



Aspen Insurance Holdings Limited

Julian Cusack, Chief Financial Officer
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New York

Safe Harbor Disclosure

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

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All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements. The Company believes these factors 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, including as a result of natural or man-made catastrophic events such as Hurricanes Katrina, Rita and Wilma, than our underwriting, reserving or investment practices have anticipated; evolving interpretive issues with respect to coverage as a result of Hurricanes Katrina, Rita and Wilma; 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; loss of key personnel; a decline in our operating subsidiaries' ratings with Standard & Poor's, A.M. Best Company or Moody's Investors Service; 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; decreased demand for the Company's insurance or reinsurance products and cyclical downturn of the industry; changes in governmental regulations or tax laws in 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 effect on insurance markets, business practices and relationships of ongoing litigation, investigations and regulatory activity by the New York State Attorney General's office and other authorities concerning contingent commission arrangements with brokers and bid solicitation activities; the total industry losses resulting from Hurricanes Katrina, Rita and Wilma and the actual number of the Company's insureds incurring losses from these storms; and with respect to Hurricanes Katrina, Rita and Wilma, the Company's reliance on loss reports received from cedants and loss adjusters, the Company's reliance on industry loss estimates and those generated by modeling techniques, the impact of these storms on the Company's reinsurers, any changes in the Company's reinsurers' credit quality, the amount and timing of reinsurance recoverables and reimbursements actually received by the Company from its reinsurers and 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, 2005, filed with the U.S. Securities and Exchange Commission on March 6, 2006. 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.

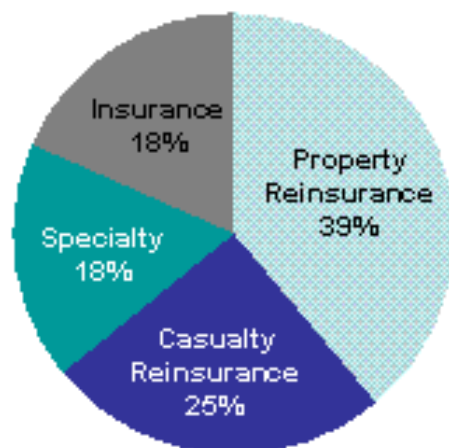
Agenda

- Key strategic themes
- Katrina - one year on
- Risk tolerances and exposure profile
- Market conditions
- Capital management
- Summary

Who We Are: Aspen at a Glance

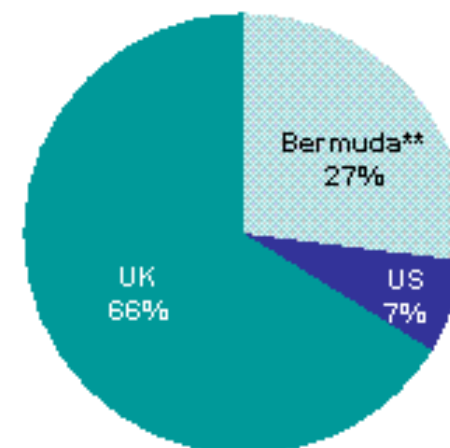
- \$2.4bn market cap (September 1, 2006)
- \$1.9bn common equity (ex-AOCI) and \$2.4bn total capital* (June 30, 2006)
 - 408 employees in Bermuda, London and US (June 30, 2006)
- Ratings of A (S&P), A2 (Moody's) and A / A- (AM Best, for Aspen UK and Aspen Bermuda)
- \$2.1bn Gross Written Premium (GWP) in 2005

2005 Underwriting by Segment (GWP)



100% = \$2.1bn

2005 Underwriting by Operating Entity (GWP)



100% = \$2.1bn

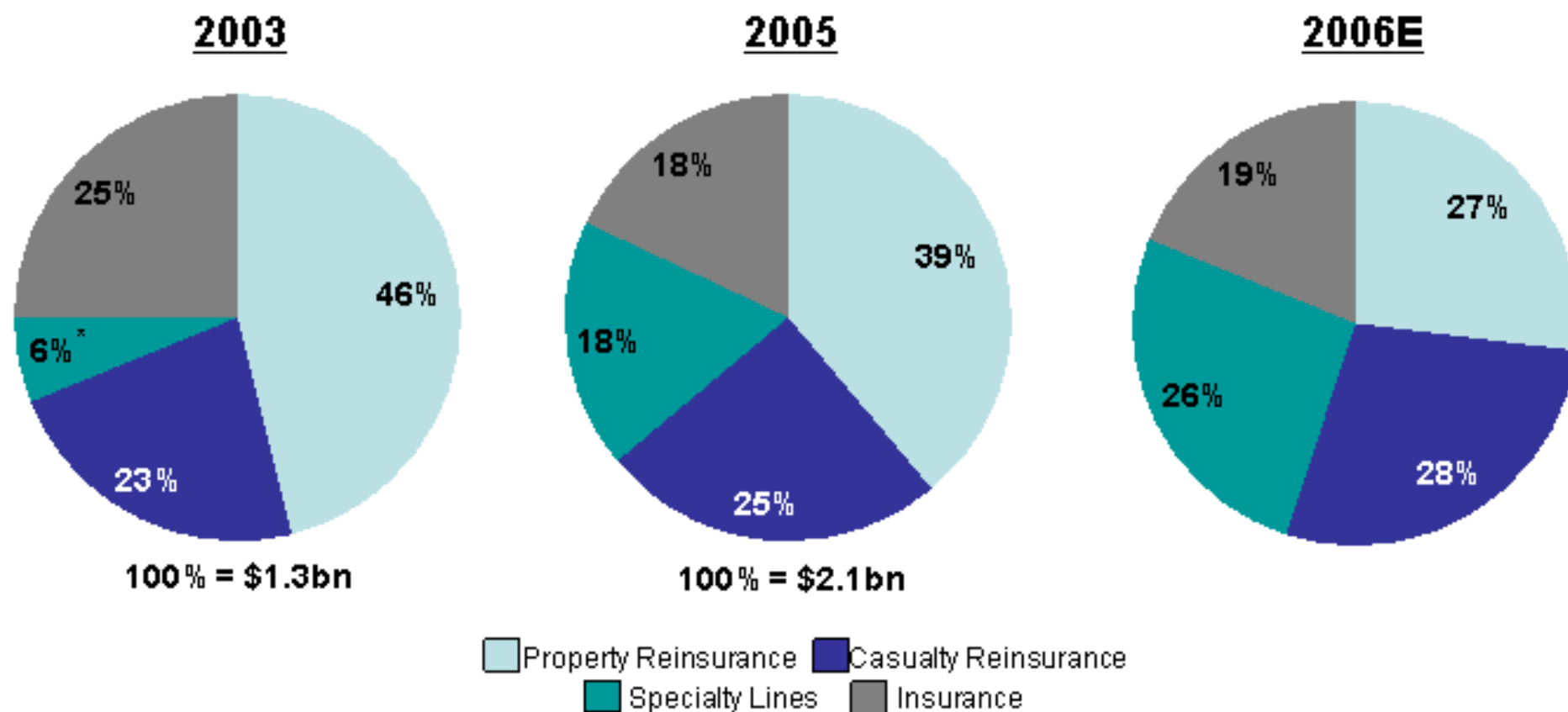
* Shareholders' equity (including preference shares, ex-AOCI) plus long-term debt

** Bermuda balance excludes premiums received from Aspen UK and Aspen Specialty under group quota share

Key Strategic Themes

- 'Specialty' insurer and reinsurer
- Increasing diversification
- Improved earnings with reduced volatility
- Focus on book value growth per share

Increasing Diversification



Improved Spread of Risk

* 2003 Specialty lines excludes QQS of Wellington Syndicate 2020

Improved Earnings with Reduced Volatility

We are focusing on the following:

	Item	Metric
Underwriting	Property / Specialty Lines – NWP* Property / Specialty Lines – CR** Casualty – CR**	40% - 60% of total 81% - 85% 92% - 97%
Investment	Portfolio minimum Investment leverage	85% fixed income 2.5x - 2.7x
Operational/ Financial Leverage	Operating leverage Financial leverage	0.85 - 0.95 Ratio of debt and preference shares to total capital \leq 25%
Risk Tolerance	1-in-100 year tolerance 1-in-250 year tolerance	17.5% of surplus*** 25% of surplus***

Specific Targets for Risk and Return

* Net Written Premiums

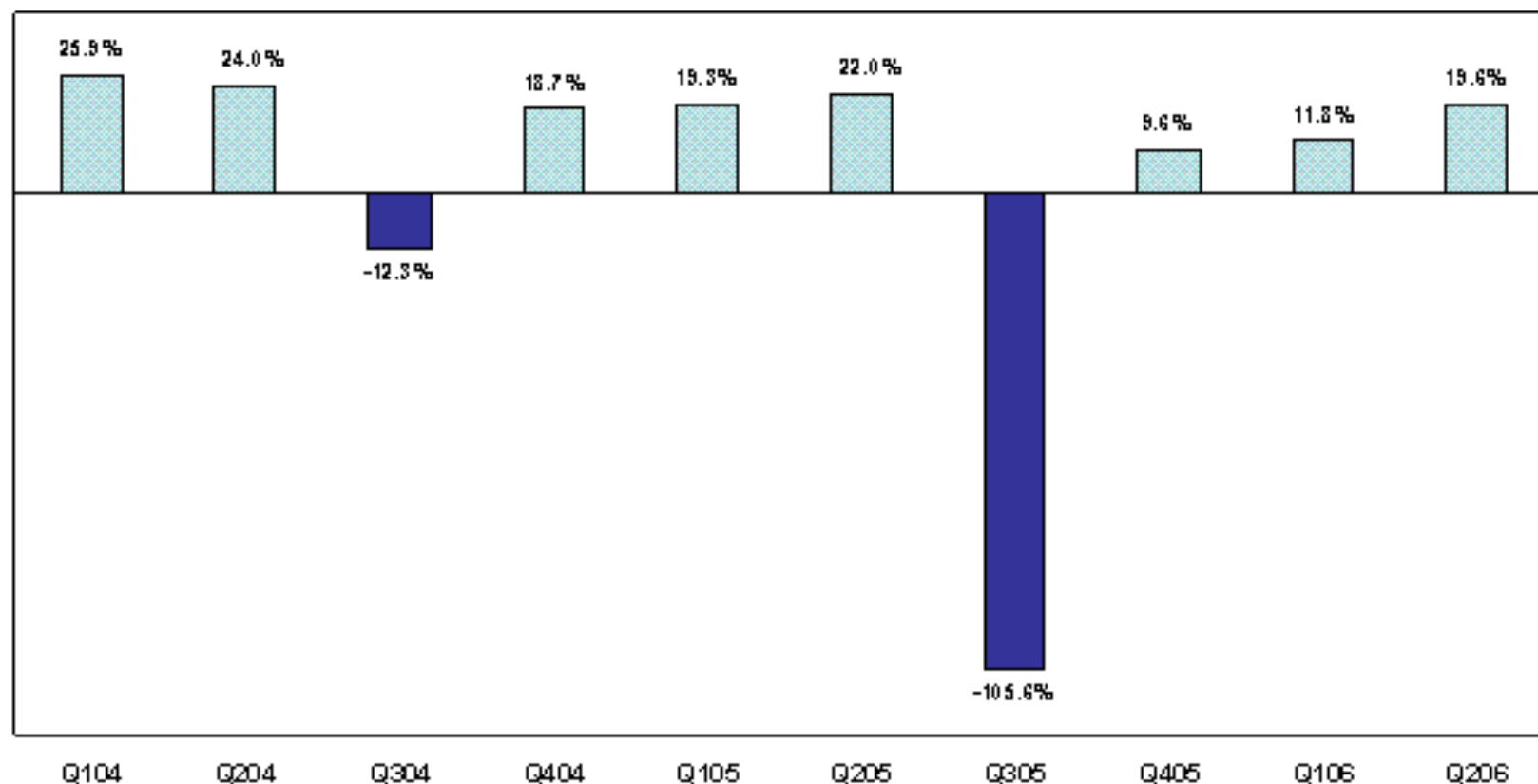
** Combined Ratio

*** 2006 Target – changed from 1-in-100 20% and 1-in-250 35% in 2005

Historical Volatility

Annualized ROAE

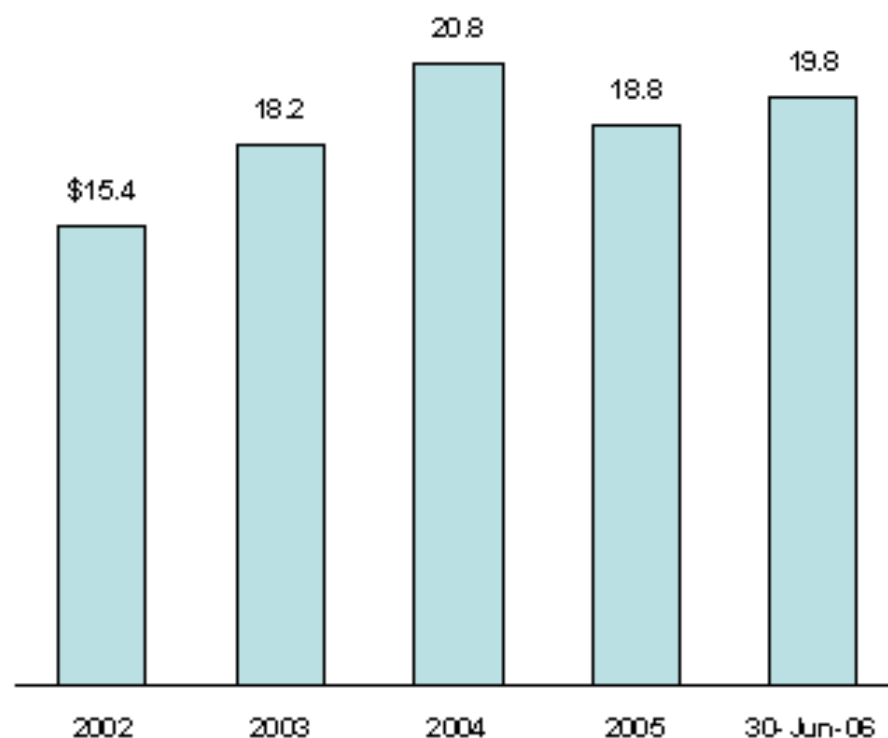
%



Q3 Storm Losses Main Cause of Historical Volatility

Growth in Book Value Per Share

Fully Diluted Book Value Per Share (\$)



- Manage investments for total return as well as yield
- Pro-active approach to capital management to 'right size' the balance sheet
- Reduction in top line to preserve underwriting profitability as markets weaken
- Expense control

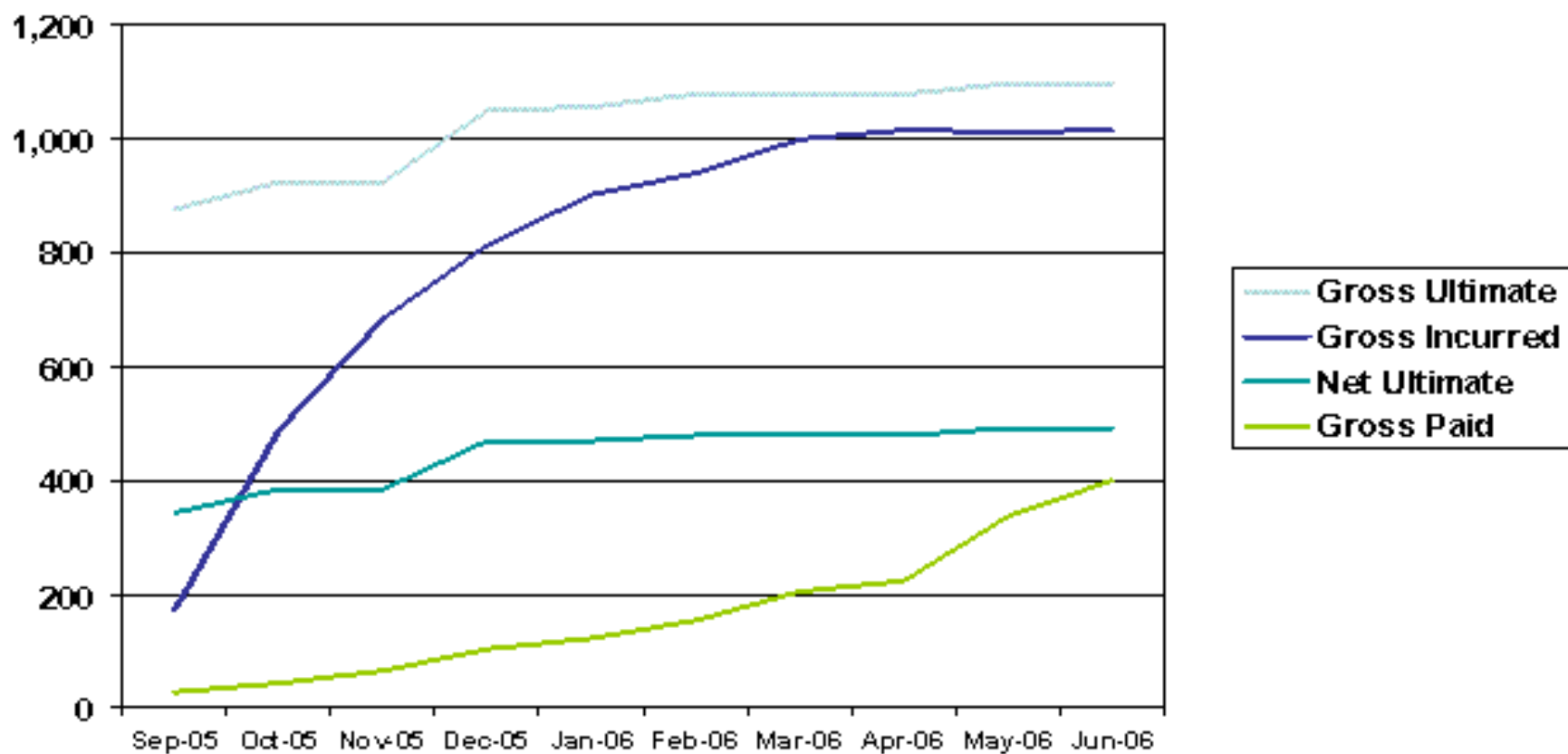
Focus on Growth in Book Value Per Share, Not Top Line

Katrina - One Year On

- Katrina loss development year to date*
- Payment pattern
- 'Water vs. Wind'

Katrina Loss Development

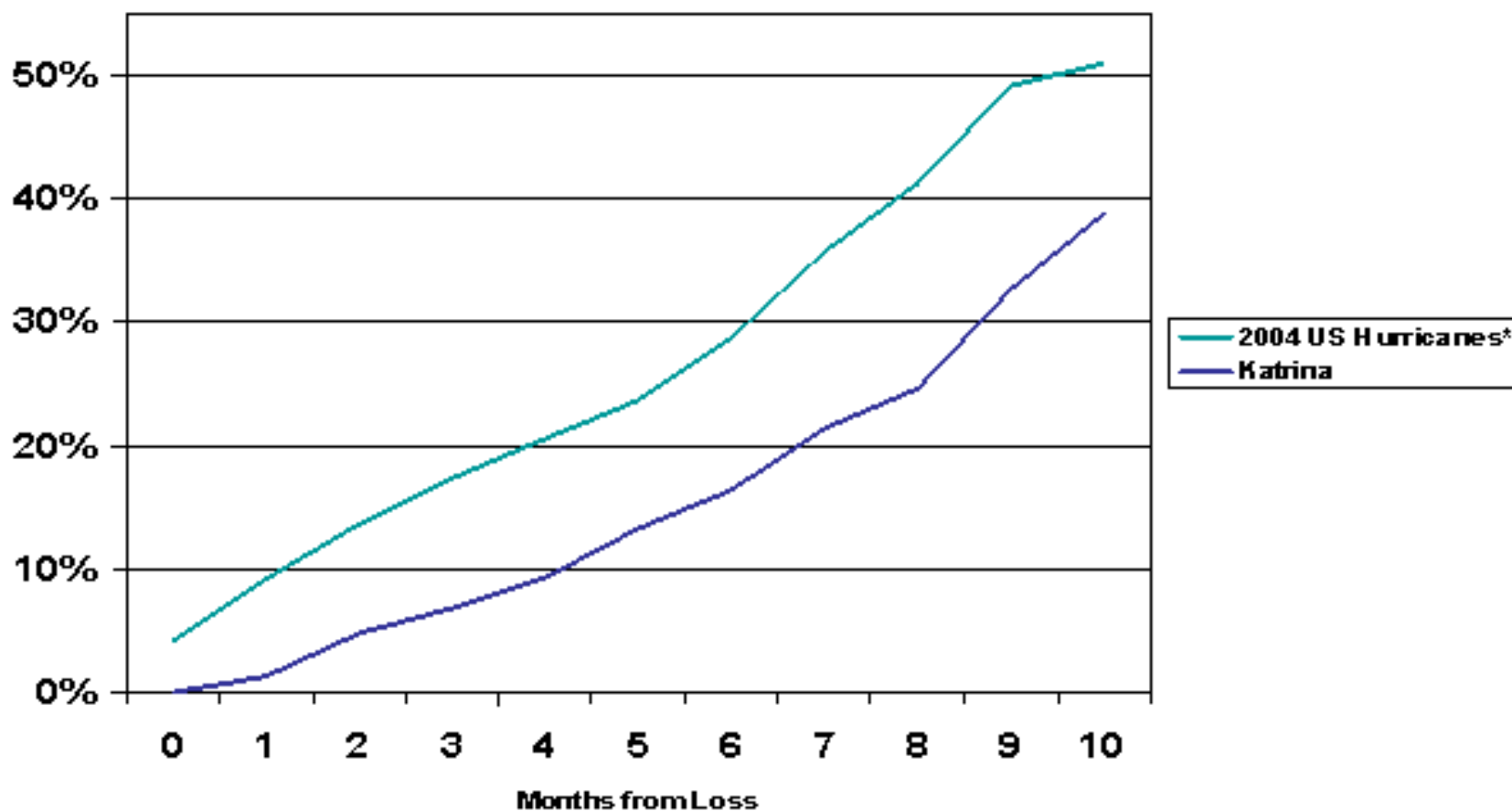
(in \$ millions)



Gross Incurred Claims Beginning to Stabilize

Payment Pattern: 2004 Hurricanes vs. Katrina

Property Reinsurance: Ratio of Paid to Ultimate Losses



Katrina Payment Pattern Similar to 2004 Hurricanes, but Slower

* Includes Hurricanes Charley, Frances, Jeanne and Ivan

Water vs. Wind

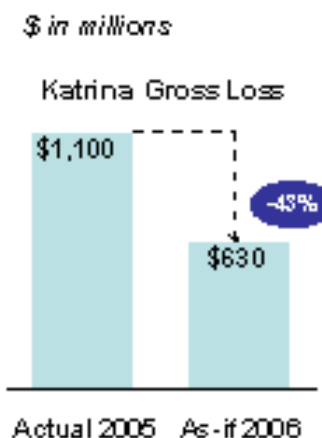
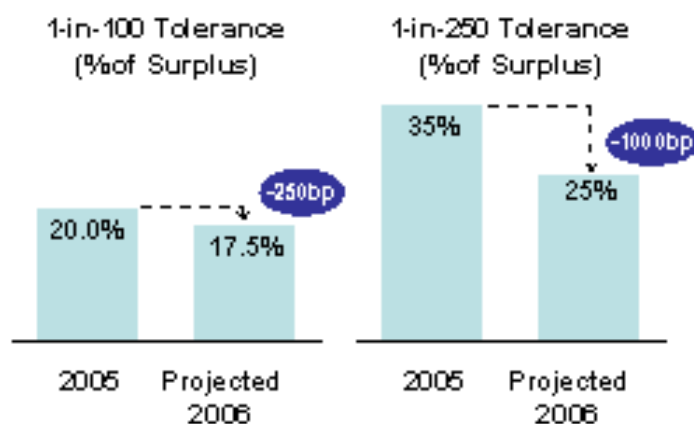
- Key flood provisions at issue are wordings that:
 - Exclude flood as an insured peril (typically homeowners) or
 - Sub-limit flood coverage within the overall limit (most commonly found in commercial lines policies)
- Central issue to be determined is the proximate cause of the loss
- Early indications are that flood exclusions and sub-limits will be upheld by the courts
 - Recent Nationwide case upheld flood exclusions
- Individual fact specific nature of many claims ➡ reduced potential for class actions

Risk Tolerances and Exposure Profile

- Reduced risk tolerances
- Outwards Reinsurance Program

Reduced Risk Tolerances

Single Zone Net Tolerances

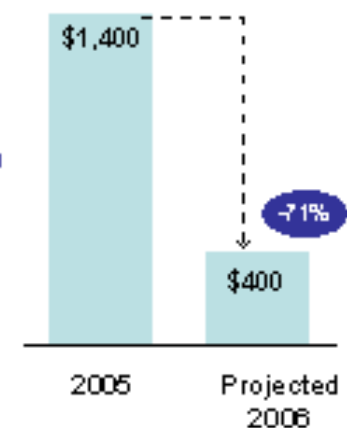


Limits Exposed: Illustrative

Florida Property Reinsurance Limits



Gulf of Mexico Energy Windstorm Limits



Significant Reduction in Gross Exposures Consistent with Reduced Risk Tolerances

Outwards Reinsurance Program: 2006

- Per-event retentions higher in 2006 than 2005

Potential Maximum Limits of Reinsurance Coverage*

\$ in millions	2005	2006
<u>Property / Casualty / Marine</u>		
US Earthquake Cover	\$788**	\$655**
US Wind Cover	763**	573**
Retention	90	149
<u>Property Only</u>		
US Earthquake Cover	\$698**	575**
US Wind Cover	673**	493**
Retention	90	139

- Relatively more exposure to a series of moderate (retained) losses in 2006 than 2005 due to absence of low level retrocessional protections
- Potentially at risk from a series of moderate market losses (say 3 or more) of \$10 billion to \$20 billion each

Relatively More Exposure to a Series of Moderate (Retained) Losses





* Maximum recovery would require most favorable distribution of losses between our various lines of business and our various programs

** Includes recovery under cat swap which applies only to California earthquake and windstorms causing damage in Florida





Market Conditions

- Current market conditions by segment
- Prospects for 2007

Current Market Conditions by Segment

	Trend	Outlook – H2 '06
Property Reinsurance		<ul style="list-style-type: none"> ▪ Significant rate increases achieved on US wind exposed accounts ▪ Meaningful rate increases on Mexican accounts ▪ Moderate rate increases on European and Japanese contracts ▪ Rate increases on non-cat business less dramatic
Casualty Reinsurance		<ul style="list-style-type: none"> ▪ Broadly flat in UK, Europe and Australia ▪ Modest price declines in US ▪ Ongoing tort reform in the US exerting downwards pricing pressure
Specialty Lines		<ul style="list-style-type: none"> ▪ Modest rate increases in hull and liability products in H2 ▪ Dramatic increases in energy physical damage insurance H1: prices expected to remain firm in H2 ▪ Continued downwards pressure on aviation insurance rates in 2006
Insurance		<ul style="list-style-type: none"> ▪ Continued rate declines in UK EL / PL and UK Commercial Property market ▪ US E&S Casualty experiencing downwards pressure ▪ US E&S Property wind exposed rates increasing but fire rates declining

Prospects for 2007

	Trend	Comment
Property Reinsurance		<ul style="list-style-type: none"> US Property Cat pricing forecast to remain strong but likely to 'level off' after 1/1 absent major losses Price declines on international account (Europe, Latin America and Australia) likely
Casualty Reinsurance		<ul style="list-style-type: none"> Rates in UK, Europe and Australia expected to decline US likely to decline partly due to ongoing tort reform
Specialty Lines		<ul style="list-style-type: none"> Modest rate increases forecast on hull account Pressure on energy physical damage insurance rates absent major losses <ul style="list-style-type: none"> ➤ Non Gulf of Mexico forecast to decline Aviation rates expected to decline
Insurance		<ul style="list-style-type: none"> Continued strong competition in UK EL / PL and UK Commercial Property Continued modest declines in US Casualty E&S US E&S Property forecast to increase

Capital Management

- Objectives and Approach
- Capital Adequacy
- Financial Leverage

Objectives and Approach

- Capital Adequacy
 - Sufficient but not too much total capital
- Optimal Financial Leverage
 - Effective use of debt and hybrid funding instruments
- Effective Allocation of Capital
 - Operating companies
 - Product segments

Capital Adequacy - Current Status

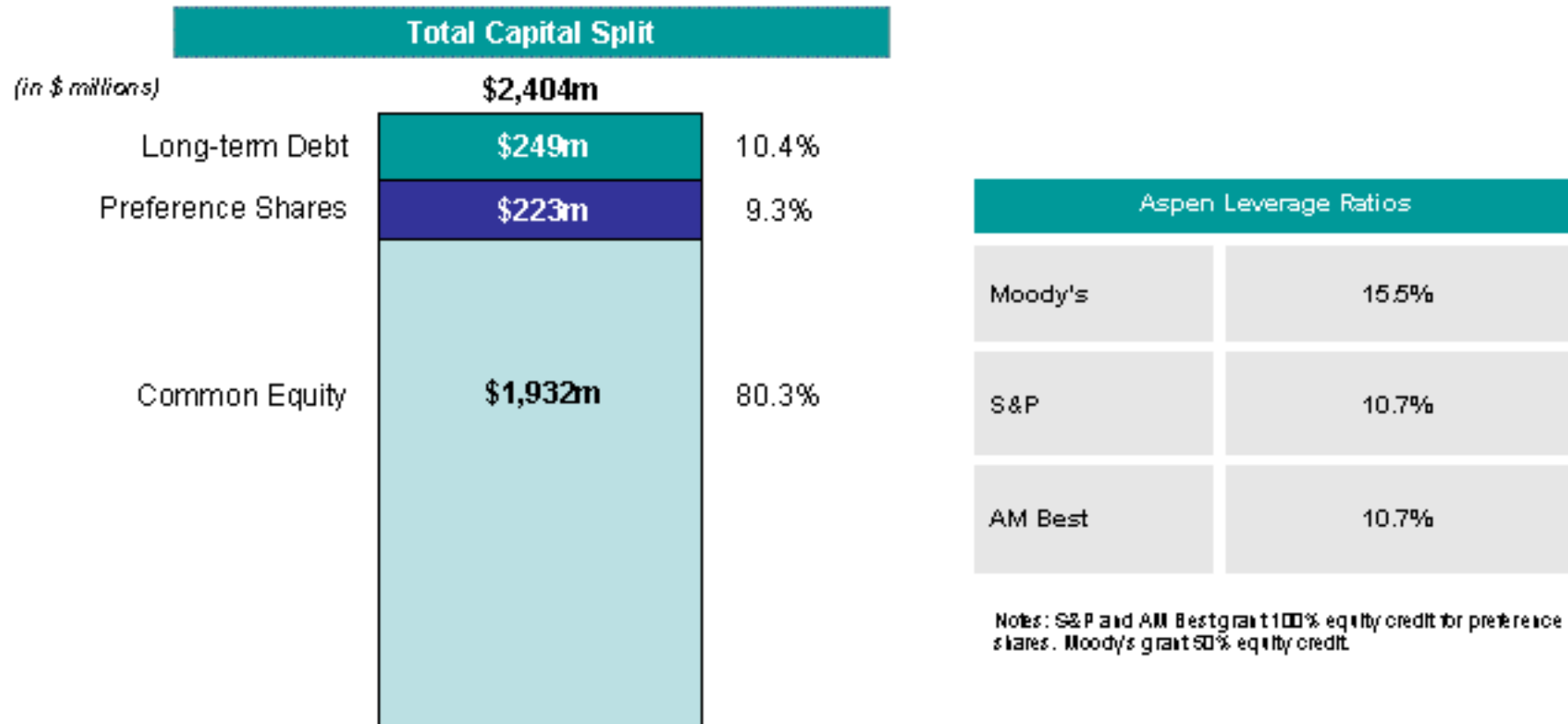
	\$m
Underwriting Risk	485
Reserving Risk	484
Credit, Asset and Operational Risk	<u>87</u>
Total Risk-Based Capital (A)	<u>1,056</u>
Actual Capital at June 30, 2006 (B)	<u>2,404</u>
Capital adequacy ratio (B/A)	228%

- Standard risk metric: 'Tail Value at Risk' (TVAR*) measured at 99th percentile
- Significant margin over assessed risk capital required for model error and for policy holder/ rating agency financial strength requirements
- Full equity credit for senior notes not given by rating agencies

At Least Adequately Capitalized for Current Premium Writings

* TVAR = Net loss averaged over all simulations in the 1% of most adverse simulated outcomes

Financial Leverage - Current Status



Scope to Increase Financial Leverage

Capital Management - Conclusions

- DFA modeling implies at least adequately capitalized
- Rating agency considerations key
 - S&P concluded 'well capitalized' for current ratings
 - AM Best capital adequacy measurements still evolving
 - Recent announcements of changes in AM Best approach likely to be beneficial but position unlikely to be clarified until post the 'wind season'
- Forecast reduction of risk transfer capacity in the retro market also a feature

Scope to Review Capital Position Post 'Wind Season'

Conclusions

- Diversified business model targeting a portfolio of 'specialty' reinsurance and insurance lines in classes of business that we understand
- Focusing on improving shareholder returns while reducing earnings volatility
- Growth = growth in book value per share, not top line
- Significantly strengthened risk management in response to 2004/2005 hurricanes
- Market conditions remain attractive but outlook for 2007 is mixed
- Scope to review capital position post 'wind season'



Aspen Insurance Holdings Limited (AHL:NYSE)
