- Excludes large US trunk carriers, the larger Japanese carriers, and critical product manufacturers
- Focus on smaller international fleets with good track records, startup carriers, airports and non-critical products manufacturers



**A key growth driver in 2005**

# Business Outlook


	Overall		London	Bermuda	U.S.
Property Reinsurance	C	• Cat	C	E	
		• Risk	C	E	E
		• Pro Rata	C	E	E
		• Retrocession		C	
Casualty Reinsurance	S	• International Casualty	S		
		• U.S. Casualty	E		S
Insurance	E	• Commercial Insurance			
		– U.K. Primary	C		
		– U.S. E&S			E
Specialty Ins & Reins	E	• Marine	E		
		• Aviation	E		
		• Energy	E		

	Expand
	Steady
	Contract

# Proactive Approach to Cycle Management

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- **Mission is to enhance shareholder value across the cycle**
- **Key components:**
  - Underwriting excellence
  - Optimizing business mix
  - Comprehensive risk control framework
  - Reinsurance / retrocession purchasing
  - Capital management
  - Expense control
  - Improving investment contribution



**We continue to manage all aspects of our business  
to maximize return on equity**

# Return on Capital (ROC)

	2004	1H05*	
<b>Underwriting contribution to ROC</b>			
Combined ratio	83.4%	78.8%	
Underwriting margin	16.6%	21.2%	
X			
NPE / average total capital	0.83x	0.86x	
<b>Pre-tax underwriting contribution to ROC</b>	<b>13.7%</b>	<b>18.3%</b>	
<b>Investment Income contribution to ROC</b>			
Invested assets / average total capital	1.6x	1.8x	<b>Investment Leverage</b>
X			Extending Portfolio Duration
Investment yield	2.8%	3.5%	<b>Rising Interest Rates</b>
<b>Pre-tax investment contribution to ROC</b>	<b>4.6%</b>	<b>6.2%</b>	
Other expenses / average equity	(0.3%)	(0.5%)	
<b>ROC before interest and taxes</b>	<b>18.0%</b>	<b>24.0%</b>	

(\*) Indicative figures based on 1<sup>st</sup> half 2005 results annualized

**Positive trends in key drivers of ROC**

# Return on Average Equity (ROAE)

	2004	1H05*	
<b>ROC before Interest &amp; taxes</b>	<b>18.0%</b>	<b>24.0%</b>	
Average debt to total capital ratio	6.3%	13.9%	Financial Leverage
<b>Effect of leverage on shareholder returns</b>	<b>1.2%</b>	<b>3.9%</b>	
<b>Interest expense effect on ROAE</b>	<b>(0.5%)</b>	<b>(1.0%)</b>	
<b>Net effect of financial leverage</b>	<b>0.7%</b>	<b>2.9%</b>	
<b>Pre-tax operating Income ROAE</b>	<b>18.7%</b>	<b>26.9%</b>	
Effective tax rate	26.4%	22.3%	Lower Tax Rate
<b>Tax effect on ROAE</b>	<b>(4.9%)</b>	<b>(6.0%)</b>	
<b>Operating Income ROAE</b>	<b>13.8%</b>	<b>20.9%</b>	

(\*) Indicative figures based on 1st half 2005 results annualized

**Positive trends in key drivers of ROE**



# Financial Performance

# Strong Financial Performance

## Aspen Insurance Holdings Limited



(US\$ in millions)

	2002 <sup>(1)</sup>	2003	2004	1H05
Gross Premiums Written	\$375	\$1,307	\$1,586	\$1,354
Net Premiums Written	313	1,093	1,357	1,119
Net Premiums Earned	120	812	1,233	774
Underwriting Profit	14	178	204	164
Net Investment Income	9	30	68	53
<b>Net Income</b>	<b>29</b>	<b>152</b>	<b>195</b>	<b>154</b>
<b>GAAP Ratios:</b>				
Loss Ratio	64%	53%	59%	52%
Expense Ratio	25	25	25	27
Combined Ratio	89%	78%	84%	79%
ROAE	6%	16%	14%	20%*

(1) Results from inception on June 22, 2002 through December 31, 2002.

(\*) Annualized



## Property Reinsurance

	2004	2004	2004	2004	2004	2005	2005
US\$ Millions	Q1	Q2	Q3	Q4	Yr	Q1	Q2
Gross written premium	284	195	140	31	650	305	194
Net written premium	190	184	101	25	500	185	162
Net earned premium	123	133	106	108	470	147	137
Losses and loss expenses	(17)	(27)	(172)	(47)	(263)	(61)	(30)
Expenses*	(37)	(46)	(30)	(29)	(142)	(47)	(43)
Underwriting result	69	60	(96)	32	65	39	64
Loss ratio	14%	20%	162%	43%	56%	41%	22%
Expense ratio	30%	35%	28%	27%	30%	32%	31%
Combined ratio	44%	55%	191%	70%	86%	73%	53%

(\*) Includes policy acquisition, operating and administration expenses

- Rates down c.3% in 2005 H1\*\*
- Q3 2004 loss ratio impacted by Florida hurricanes and Typhoon Songda
- Volatile loss ratio driven by incidence of large cat and risk losses

(\*\*) premium weighted average based on Aspen renewal business

## Casualty Reinsurance

<b>US\$ Millions</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2005</b>	<b>2005</b>
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Yr</b>	<b>Q1</b>	<b>Q2</b>
Gross written premium	236	74	83	54	447	273	129
Net written premium	226	74	82	53	435	260	124
Net earned premium	74	86	88	105	353	106	123
Losses and loss expenses	(50)	(59)	(64)	(79)	(252)	(76)	(89)
Expenses*	(16)	(19)	(16)	(20)	(71)	(22)	(30)
Underwriting result	8	8	8	6	30	8	4
Loss ratio	67%	69%	73%	75%	71%	71%	73%
Expense ratio	22%	22%	18%	19%	20%	21%	24%
Combined ratio	89%	91%	91%	94%	91%	92%	97%

(\*) Includes policy acquisition, operating and administration expenses

- **Rates up c.3% in 2005 H1\*\***
- **Upward trend in combined ratio reflects increasing contribution from US with higher acquisition costs and loss ratio**
- **Total casualty reinsurance reserves at June 30, 2005 reached \$435m (43% of total net reserves)**

(\*\*) premium weighted average based on Aspen renewal business

## Specialty Lines

	2004	2004	2004	2004	2004	2005	2005
US\$ Millions	Q1	Q2	Q3	Q4	Yr	Q1	Q2
Gross written premium	39	23	20	43	125	149	95
Net written premium	38	24	17	30	109	136	86
Net earned premium	33	31	27	23	114	46	60
Losses and loss expenses	(15)	(12)	(20)	1	(46)	(21)	(32)
Expenses*	(5)	(7)	(5)	(5)	(22)	(11)	(15)
Underwriting result	13	12	2	19	46	14	13
Loss ratio	46%	39%	74%	-2%	40%	46%	53%
Expense ratio	15%	22%	19%	21%	19%	24%	24%
Combined ratio	61%	61%	93%	19%	59%	70%	77%

(\*) Includes policy acquisition, operating and administration expenses

- **Terms and conditions holding firm; marine rates rising c.5% in H1 2005**
- **Mainly reinsurance lines in 2004, more insurance in 2005**
- **2005 Q1 includes significant contribution from new marine team**
- **Q3 and Q4 2004 affected by hurricane losses and reinsurance recovery allocation to those losses**

## Property and Casualty Insurance

<b>US\$ Millions</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2004</b>	<b>2005</b>	<b>2005</b>
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Yr</b>	<b>Q1</b>	<b>Q2</b>
Gross written premium	81	88	107	88	364	77	132
Net written premium	55	82	96	81	314	51	114
Net earned premium	76	77	72	71	296	80	75
Losses and loss expenses	(42)	(42)	(47)	(32)	(163)	(49)	(45)
Expenses*	(19)	(19)	(16)	(16)	(70)	(20)	(20)
Underwriting result	15	16	9	23	63	11	11
Loss ratio	55%	54%	63%	45%	55%	61%	60%
Expense ratio	25%	25%	22%	22%	23%	25%	26%
Combined ratio	80%	79%	85%	67%	78%	86%	86%

(\*) Includes policy acquisition, operating and administration expenses

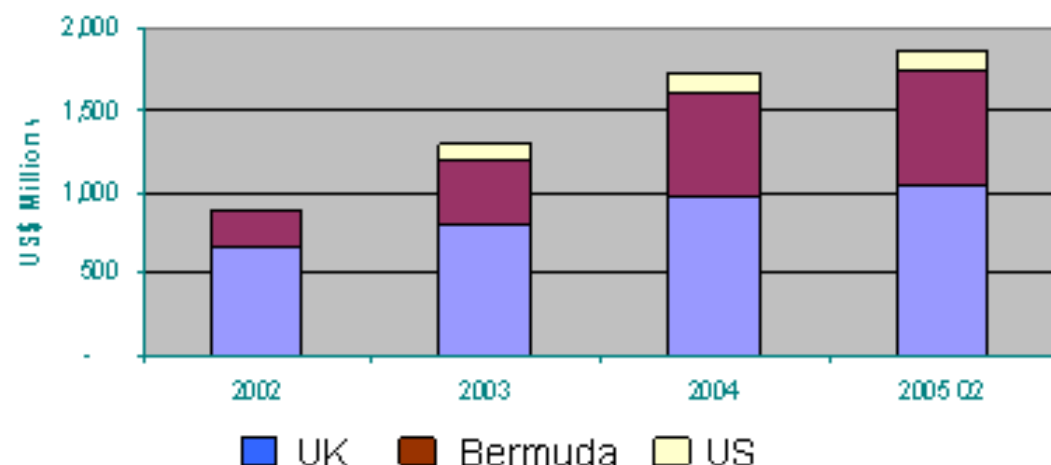
- **Terms and conditions holding firm; UK rates falling**
- **Q1 2004 mainly UK with US coming on stream during 2004**



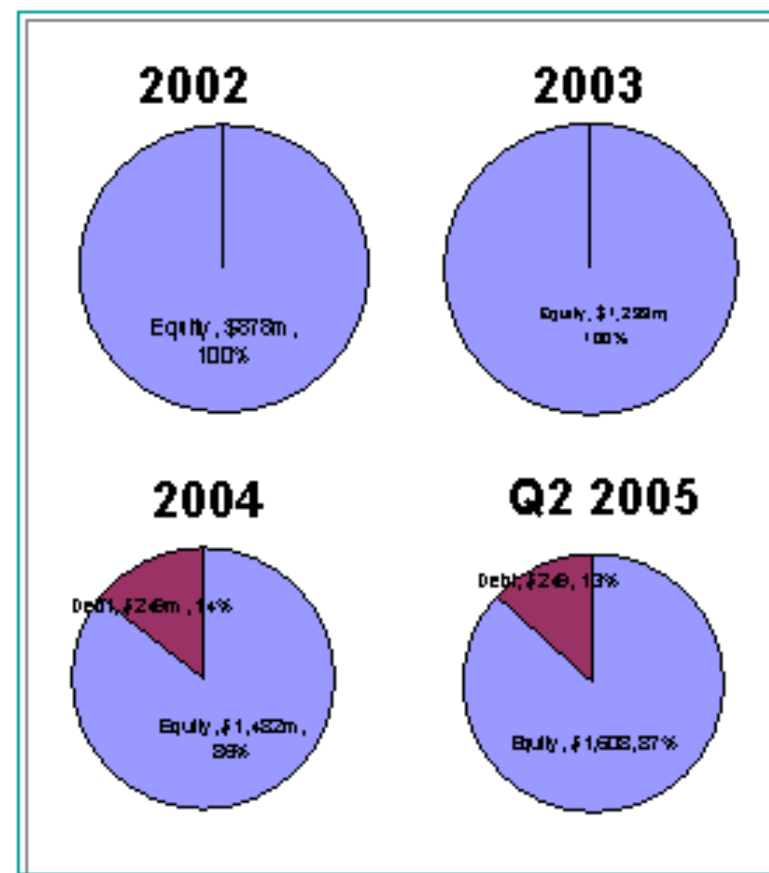
# Capital Structure

# Capital Structure

## Total capital

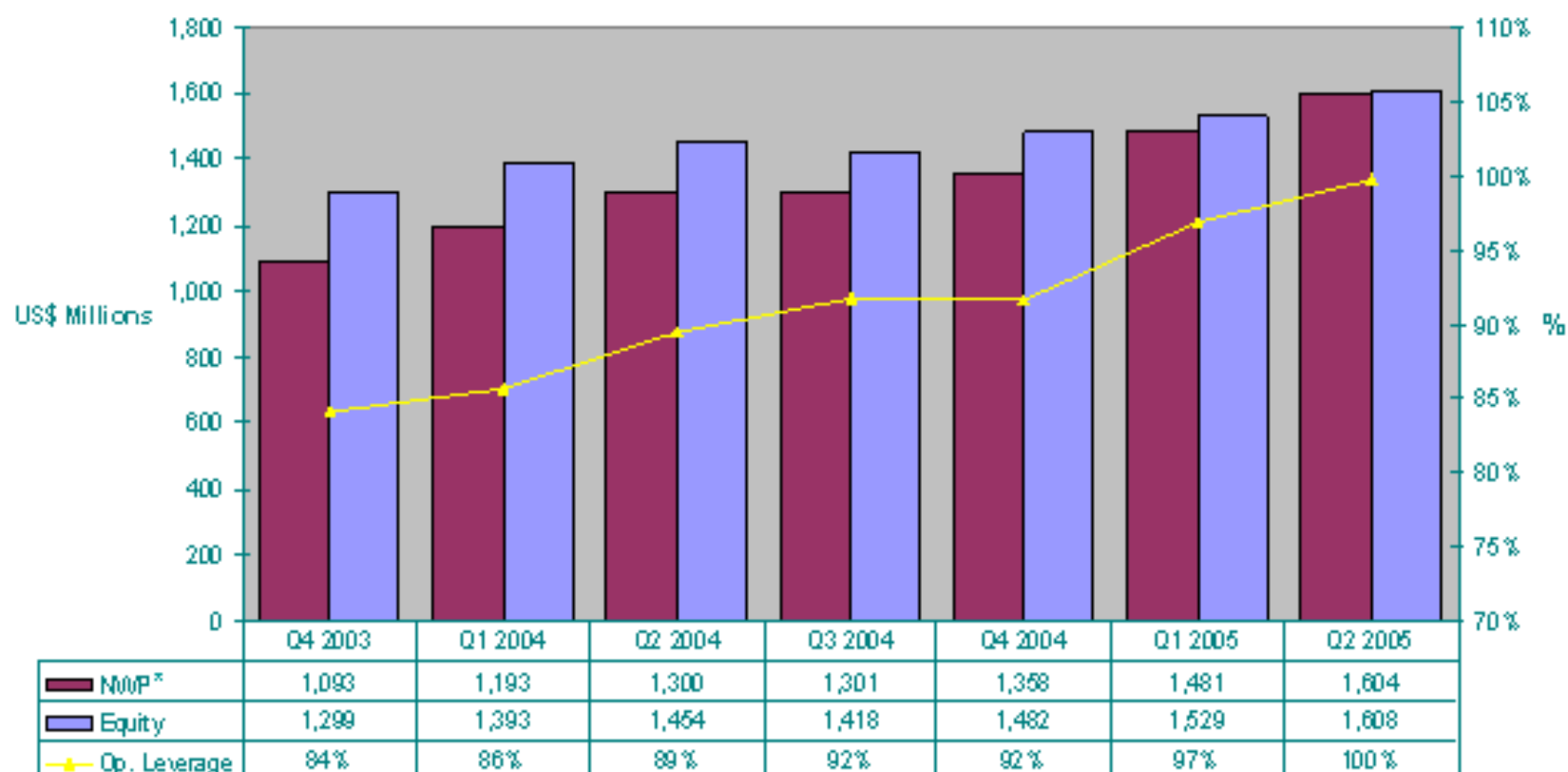


US\$ Millions	2002	2003	2004	2005 Q2
AIUK	659	806	959	1,032
AIL	219	382	658	707
ASIC	-	111	114	118
<b>Total</b>	<b>878</b>	<b>1,299</b>	<b>1,731</b>	<b>1,857</b>



**Conservative financial leverage**

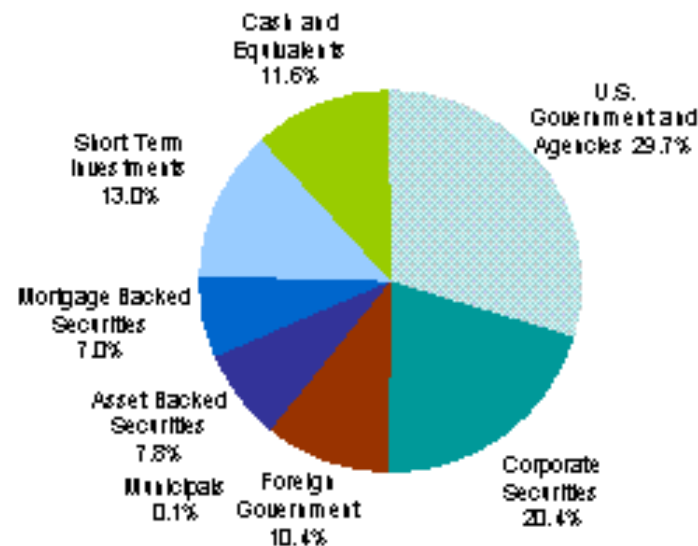
# Operating Leverage



**Alignment of capital and premium growth**

# Investment Strategy

## Invested Assets by Type - 6/30/05



**Invested Assets = US\$3.3 billion**

Average Credit Quality	AAA
Average Income Yield	3.7%

- Fixed income securities with high credit quality
- Average duration of our portfolio ex-short term investments is 2.44 years
- We are systematically increasing duration to 3.25 years by the end of 2005

**Conservative asset allocation**



## Founder shareholders and public float

Founder Shareholders	Shares Currently Held	% of Shares Outstanding
The Blackstone Group	15,663,064	22.6%
Wellington Underwriting plc	9,800,412	14.1
CSFB Private Equity	6,091,287	8.8
Candover Investments plc	6,074,493	8.8
3i Group plc	2,610,551	3.8
Others	3,807,854	5.5
<b>Total Founder Ownership</b>	<b>44,047,661</b>	<b>63.5%</b>
<b>Public Float</b>	<b>25,282,270</b>	<b>36.5%</b>
Shares Outstanding (6/30/05)	69,329,931	

## Summary

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- Established in all major insurance and reinsurance markets
- Diversification and growth of business – underwriting income and returns on capital
- **Strong historical financial performance**
  - Solid underwriting fundamentals
  - Increasing contribution from investment income
- **Management and underwriting teams experienced at managing through cycles**
- **Efficient capital utilization**
- **Increased public float and trading volumes**



**Aspen presents a timely investment opportunity**



Aspen Insurance Holdings Ltd.  
(AHL:NYSE)