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**ASPEN INSURANCE HOLDINGS LIMITED REPORTS
FOURTH QUARTER NET PROFIT OF \$30.3 MILLION**

- **GAAP underwriting profits for all segments, other than the property reinsurance segment, were solid in the fourth quarter and in 2005**
- **Net investment income grew 78% to \$121 million in 2005**
- **\$790 million of new capital provides underwriting flexibility and security in 2006**

HAMILTON, BERMUDA, February 16, 2006 — Aspen Insurance Holdings Limited (NYSE: AHL;BSX:AHL BH) today reported a net profit of \$30.3 million, or \$0.31 per diluted ordinary share, for the three months ended December 31, 2005 and a net loss of \$(177.8) million, or \$(2.40) per diluted ordinary share for the twelve months ended December 31, 2005.

Gross written premiums were \$245.0 million for the fourth quarter 2005 and \$2,092.5 million for the twelve months ended December 31, 2005.

Net investment income was \$39.3 million for the fourth quarter 2005 and \$121.3 million for the twelve months ended December 31, 2005.

Chris O’Kane, chief executive officer, said, “Our results for 2005 are clearly very disappointing and do not meet our expectations. The insurance industry, including Aspen, has a great deal to learn from the hurricanes of 2004 and 2005 and I am confident that Aspen is in the vanguard of putting these new insights to work. We have benefited in the past from our diversified underwriting strategy and 2006 will see greater diversification of our portfolio as we redeploy our capital in favor of the best underwriting opportunities.”

Shareholders' equity increased from \$1,481.5 million at December 31, 2004 to \$2,039.8 million at December 31, 2005.

During the quarter the company raised \$597 million through issuance of common equity and a further \$194 million through the issuance of Perpetual Preferred Income Equity Replacement Securities. Of the proceeds raised, \$560 million was downstreamed to Aspen Insurance Limited and \$15 million to Aspen Specialty Insurance Company prior to the year end and \$150 million is being downstreamed to Aspen Insurance UK Limited in 2006.

Earnings conference call

Aspen will hold a conference call tomorrow, February 17, 2006 at 8:30 a.m. (ET) to discuss its 2005 fourth quarter and year-end financial results. Investors may participate in the live conference call by dialing 800-473-6123 (toll-free domestic U.S.) or 973-582-2706 (international); conference ID: 6903649. Please call to register at least 10 minutes before the conference call begins. A replay of the call will be available for 10 days via telephone starting approximately two hours following the live call on February 17, 2006, and can be accessed at 877-519-4471 (toll-free domestic U.S.) or 973-341-3080 (international); digital pin: 6903649. The live call and a replay can also be heard via Aspen's website at www.aspen.bm.

In addition, a financial supplement relating to the Company's financial results for the fourth quarter 2005 and twelve months ended December 31, 2005 is available in the Investor Relations section of the Company's website at www.aspen.bm.

About Aspen Insurance Holdings Limited

Aspen Insurance Holdings Limited was established in June 2002. Aspen is a Bermudian holding company that provides property and casualty reinsurance in the global market, property and liability insurance principally in the United Kingdom and the United States and marine and aviation insurance and reinsurance worldwide through Aspen Insurance UK Limited. Aspen's operations are conducted through its wholly-owned subsidiaries located in London, Bermuda and the United States: Aspen Insurance UK Limited, Aspen Insurance Limited and Aspen Specialty Insurance Company. Aspen has four operating segments: property reinsurance, casualty reinsurance, specialty insurance and reinsurance and property and casualty insurance. Aspen's principal existing shareholders include The Blackstone Group, Candover Partners Limited, Wellington Investment Holdings (Jersey) Limited and Credit Suisse First Boston Private Equity. For more information about Aspen, please visit the Company's website at www.aspen.bm.

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

This press release contains, and Aspen's earnings conference call may contain, written or oral "forward-looking statements" within the meaning of the U.S. federal securities laws. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as "expect," "intend," "plan," "believe," "project," "anticipate," "seek," "will," "estimate," "may," "continue," and similar expressions of a future or forward-looking nature.

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 limited to: the impact of acts of terrorism and related legislation and acts of war; the possibility of greater frequency or severity of claims and loss activity than our underwriting, reserving or investment practices have anticipated, as a result natural or man-made catastrophic events, including Hurricanes Katrina, Rita and Wilma and the New Orleans flood; evolving interpretive issues with respect to coverage as a result of Hurricanes Katrina, Rita and Wilma and the New Orleans flood; the level of inflation in repair costs due to limited

availability of labor and materials after catastrophes; the effectiveness of the Company's loss limitation methods; changes in the availability, cost or quality of reinsurance or retrocessional coverage; the reliability of, and changes in assumptions to, catastrophe pricing, accumulation and estimated loss models; the loss of key personnel; a decline in our operating subsidiaries' ratings with Standard & Poor's, A.M. Best or Moody's; changes in general economic conditions including inflation, foreign currency exchange rates, interest rates and other factors that could affect our investment portfolio; 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 regulation or tax laws in the jurisdictions where the Company conducts business; Aspen or its Bermudian subsidiary becoming subject to income taxes in the United States or the United Kingdom; the total industry losses resulting from Hurricanes Katrina, Rita and Wilma and the New Orleans flood; the actual number of the Company's insureds incurring losses from these storms; with respect to Hurricanes Katrina, Rita and Wilma, the limited actual loss reports received from the Company's insureds to date, the preliminary nature of possible loss information received by brokers to date on behalf of cedants, the Company's reliance on industry loss estimates and those generated by modeling techniques, the impact of these storms on the Company's reinsurers; the amount and timing of reinsurance recoverables and reimbursements actually received by the Company from its reinsurers; the overall level of competition, and the related demand and supply dynamics as contracts come up for renewal. For a more detailed description of these uncertainties and other factors, please see the "Risk Factors" section in Aspen's Annual Report on Form 10-K for the year ended December 31, 2004, filed with the U.S. Securities and Exchange Commission on March 14, 2005 and Aspen's Current Report on Form 8-K dated October 4, 2005. Aspen 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.

Summary of Results – Consolidated Income Statements

	Three Months Ended December 31, 2005	Three Months Ended December 31, 2004	Twelve Months Ended December 31, 2005	Twelve Months Ended December 31, 2004
(in US\$ millions)				
UNDERWRITING REVENUES				
Gross premiums written	245.0	216.2	2,092.5	1,586.2
Premiums ceded	(56.9)	(27.5)	(440.9)	(228.6)
Net premiums written	188.1	188.7	1,651.6	1,357.6
Change in unearned premiums	167.2	117.9	(143.2)	(124.8)
Net premiums earned	355.3	306.6	1,508.4	1,232.8
UNDERWRITING EXPENSES				
Losses and loss expenses	(272.2)	(156.9)	(1,358.5)	(723.6)
Acquisition expenses	(64.8)	(47.8)	(283.2)	(212.0)
General and administrative expenses	(35.3)	(22.3)	(125.9)	(93.0)
Total Underwriting Expenses	(372.3)	(227.0)	(1,767.6)	(1,028.6)
Underwriting Income (Loss)	(17.0)	79.6	(259.2)	204.2
OTHER OPERATING REVENUE				
Net investment income	39.3	22.0	121.3	68.3
Other income	28.6	0.0	28.6	0.0
Interest expense	(4.0)	(3.7)	(16.2)	(6.9)
Total other operating revenue	63.9	18.3	133.7	61.4
Other expense	(3.1)	(1.9)	(12.3)	(4.0)
OPERATING INCOME (LOSS) BEFORE TAX	43.8	96.0	(137.8)	261.6
OTHER				
Net realized exchange gains (losses)	(9.5)	4.4	(18.2)	5.1
Net realized investment gains (losses)	(3.0)	(1.1)	(4.4)	(3.5)
INCOME (LOSS) BEFORE INCOME TAX	31.3	99.3	(160.4)	263.2
Income taxes	(1.0)	(27.1)	(17.4)	(68.1)
NET INCOME (LOSS) AFTER TAX	30.3	72.2	(177.8)	195.1
Dividends Paid	(14.3)	(2.1)	(45.5)	(8.3)
Retained Income	16.0	70.1	(223.3)	186.8
Components of Net Income (loss) (after tax)				
Operating income (loss)	42.0	67.1	(156.4)	192.6
Net realized exchange gains (losses) (after tax)	(9.5)	4.6	(18.2)	5.1
Net realized investment gains (losses) (after tax)	(2.2)	0.5	(3.2)	(2.6)
NET INCOME (LOSS) AFTER TAX	30.3	72.2	(177.8)	195.1

Per share data

	<u>Three Months Ended December 31, 2005</u>	<u>Three Months Ended December 31, 2004</u>	<u>Twelve Months Ended December 31, 2005</u>	<u>Twelve Months Ended December 31, 2004</u>
(In US\$ except for number of shares)				
Basic earnings per ordinary share				
Net income (loss)	0.32	1.04	(2.40)	2.82
Operating income (loss)	0.44	0.97	(2.11)	2.78
Diluted earnings per ordinary share				
Net income (loss)	0.31	1.01	(2.40)	2.74
Operating income (loss)	0.43	0.94	(2.11)	2.71
Weighted average ordinary shares outstanding	95,214,460	69,291,191	74,020,302	69,204,658
Weighted average ordinary shares outstanding and dilutive potential ordinary shares	98,132,716	71,245,744	74,020,302	71,121,568
Book value per ordinary share			19.30	21.28
Diluted book value (treasury stock method)			18.73	20.69
Ordinary shares outstanding at end of the period			95,209,008	69,315,099
Ordinary shares outstanding and dilutive potential ordinary shares at end of the period			98,126,046	71,271,170

Consolidated Balance Sheet

(in US\$ millions)	<u>As at December 31, 2005</u>	<u>As at December 31, 2004</u>
ASSETS		
Investments		
Fixed Maturities	3,046.1	2,207.2
Short term investments	643.0	528.7
Total Investments	3,689.1	2,735.9
Cash and cash equivalents	748.3	284.9
Reinsurance Recoverables		
Unpaid losses	1,192.7	197.7
Ceded unearned premiums	72.7	40.4
Receivables		
Underwriting premiums	541.4	494.2
Other	35.0	39.2
Deferred policy acquisition costs	156.2	115.6
Derivative at fair value	40.5	23.6
Office properties and equipment	22.8	5.0
Other assets	10.2	0.0
Intangible assets	8.2	6.6
Total Assets	6,517.1	3,943.1
LIABILITIES		
Insurance Reserves		
Losses and loss adjustment expenses	3,041.6	1,277.9
Unearned premiums	868.0	714.0
Total insurance reserves	3,909.6	1,991.9
Payables		
Reinsurance premiums	155.0	54.2
Taxation	12.0	57.7
Accrued expenses and other payables	139.4	84.3
Liabilities under derivative contracts	12.0	24.2
Total Payables	318.4	220.4
Long term debt	249.3	249.3
Total Liabilities	4,477.3	2,461.6
SHAREHOLDERS' EQUITY		
Ordinary shares	1,693.3	1,096.1
Perpetual PIERS	193.8	0.0
Retained earnings	144.2	367.5
Accumulated other comprehensive income, net of taxes	8.5	17.9
Total shareholders' equity	2,039.8	1,481.5
Total Liabilities and Shareholders' Equity	6,517.1	3,943.1

Summarized Cash Flow

(in US\$ millions)	<u>Twelve Months Ended December 31, 2005</u>	<u>Twelve Months Ended December 31, 2004</u>
Net cash from operating activities	789.1	961.3
Net cash from investing activities	(1,061.2)	(1,108.9)
Net cash from financing activities	742.1	198.8
Effect of exchange rate movements on cash and cash equivalents	(6.6)	2.9
Increase in cash and cash equivalents:	463.4	54.1
Cash at beginning of the period	<u>284.9</u>	<u>230.8</u>
Cash at end of the period	<u>748.3</u>	<u>284.9</u>

Non-GAAP Financial Measures

In presenting the Company's results, management has included and discussed certain "non-GAAP financial measures", as such term is defined in Regulation G. Management believes that these non-GAAP measures, which may be defined differently by other companies, better explain the Company's results of operations in a manner that allows for a more complete understanding of the underlying trends in the Company's business. However, these measures should not be viewed as a substitute for those determined in accordance with GAAP. The reconciliation of such non-GAAP financial measures to their respective most directly comparable GAAP financial measures in accordance with Regulation G is included in the financial supplement, which can be obtained from Aspen's website at www.aspen.bm.

(1) **Annualized Operating Return on Average Equity (ROAE)** is a non-GAAP financial measure. Annualized Operating Return on Average Equity is calculated using 1) operating income, as defined below and 2) excludes from average equity, the average after tax unrealized appreciation or depreciation on investments and the average after tax unrealized foreign exchange gains or losses. Unrealized appreciation (depreciation) on investments is primarily the result of interest rate movements and the resultant impact on fixed income securities, and unrealized appreciation (depreciation) is the result of exchange rate movements between the U.S. dollar and the British pound. Such appreciation (depreciation) on foreign exchange is not related to management actions or operational performance (nor is it likely to be realized). Therefore the Company believes that excluding these unrealized appreciations (depreciations) provides a more consistent and useful measurement of operating performance, which supplements GAAP information. Average equity is calculated as the arithmetic average on a monthly basis for the stated periods.

The Company presents ROAE as a measure that is commonly recognized as a standard of performance by investors, analysts, rating agencies and other users of its financial information.

See page 28 of the Company's financial supplement for a reconciliation of operating income to net income and page 19 for a reconciliation of average equity.

(2) **Operating income** is a non-GAAP financial measure. Operating income is an internal performance measure used by the Company in the management of its operations and represents after-tax operational results excluding, as applicable, after-tax net realized capital gains or losses and after-tax net foreign exchange gains or losses.

The Company excludes after-tax net realized capital gains or losses and after-tax net foreign exchange gains or losses from its calculation of operating income because the amount of these gains or losses is heavily influenced by, and fluctuates in part, according to the availability of market opportunities. The Company believes these amounts are largely independent of its business and underwriting process and including them distorts the analysis of trends in its operations. In addition to presenting net income determined in accordance with GAAP, the Company believes that showing operating income enables investors, analysts, rating agencies and other users of its financial information to more easily analyze the Company's results of operations in a manner similar to how management analyzes the Company's underlying business performance. Operating income should not be viewed as a substitute for GAAP net income. Please see above and page 28 of the Company's financial supplement for a reconciliation of operating income to net income. The Company's financial supplement can be obtained from Aspen's website at www.aspen.bm.

(3) **Diluted book value per ordinary share** is a non-GAAP financial measure. The Company has included diluted book value per ordinary share because it takes into account the effect of dilutive securities; therefore, the Company believes it is a better measure of calculating shareholder returns than book value per share. Please see page 28 of the Company's financial supplement for a reconciliation of diluted book value per share to basic book value per share. The Company's financial supplement can be obtained from Aspen's website at www.aspen.bm.

(4) **Underwriting ratios excluding impact of Hurricanes and Windstorms** (are non-GAAP financial measures): In these ratios, the Company excludes the impact of Hurricanes Katrina, Rita and Wilma (in relation to the 2005 financial year figures) and Hurricanes Charley, Frances, Ivan and Jeanne and

Typhoon Songda (in relation to the 2004 comparative figures) from net premiums earned and losses and loss expenses in order to calculate loss ratio and expense ratios excluding the impact of these events. The underwriting ratios excluding the impact of the hurricanes and windstorms are derived by adjusting the net premiums earned and the losses and loss expenses for the period by the impact of the hurricanes and windstorms in the period as shown and calculating loss ratio and expense ratio using these derived balances. In addition to presenting underwriting ratios determined in accordance with GAAP, the Company believes that showing non-GAAP underwriting ratios enables investors, analysts, rating agencies and other users of its financial information to more easily analyze the Company's results of operations in a manner similar to how management analyzes the Company's underlying business performance without these events. In addition, the Company believes that such users wish to have such non-GAAP ratios, as well as the GAAP-based ratios, to compare the performance of the Company's underlying business lines without regard to the impact of these major catastrophes.

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