



# Aspen Insurance Holdings Limited

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## Keefe, Bruyette & Woods 2010 Insurance Conference

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Chief Financial Officer

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September 7, 2010



# Safe Harbor Disclosure

*This slide presentation is for information purposes only. It should be read in conjunction with our financial supplement posted on our website on the Investor Relations page and with other documents filed by Aspen Insurance Holdings Limited (the "Company" or "Aspen") with the U.S. Securities and Exchange Commission.*

## **Non-GAAP Financial Measures**

*In presenting Aspen'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 Aspen's results of operations in a manner that allows for a more complete understanding of the underlying trends in Aspen'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 herein or in the financial supplement, as applicable, which can be obtained from the Investor Relations section of Aspen's website at [www.aspen.bm](http://www.aspen.bm).*

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

*This presentation contains written or oral "forward-looking statements" within the meaning of the U.S. federal 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," "do not believe," "aim," "project," "anticipate," "seek," "will," "estimate," "may," "continue," "guidance," and similar expressions of a future or forward-looking nature.*

*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. Aspen believes these factors include, but are not limited to: changes in insurance and reinsurance market conditions that could adversely impact execution of the business plan; the continuing and uncertain impact of the current lower growth economic environment in many of the countries in which we operate; the risk of a material decline in the value or liquidity of all or parts of our investment portfolio; changes in our ability to exercise capital management or strategic initiatives or to arrange banking facilities as a result of prevailing market changes or changes in our financial position; our ability to execute our business plan to enter new markets, introduce new products and develop new distribution channels, including their integration into our existing operations; increased counterparty risk due to the impairment of financial institutions; changes in the total industry losses, or our share of total industry losses, resulting from past events such as Hurricanes Ike and Gustav and, with respect to such events, our reliance on loss reports received from cedants and loss adjustors, our reliance on industry loss estimates and those generated by modelling techniques, changes in rulings on flood damage or other exclusions as a result of prevailing lawsuits and case law, any changes in our reinsurers' credit quality and the amount and timing of reinsurance recoverables; 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 (including economic and political risks) catastrophic events, than our underwriting, reserving, reinsurance purchasing or investment practices have anticipated; evolving interpretive issues with respect to coverage after major loss events; the level of inflation in repair costs due to limited availability of labor and materials after catastrophes; the effectiveness of our loss limitation methods; changes in the availability, and any new intervening legislative or governmental action, cost or quality of reinsurance or retrocessional coverage; the reliability of, and changes in assumptions to, natural and man-made catastrophe pricing, accumulation and estimated loss models; loss of key personnel; a decline in our operating subsidiaries' ratings with Standard & Poor's ("S&P"), A.M. Best or Moody's Investors Service ("Moody's"); changes in general economic conditions, including inflation, foreign currency exchange rates, interest rates and other factors that could affect our investment portfolio; the number and type of insurance and reinsurance contracts that we wrote at the January 1st and other renewal periods and the premium rates available at the time of such renewals within our targeted business lines; increased competition on the basis of pricing, capacity, coverage terms or other factors and the related demand and supply dynamics as contracts come up for renewal; decreased demand for our insurance or reinsurance products and cyclical changes in the insurance and reinsurance sectors; changes in government regulations or tax laws in jurisdictions where we conduct business; and Aspen or its Bermudian subsidiary becoming subject to income taxes in the United States or the United Kingdom; and the effect on insurance markets, business practices and relationships of ongoing litigation, investigations and regulatory activity by insurance regulators and prosecutors.*

*For a more detailed description of these uncertainties and other factors, please see the "Risk Factors" section in Aspen's Annual Reports on Form 10-K as filed with the U.S. Securities and Exchange Commission on February 26, 2010. 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.*

*In addition, any estimates relating to loss events involve the exercise of considerable judgment and reflect a combination of ground-up evaluations, information available to date from brokers and cedants, market intelligence, initial tentative loss reports and other sources. Due to the complexity of factors contributing to the losses and the preliminary nature of the information used to prepare these estimates, there can be no assurance that Aspen's ultimate losses will remain with the stated amount.*



# Summary

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- Who we are
- What we do
- The Aspen approach
- How it all adds up
- Our investment proposition
- Appendix



# Who We Are

- Bermuda domiciled Specialty Insurer and Reinsurer
- Founded 2002; IPO – 2003; \$2.1bn market cap – 2010\*
- \$2.1bn GWP in 2009; estimate \$2.1bn +/- 5% GWP for 2010\*\*

## STRONG BALANCE SHEET



- \$3.3bn of total capital, as of June 30, 2010
- Ratings of A (S&P), A2 (Moody's) and A (AM Best)
- Diluted BVPS 17% CAGR over four years

## MULTI-PLATFORM APPROACH



- 3 main underwriting locations: London, Bermuda and US
- Branch offices in Paris, Zurich, Cologne, Singapore, Dublin and 3 main locations in the US

## WELL DIVERSIFIED PORTFOLIO



- Focus on Specialty Lines
  - Insureds tend to be more unusual or higher risk
  - Typically requires high degree of individual risk underwriting expertise
- 58% Reinsurance, 42% Insurance\*\*\*
- 53% Property, 47% Casualty\*\*\*

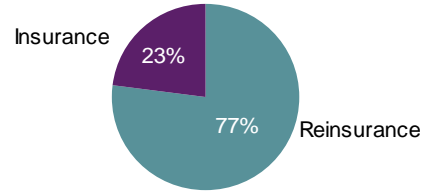
Underwriting Led, Diversified Specialty Insurer and Reinsurer Underpinned by Strong Risk Management Culture



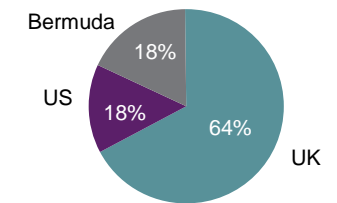
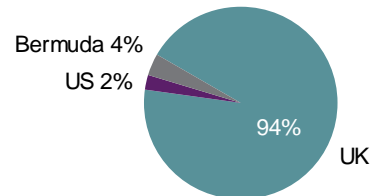
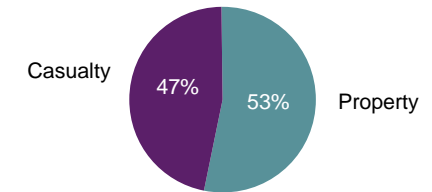
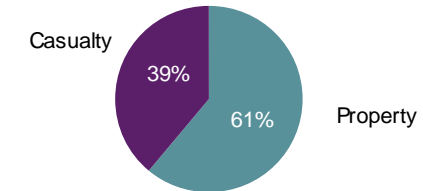
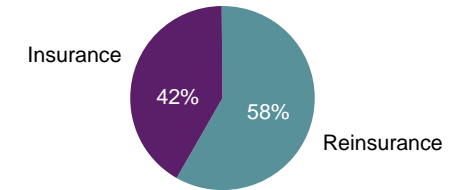
# What We Do

- Insurance vs. Reinsurance\*
- Property vs. Casualty\*
- GWP by "Core" Platform
- Global Footprint

2003



LTM\*\* June 2010



- 176 employees
- 4 offices, 3 countries



- 660+ employees
- 17 offices, 8 countries

Balanced Business Lines, Diversified Production Sources and Increased Global Presence



# What We Do

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Our strategy has 6 key elements:

- ① Diversified underwriting platform (product, peril and geography)
- ② Measured expansion where Aspen has a competitive advantage consistent with market conditions = continuous investment in our franchise
- ③ Execution framework underpinned by strong risk management infrastructure and culture
- ④ Focus on spreading risk and lowering volatility
- ⑤ Prudent stewardship of capital
- ⑥ People - hiring and development of talent

Creating Franchise Value

# What We Do

## Setting our Risk Return Profile

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- Risk appetite statement core component of our Risk Management framework

**Risk preferences**

Risks inside and outside of core mission and strategy

**Return objective**

Sets the levels of return on capital we seek to achieve, subject to risk constraints

**Volatility constraint**

Limit on earnings volatility

**Capital constraint**

Minimum level of risk adjusted capital

Integrated Risk Management Underpinning Everything We Do

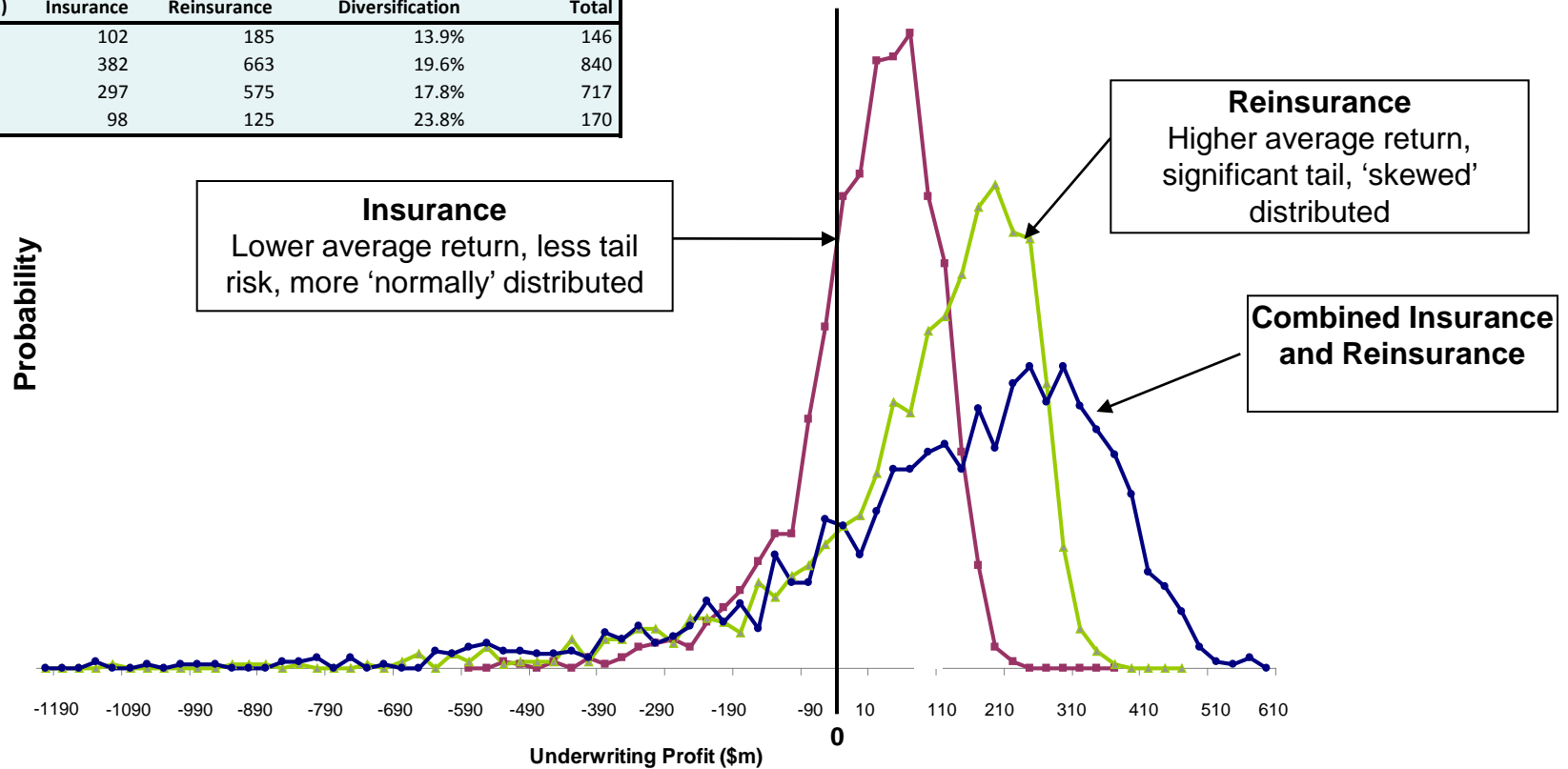
# What We Do

## The Specialty Approach



**Underwriting Risk Profiles by Segment (2010e)**

UW Loss (\$M)	Insurance	Reinsurance	Diversification	Total
StDev	102	185	13.9%	146
1 in 250	382	663	19.6%	840
1 in 100	297	575	17.8%	717
1 in 10	98	125	23.8%	170



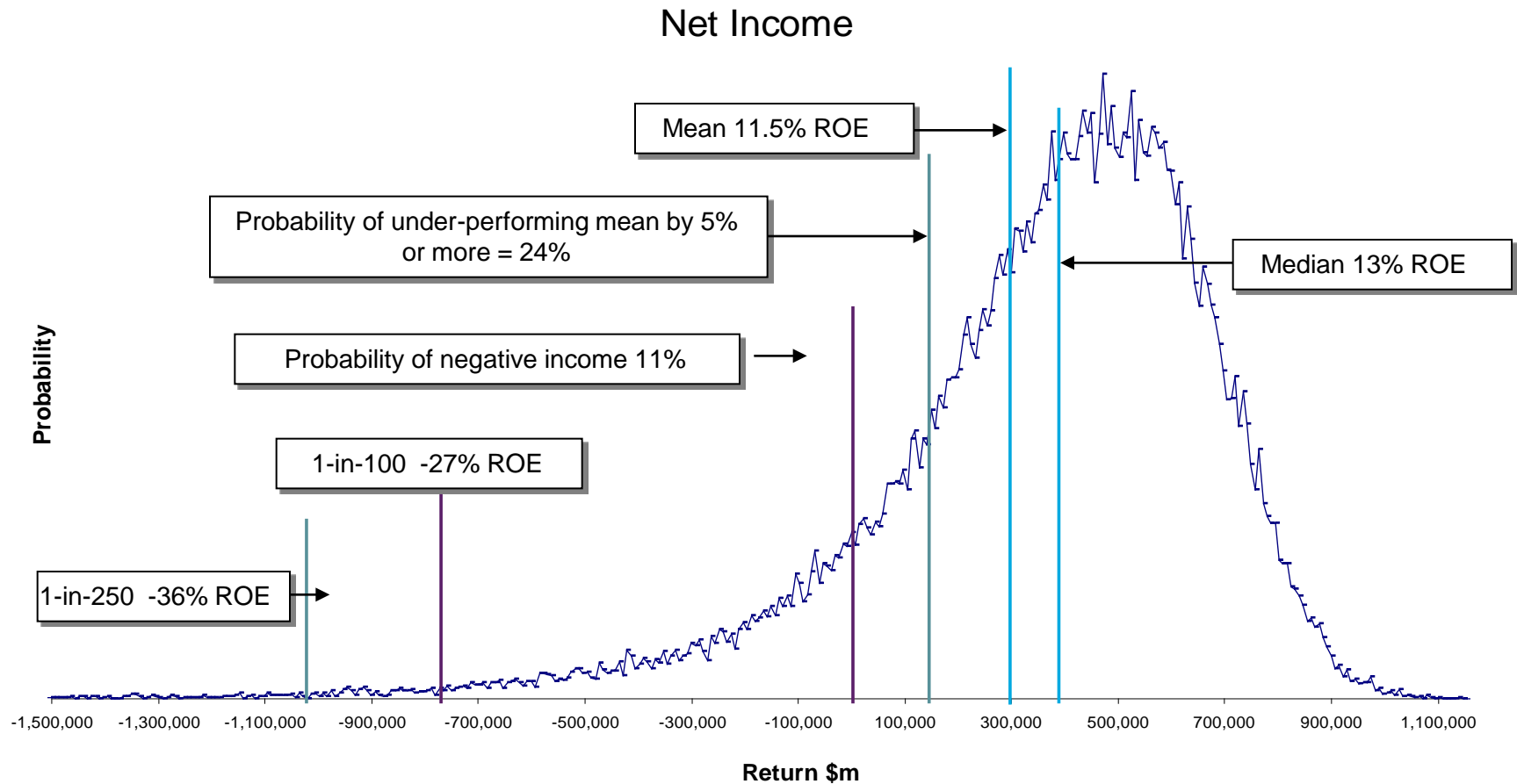
- Combined book (insurance and reinsurance) benefits from diversification between the two risk profiles

'Specialty' Approach Results in Lower Earnings Volatility



# What We Do

## Risk Profile – As At January 1, 2010



Return Profile Consistent with Risk Appetite

Disclaimer: The above graph is based on the 2010 plan without adjustment for H2 2010 actual performance. The risk profile is the result of numerous assumptions within our Economic Capital Model. Results may vary significantly from those shown.

# What We Do

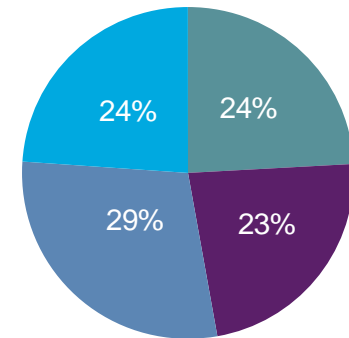
## Reinsurance: Overview and Strategy



### Aspen Approach

- 12 underwriting units in 4 divisions
- Established market leader
- Presence in major market hubs allowing close proximity to customers
- Deep expertise and understanding of client needs and risks
- Focus on smaller, specialized companies and risks to maintain portfolio diversity
- Focus on clients where reinsurance and reinsurance relationships are a vital part of their business need

GWP LTM\* to June 30, 2010: \$1,239m



- Property Catastrophe Reinsurance
- Other Property Reinsurance
- Casualty Reinsurance
- Specialty Reinsurance

### Property Catastrophe Reinsurance

- Treaty Catastrophe

### Property Other

- Treaty Risk Excess
- Treaty Pro Rata
- Global Property Facultative
- Risk Solutions

### Casualty Reinsurance

- US Casualty Treaty
- International Casualty Treaty
- Global Casualty Facultative

### Specialty Reinsurance

- Credit & Surety Reinsurance
- Agriculture
- Specialty Reinsurance
- Structured

# What We Do

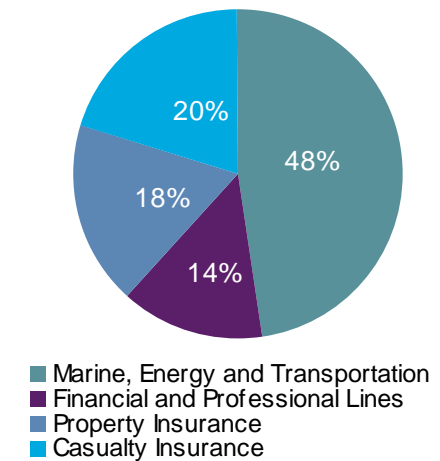
## Insurance: Overview and Strategy



### Aspen Approach

- 13 underwriting units in 4 divisions
- Specialist 'E&S' type approach to underwriting within Insurance operations
- Bias towards complex risks
- Diverse portfolio of disparate insurance risks
- Divisional focus compliments in-house underwriting expertise

GWP LTM\* to June 30, 2010: \$905m



### Marine, Energy and Transportation

- MEC Liability
- Energy Property
- Marine Hull
- Specie
- Aviation

### Financial and Professional Lines

- Financial Institutions
- Professional Liability (including Management and Technology Liability)
- Financial & Political Risks

### Property Insurance

- UK Commercial Property & Construction
- US Property (E&S)

### Casualty Insurance

- UK Commercial Liability
- Excess Casualty
- US Casualty (E&S)

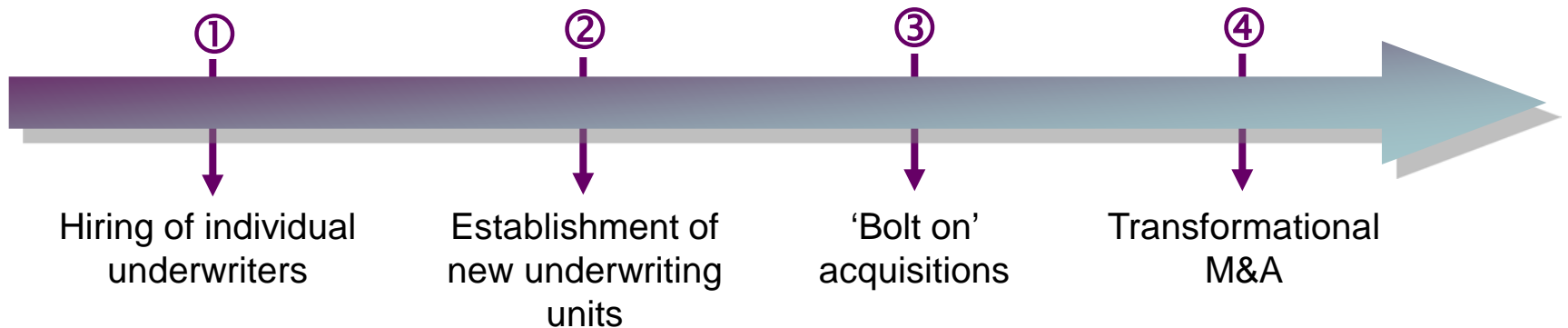
\*Last Twelve Months

# The Aspen Approach

## Managing Growth



### Growth Continuum

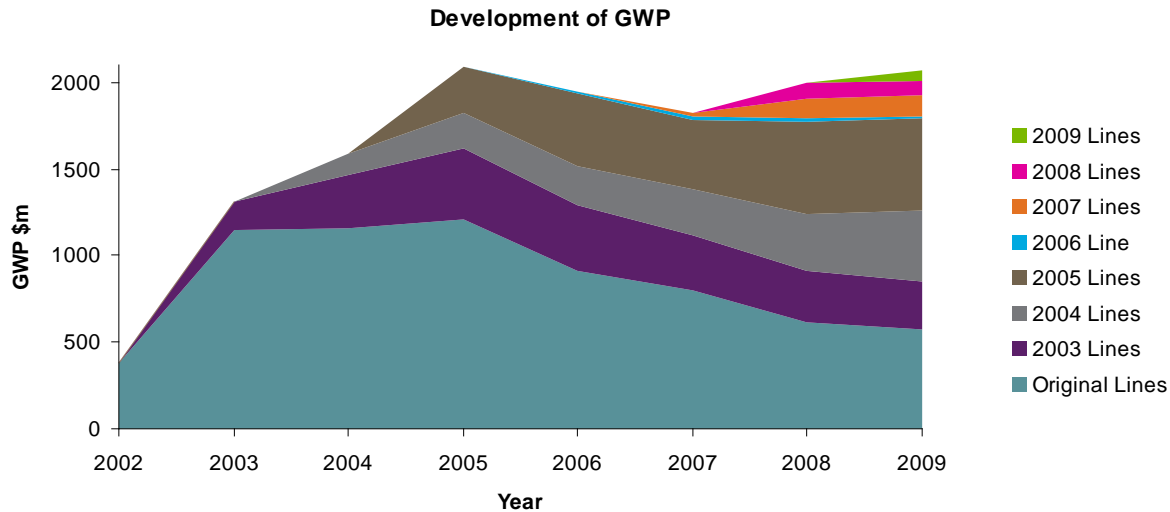
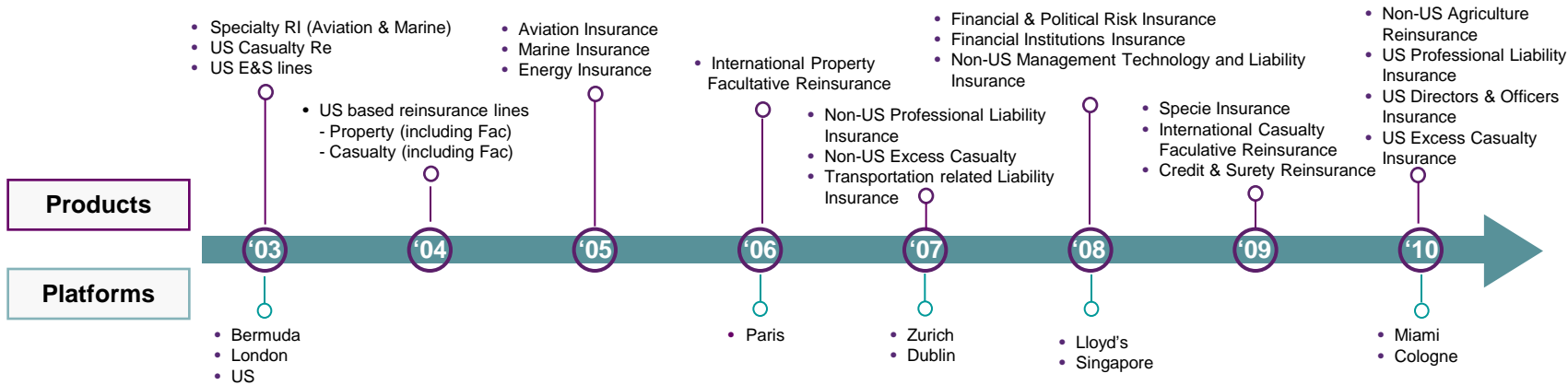


Key Evaluation Criteria	▪ Strategic fit	✓
	▪ Financially attractive	✓
	▪ Manageable execution risk	✓
	▪ Consistent with our risk management appetite	✓

Regular Evaluation of Opportunities Consistent with Market Conditions in Accordance with Strict Criteria

# The Aspen Approach

## Investing in our Franchise



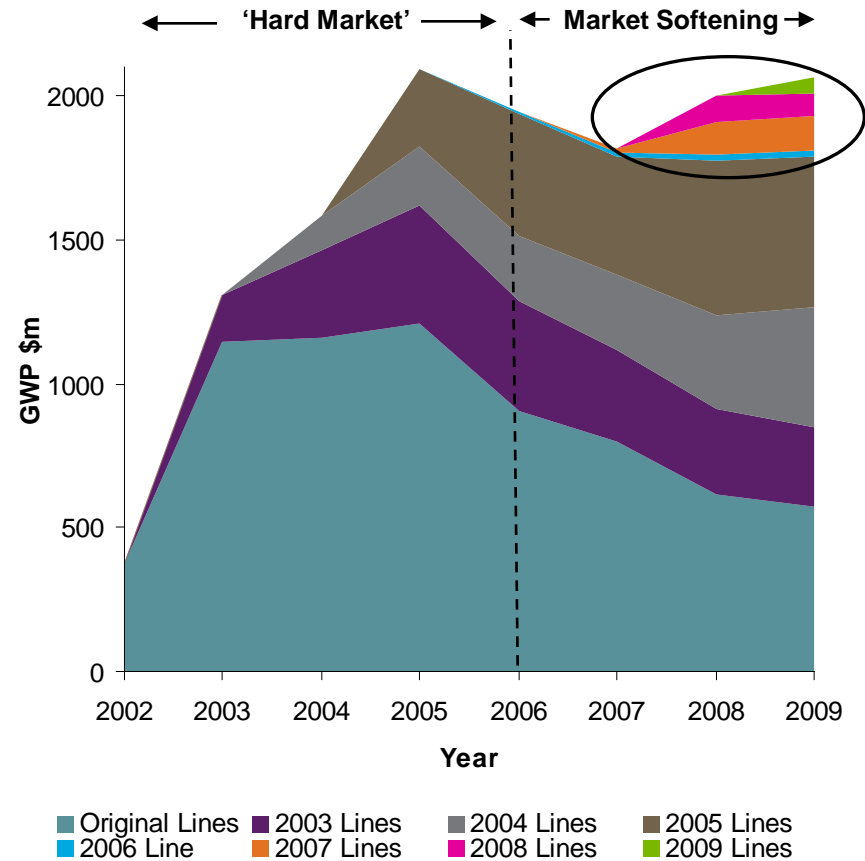
Incremental Expansion into Adjacent Business Lines Consistent with Diversification Strategy and Market Conditions

# The Aspen Approach

## Investing in our Franchise



- New business development reflects market conditions
- Exploiting barriers to entry
  - Investment in adjacent lines
    - E.g. Facultative reinsurance and addition of US Casualty Treaty capability in US
    - E.g. Aviation, Specie and Excess Casualty
  - Enhanced distribution
    - Lloyd's and offices in Paris, Zurich, Dublin, Singapore, Miami and Cologne
  - Broker relationships



Purposeful Investment in Teams and Distribution to Accelerate Growth Once The Cycle Turns

# The Aspen Approach

## “Testing Conventional Wisdom”



### Aviation Insurance

- Inception 2005
- GWP \$113m; combined ratio 92% (2009)
- 2009 third consecutive loss-making year for industry; industry sector loss ratio estimated at >110% including Air France loss
- Aspen 2009 result likely to be comfortably in the top quartile for the industry



### Political and Financial Risk Insurance

- Inception 2008
- GWP \$33m; combined ratio 81.1% (2009)
- GWP \$39m; combined ratio 83.0% (2008)
- Building reputation as a market leader while sustaining core principle of underwriting profitability
  - Quantitative credit analysis
  - Fundamental analysis
  - Structural analysis
  - Policy documentation



### Credit & Surety Reinsurance

- Inception 2009
- 2009: GWP \$49m; combined ratio 89.6%
- Well positioned to benefit from rating improvements in 2010 in response to global financial crisis
- Focus is primarily European and ex-US; US Surety business excluded

Very Strong Performance in Selected Lines Despite Challenging Market Conditions  
Reflecting Specialist Approach

# The Aspen Approach

## 2010 and Beyond



### Business

### Key Elements

#### Insurance

- Build out US Insurance platform
  - Addition of Admitted Market capability
- Round out 'London Market' portfolio
  - Addition of selected lines
  - Development of UK regional platform
  - Establishment of foothold in Swiss insurance market

#### Reinsurance

- Build out of non-US operations
  - Establishment of Miami office targeting Latin America
  - Continued selective build out for Continental Europe and Asian operations
- 'Watching brief' on Middle East

Measured Growth in Exposures We Know and Understand Subject to Market Conditions



# The Aspen Approach

## Key Focus Areas – 2010 / 2011

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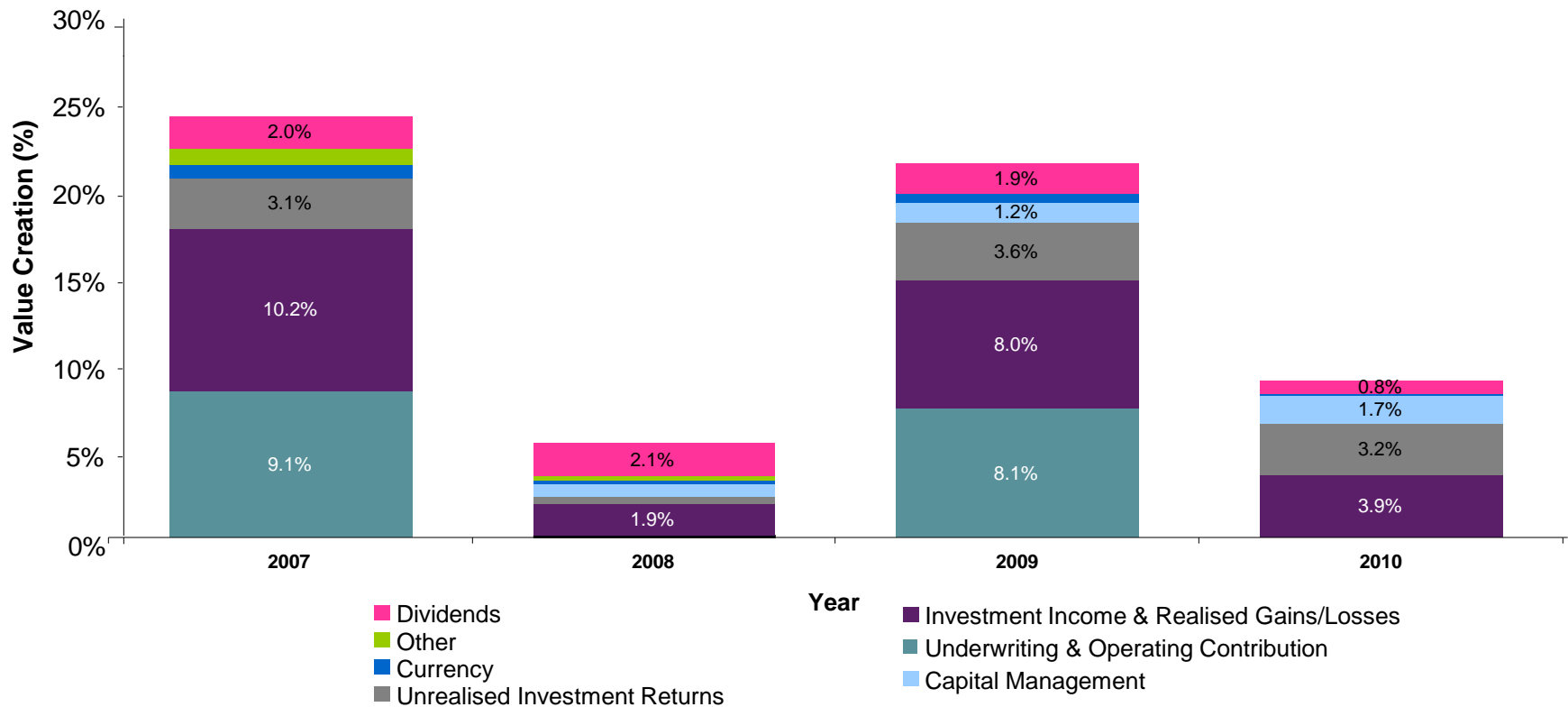
- Macro economic environment
- Pricing adequacy
- Cycle management
- Investment returns
- Capital deployment

# The Aspen Approach

## Shareholder Value Creation: Pulling the Financial Levers



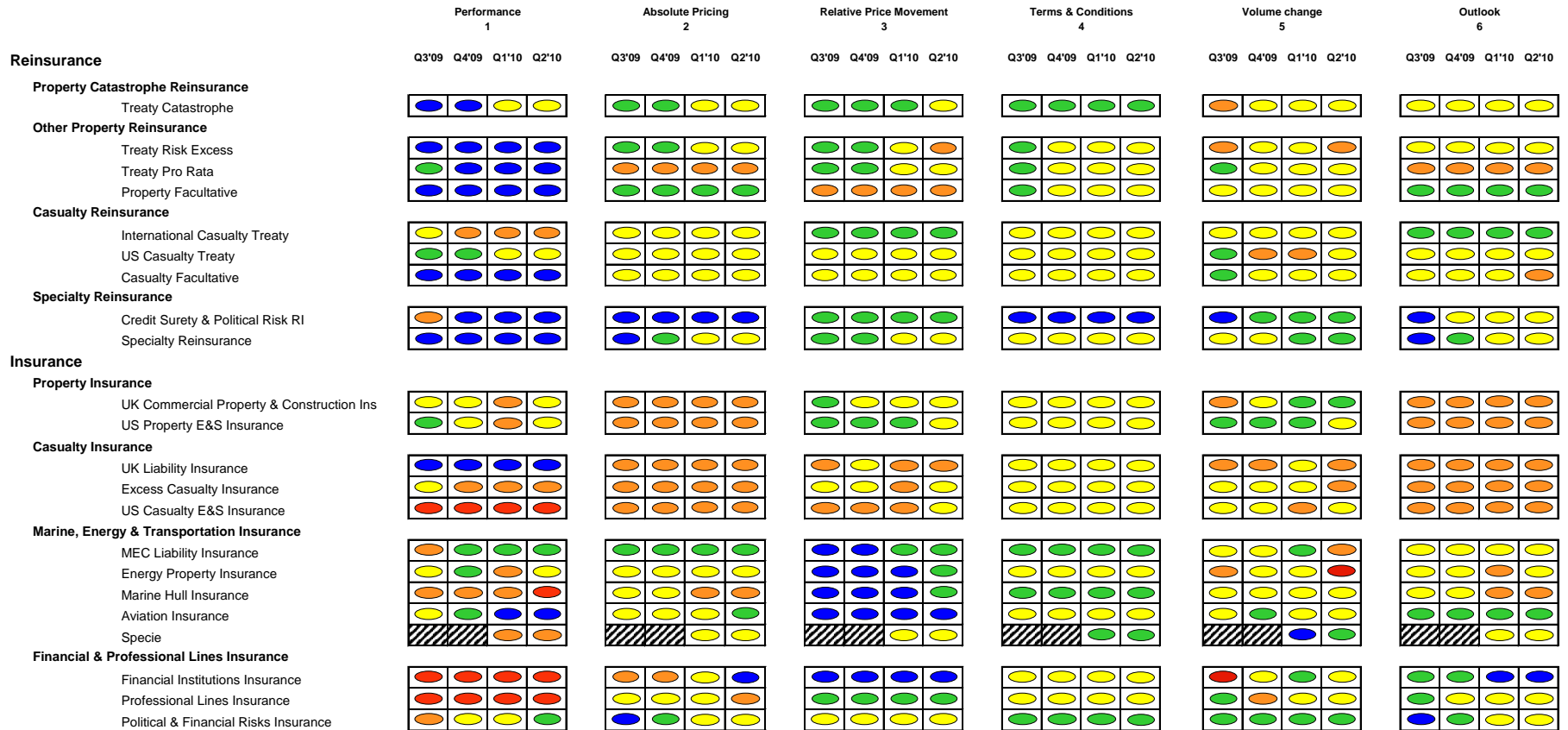
Shareholder Value Creation 2007 - 2009



Efficient Management of Financial Levers Crucial to Value Creation

# The Aspen Approach

## Business Performance and Market Outlook Q2 2010\*

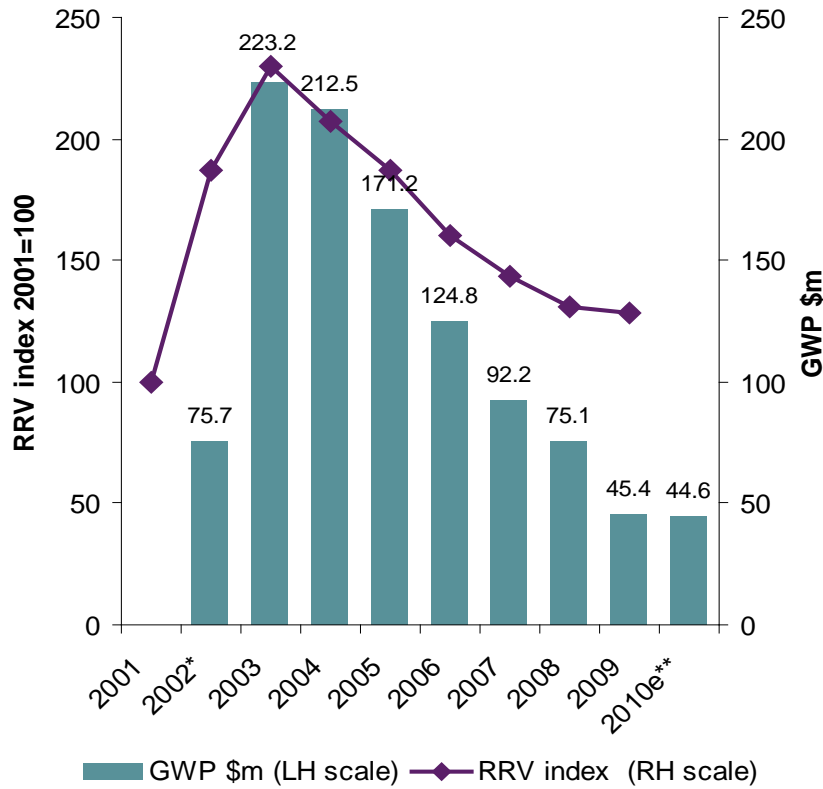


# The Aspen Approach

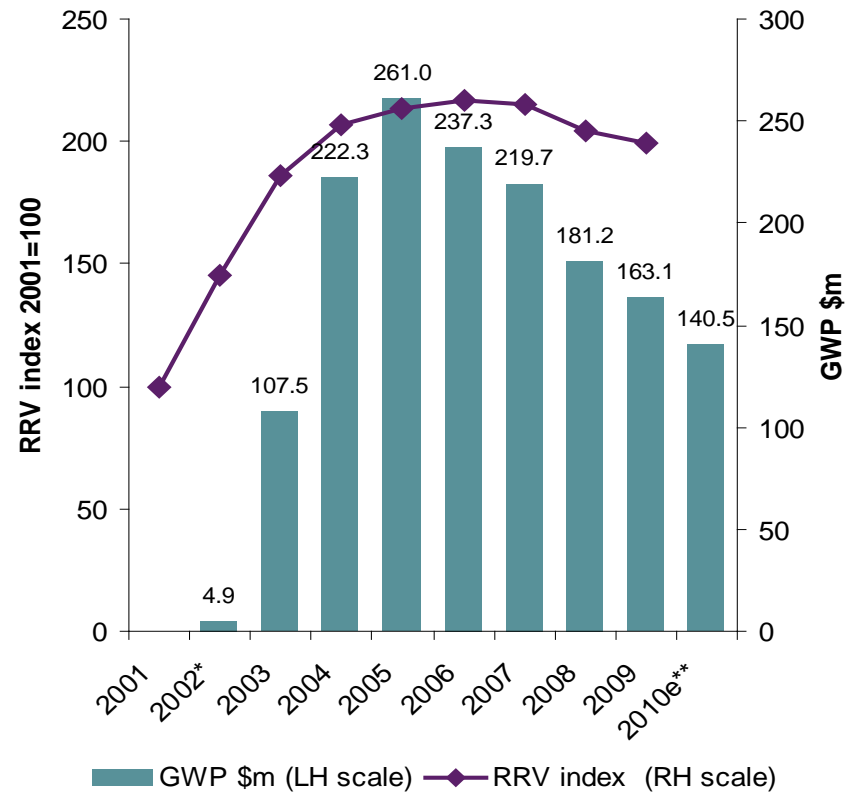
## Managing the Cycle



### UK Liability



### US Casualty Re



Proactive Management of Cycle

\* Since inception June 2002

\*\* Estimated GWP for 2010 (full year)

\*\*\* Renewal Rate Variation Report (RRV) monitors the change in rate for the risk from one year to the next

# The Aspen Approach

## Investment Philosophy and Current Appetite



### Likes

- High quality credit
- Active management of 'problem' issues
- Simplicity
- Input from multiple money managers
- Freedom to optimise investments over the yield curve
- Quality of investment decisions shown in total returns



### Dislikes

- High volatility
- Concentrated 'big bets'
- Constriction on flexibility
- Exclusive focus on income statement
- Impairment charges



### Current approach

- Maintain fixed income credit quality at AA – or better
- Maintain duration between 3.0 and 3.5 years driven by yield curve 'sweet spot'
- Incrementally add to A rated or better corporate bonds at 4%+
- Add to Agency MBS at 4% and better
- Put cash to work in rising rate environment
- 'Hygienic' actions on limited lower quality portion of portfolio

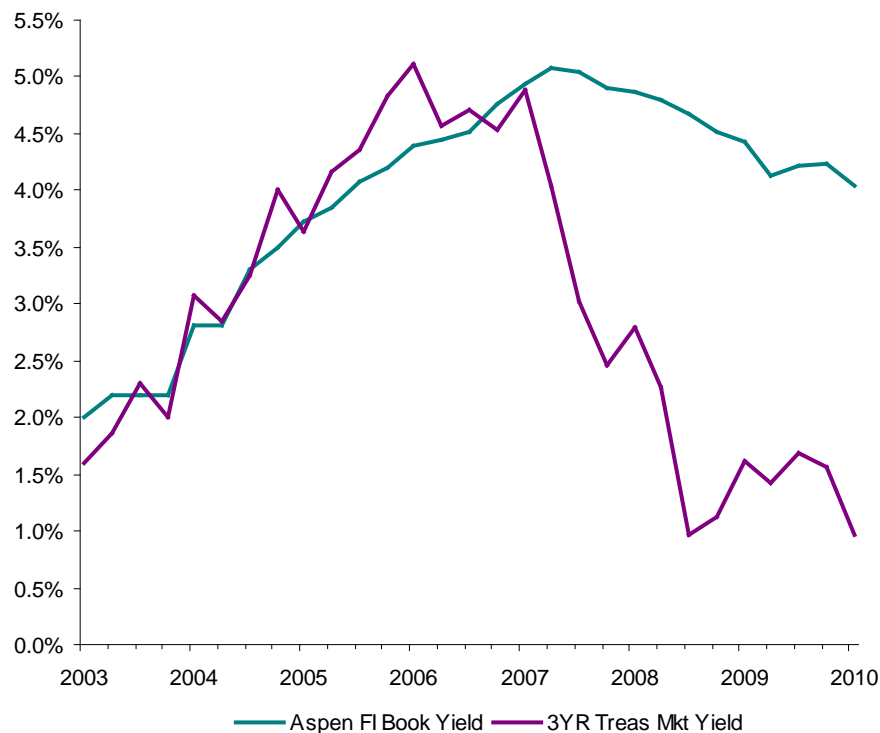
Focus on Long Term Holdings of Liquid High Quality Credit Instruments

# The Aspen Approach

## Prudent Investment Management



### Growth and stability in Aspen's book yield since 2003



- Consistent investment approach to deliver stable investment income focused on
  - Credit quality & liquidity
  - Interest rate tactics
  - Yield curve management
  - Sector rotation opportunities

Proactive Management of Investment Portfolio to Build Long Term Value Through all Market Cycles;  
\$293m in Unrealized Investment Gains at Q2 2010

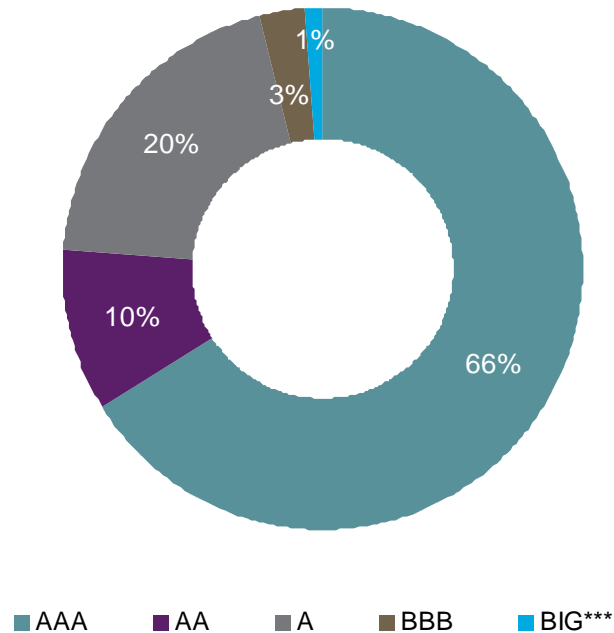
# The Aspen Approach

## Delivering Strong Investment Returns

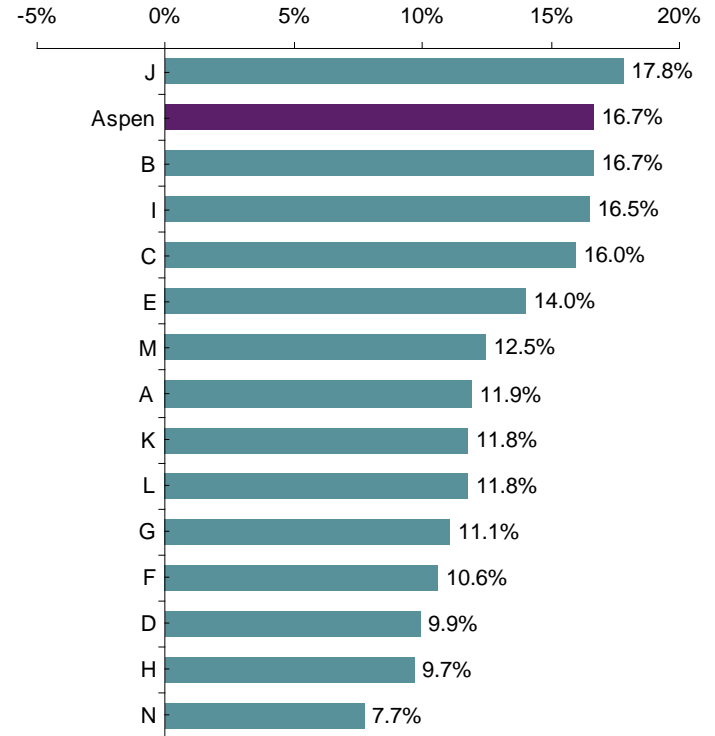


### Fixed Income Portfolio Credit Ratings

\$6.784bn\*\* as at June 30, 2010



### 3 Year Total Return vs. Peers\*



Significant Outperformance vs. Peers; Aspen Rated #2 out of 15

\* Total investment return at June 30, 2010

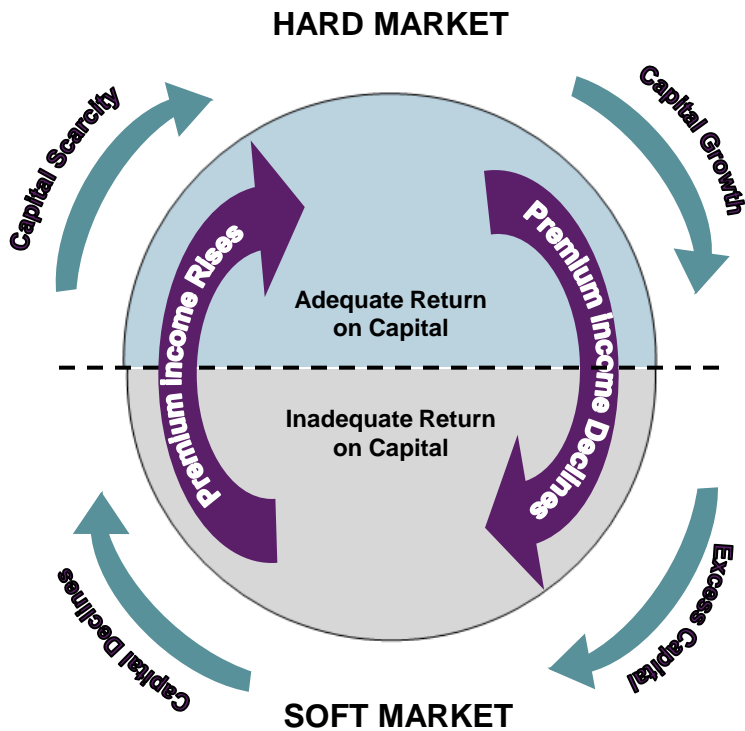
\*\* Includes cash and short term securities in managed fixed income portfolios

\*\*\* Below Investment Grade

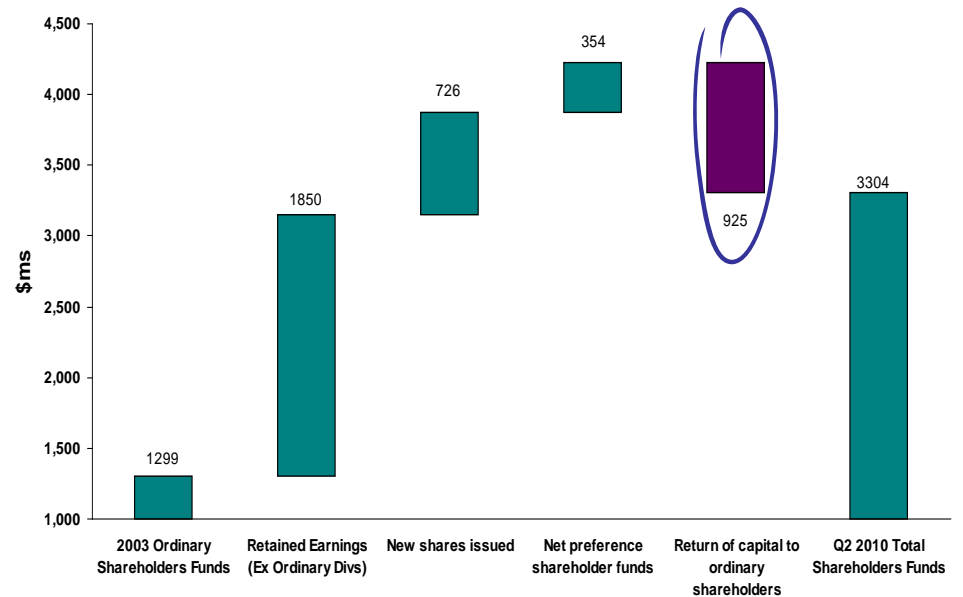
Peers include ACE, ACGL, AWH, AXS, ENH, MRH, MXGL, PRE, PTP, RE, RNR, TRH, VR, XL

# The Aspen Approach

## Pro-active Management of Capital



Shareholder Equity Development  
2003 – Q2 2010



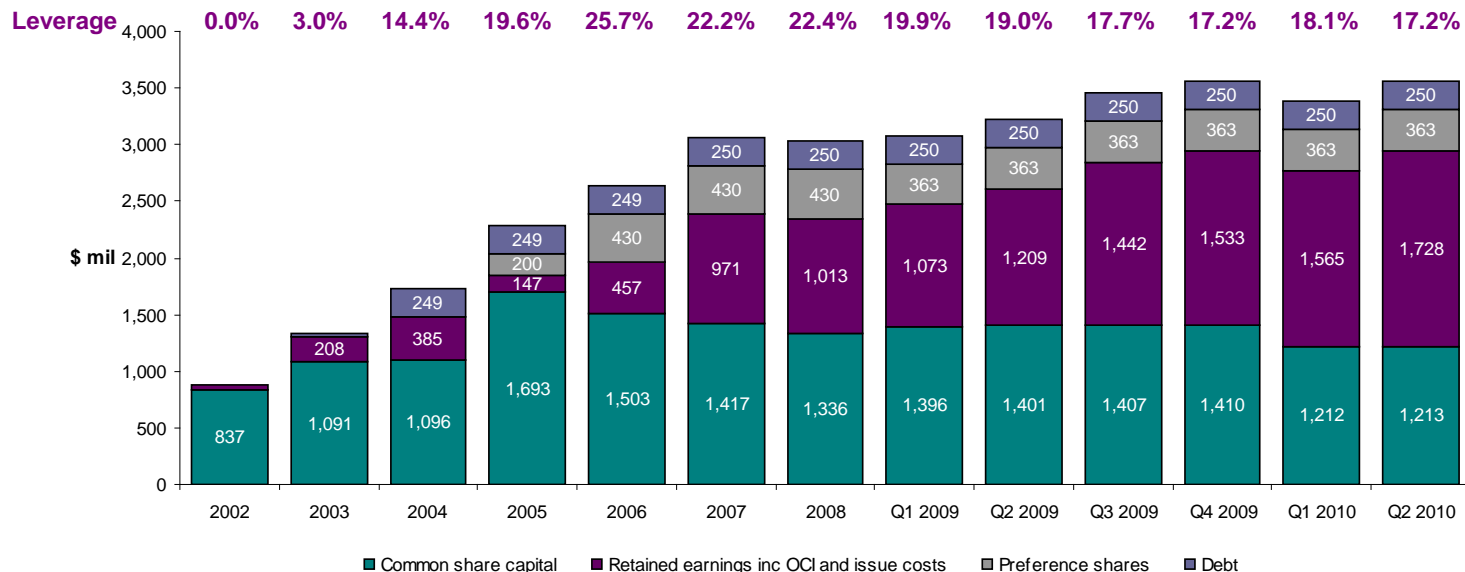
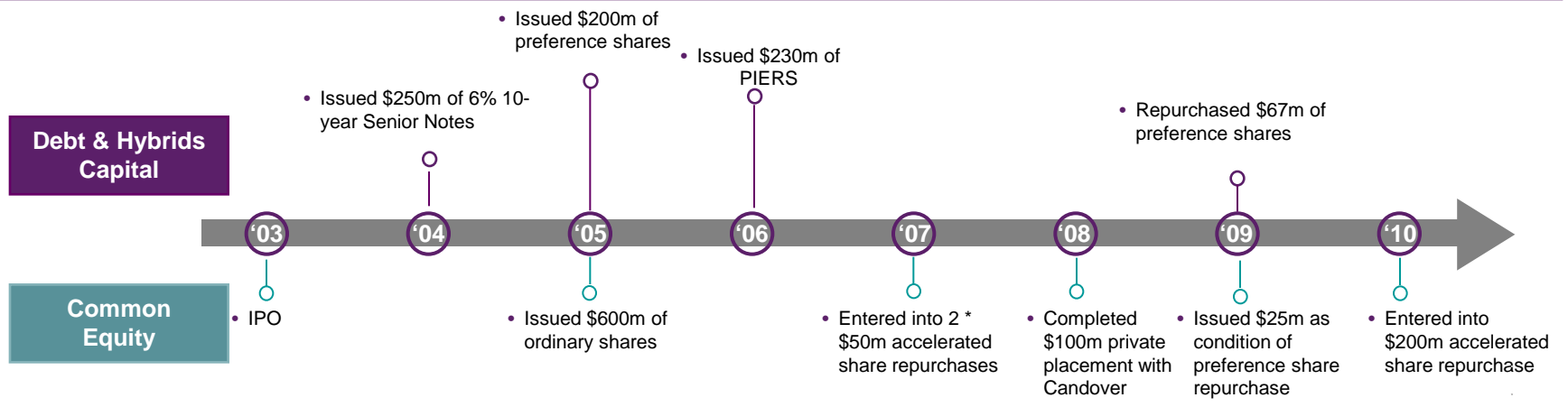
Continued Commitment to Capital Management; Returned \$1bn\* from 2003 to Date\*\*

\* Includes preference dividends and \$200m share repurchase entered into in Q1 2010

\*\* End of Q2 2010



# The Aspen Approach History



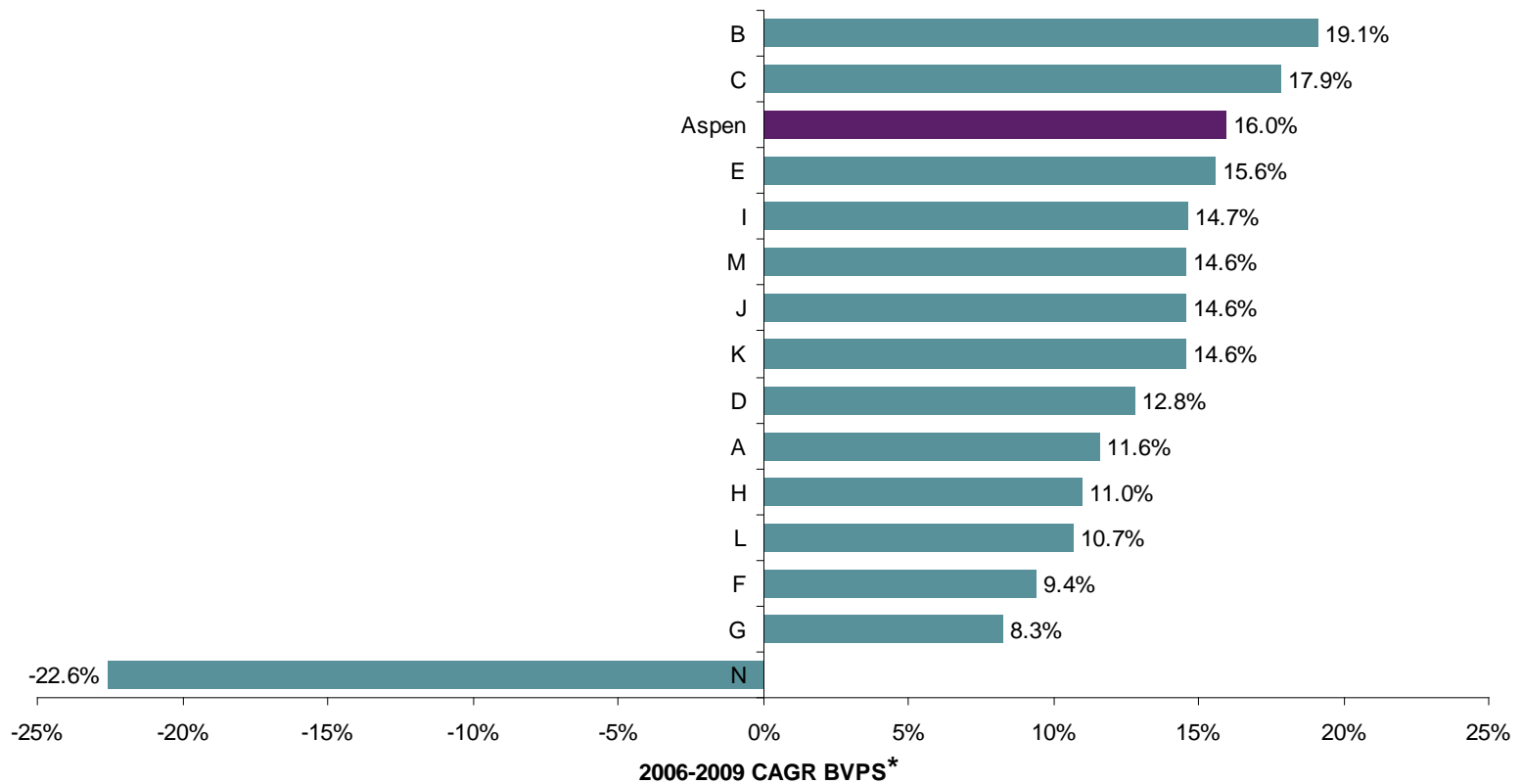
Active, Prudent Capital Management Key to Financial Performance

# How It All Adds Up

## Growth in Book Value Per Share



### Aspen vs. Peers\*



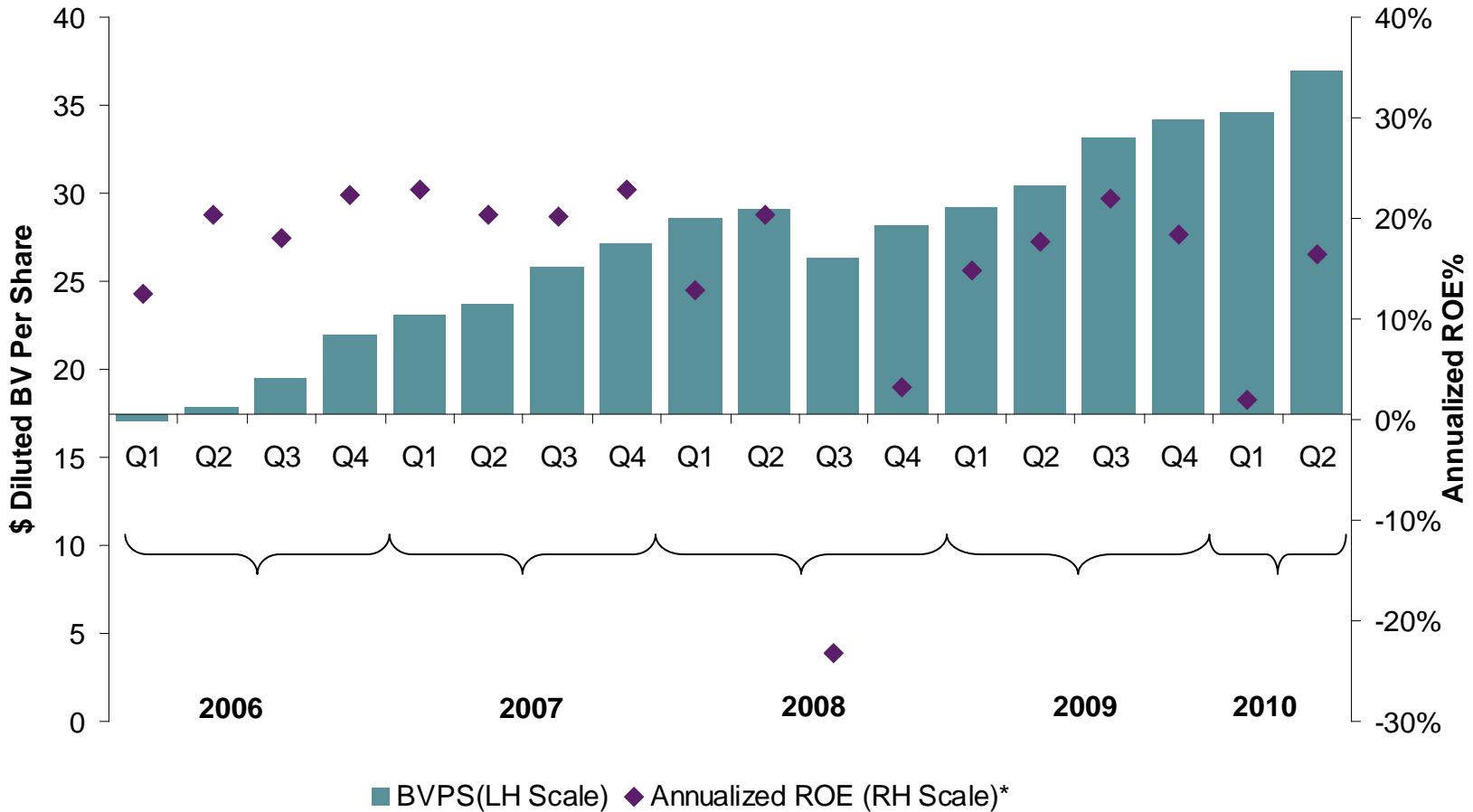
Top Quartile Performance vs. Peers

Source: Company data, SNL \* Peers include ACE, AWH, ACGL, AXS, ENH, RE, MXGL, PRE, PTP, TRH, XL, RNR, MRH, VR

(\*) Note: See Aspen's quarterly financial supplement for a reconciliation of diluted book value per share to basic book value per share in the Investor Relations section of Aspen's website at [www.aspen.bm](http://www.aspen.bm)

# How It All Adds Up

## Growth in Book Value Per Share and ROE



Diluted Book Value per Share up 21% since June 30, 2009

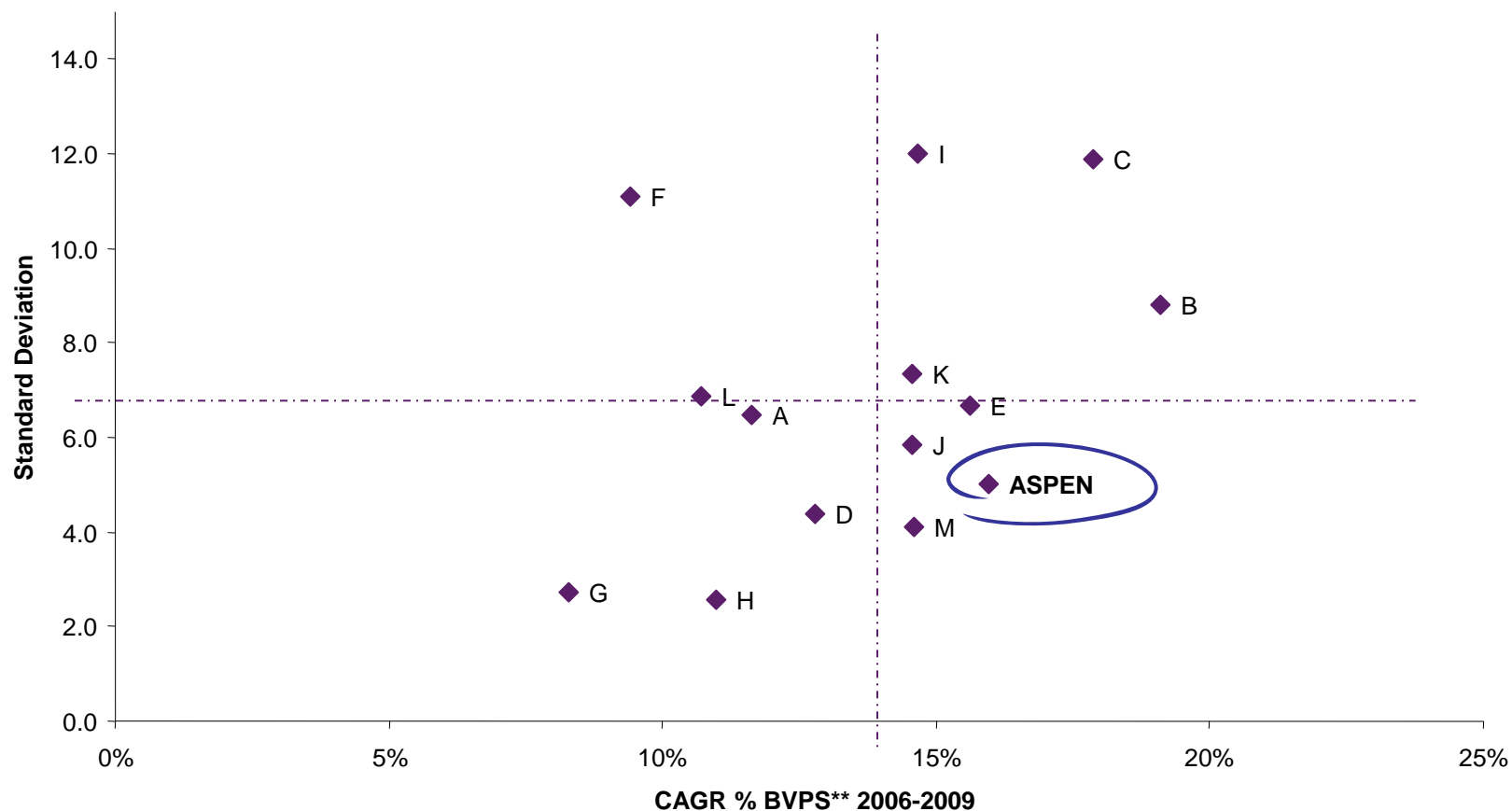
(\*) Note: See Aspen's quarterly financial supplement for a reconciliation of diluted book value per share to basic book value per share and reconciliation of average equity to closing shareholders' equity in the Investor Relations section of Aspen's website at [www.aspen.bm](http://www.aspen.bm)

# How It All Adds Up

## Delivering Growth with Low Volatility



### Aspen vs. Peers\*



Strong Growth in Diluted BVPS and Low Volatility vs. Peers, by Managing all of our Levers

Source: Company data, SNL \* Peers include ACE, AWH, ACGL, AXS, ENH, RE, MXGL, PRE, PTP, TRH, RNR, MRH, VR

(\*) Note: See Aspen's quarterly financial supplement for a reconciliation of diluted book value per share to basic book value per share and reconciliation of average equity to closing shareholders' equity in the Investor Relations section of Aspen's website at [www.aspen.bm](http://www.aspen.bm)

# Our Investment Proposition

## The Embedded Value in Our Franchise

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### Underwriting Excellence

#### 'Right' business model

- Niche focused
- Expert based
- Appropriately diversified (Insurance/Reinsurance, Property/Casualty, Geography)

### Operational Effectiveness

#### 'Right' Tools

- Significant investment in integrated risk management, actuarial and other quantitative techniques to enhance our business

### Talent Management

#### 'Right' People

- Motivation
- Experience
- Appetite to succeed
- Alignment with shareholders (i.e., the right compensation structures)

### Agility

#### 'Right' size and speed of response

- Sufficient scale to withstand 'shock' losses and compete effectively in all phases of the cycle
- Ability to respond rapidly to changes in market conditions

Aspen Well Positioned for Future Success

# Appendix

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## Return Objective

'The Aspen Group aims to generate 10 year average ROEs which exceed the 3 year risk free rate by an average of at least 8% with a target of 10.5%

### Key Features

- Spread over the risk free rate rather than an absolute value of ROE
- Time weighted averaging over 10 years rather than the more usual 'over the cycle'
  - Reported ROE with an average of 8.5% over the risk free rate since inception\*
- Aim not to fall below 8%
- Believe that if we perform at higher target level of 10.5%, then more likely to achieve our valuation objective

Motivated By Shareholder Return and Valuation Aspirations, But Subject to Constraints to Limit Downside Risk

\* 7 years excluding part year 2002



## Volatility Constraint

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'Limiting the chance of an ROE which is 5 percentage points worse than plan to a probability less than 25% (i.e. 1 in 4 years)'

### Key Features

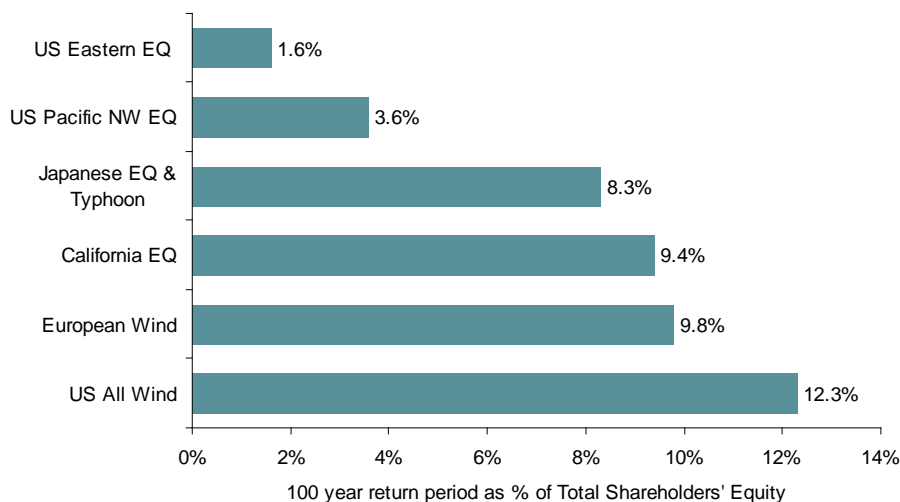
- Constraint seeks to limit volatility of earnings near to the mean
- Fluctuations of up to 5 points likely to occur reasonably often
- Volatility calibrated at level exhibited by top quartile performers in our peer group
- Applied prospectively based on the volatility measured by our Economic Capital Model

Excessive Earnings Volatility Detrimental to Long Term Shareholder Value Growth

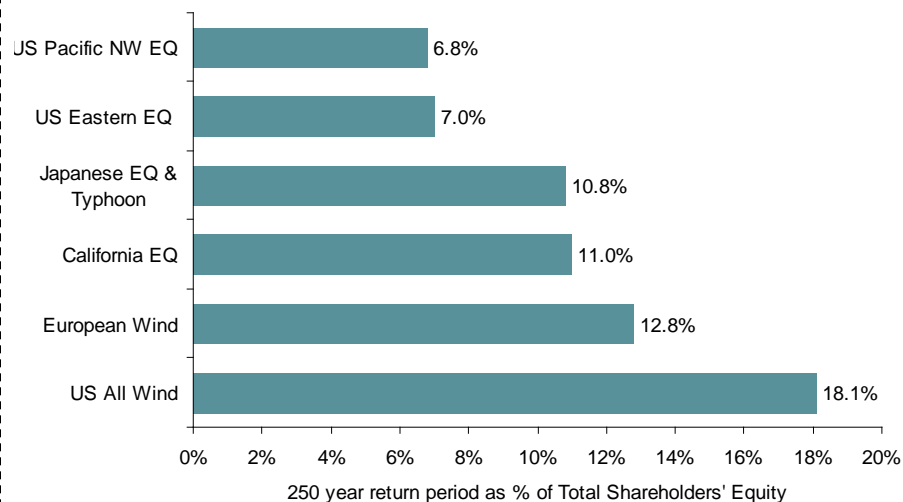




# Aspen's Modelled Worldwide Natural Catastrophe Exposures – Major Peril Zones



- 1 in 100 Year Tolerance: 17.5% of Total Shareholders' Equity



- 1 in 250 Year Tolerance: 25% of Total Shareholders' Equity



## 2010 Guidance

	Actual 2009 Results	Initial Guidance February 9, 2010	Revised Guidance April 28, 2010	Revised Guidance July 28, 2010
<b>Gross Written Premium</b>	<b>\$2.1 billion</b>	<b>\$2.2 billion ± 5%</b>	<b>\$2.2 billion ± 5%</b>	<b>\$2.1 billion ± 5%</b>
<b>% Premium Ceded</b>	<b>11.3% of GEP</b>	<b>8% - 12% of GEP</b>	<b>8% - 12% of GEP</b>	<b>8% - 10% of GEP</b>
<b>Combined Ratio</b>	<b>84.1%</b>	<b>88% - 94%</b>	<b>92% - 98%</b>	<b>92% - 98%</b>
<b>Tax Rate</b>	<b>11.4%</b>	<b>10% to 14%</b>	<b>9% to 13%</b>	<b>9% to 13%</b>
<b>Cat-Load</b>	<b>\$12 million</b>	<b>\$170 million</b> (assuming normal loss experience)	<b>\$140 million</b> (assuming normal loss experience for the remainder of 2010)	<b>\$110 million</b> (assuming normal loss experience for the remainder of 2010)



## Financial Highlights: Q2 2010

(US\$ in millions, except per share data)

Quarter Ended June 30	2010	2009	Change
Gross Written Premiums	545.4	534.3	2.1%
Net Written Premiums	538.8	484.7	11.2%
Net Earned Premiums	479.9	428.6	12.0%
Underwriting Income	62.8	53.2	18.0%
Net Investment Income	57.5	72.2	(20.4%)
Net Income after Tax	108.9	110.4	(1.4%)
<b>Financial Ratios</b>			
Loss Ratio	57.7%	54.8%	
Expense Ratio	29.2%	32.9%	
Combined Ratio	86.9%	87.7%	
Annualized Operating ROE*	15.6%	16.4%	
Operating EPS*	1.23	1.14	7.9%
Diluted Book Value per Share*	36.96	30.46	21.3%

(\*) Note: See Aspen's quarterly financial supplement for a reconciliation of operating income to net income, average equity to closing shareholders' equity and diluted book value per share to basic book value per share in the Investor Relations section of Aspen's website at [www.aspen.bm](http://www.aspen.bm)



# Financial Highlights: H1 2010

(US\$ in millions, except per share data)

Year Ended June 30	2010	2009	Change
Gross Written Premiums	1,248.2	1,171.1	6.6%
Net Written Premiums	1,118.9	991.3	12.9%
Net Earned Premiums	947.5	875.9	8.2%
Underwriting Income	14.6	122.6	(88.1%)
Net Investment Income	116.9	131.4	(11.0%)
Net Income after Tax	127.2	201.8	(37.0%)

## Financial Ratios

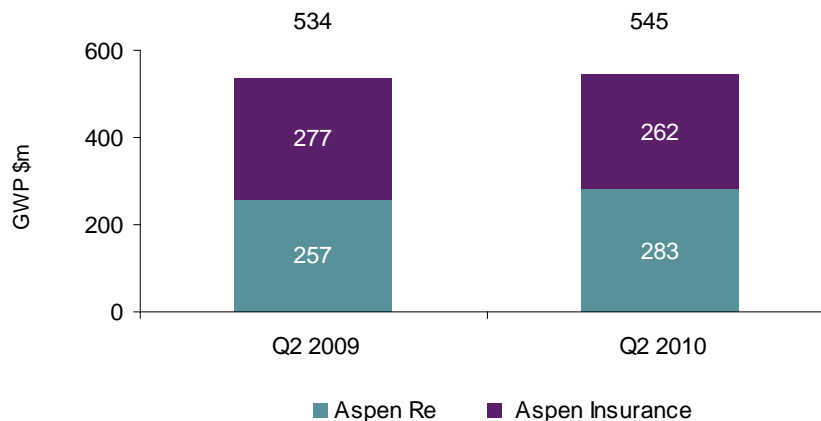
Loss Ratio	69.2%	55.4%	
Expense Ratio	29.2%	30.6%	
Combined Ratio	98.4%	86.0%	
Annualized Operating ROE*	7.8%	17.0%	
Operating EPS*	1.24	2.32	(46.6%)
Diluted Book Value per Share*	36.96	30.46	21.3%

(\*) Note: See Aspen's quarterly financial supplement for a reconciliation of operating income to net income, average equity to closing shareholders' equity and diluted book value per share to basic book value per share in the Investor Relations section of Aspen's website at [www.aspen.bm](http://www.aspen.bm)

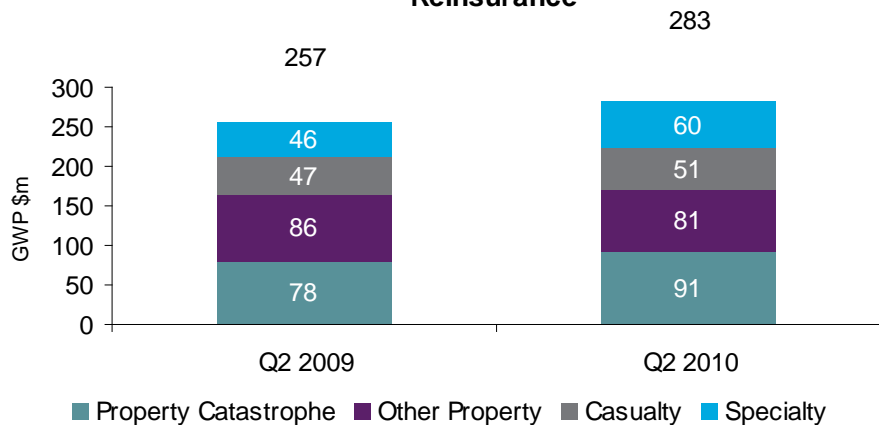


# Financial Highlights: Group Summary Q2 2010

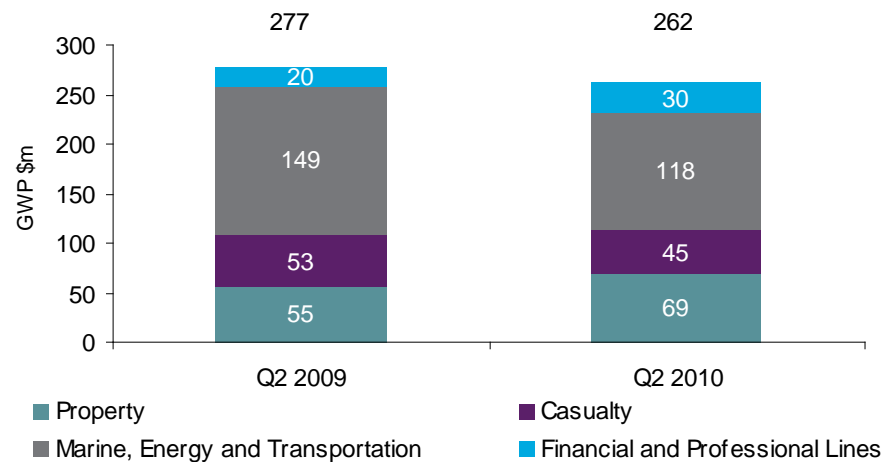
**Total**



**Reinsurance**



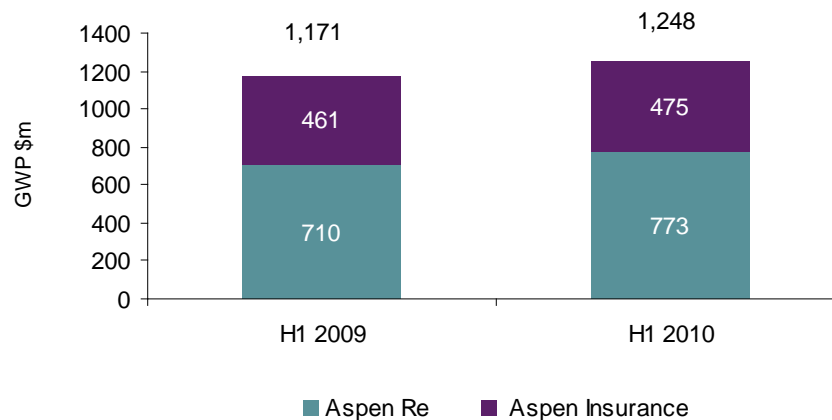
**Insurance**



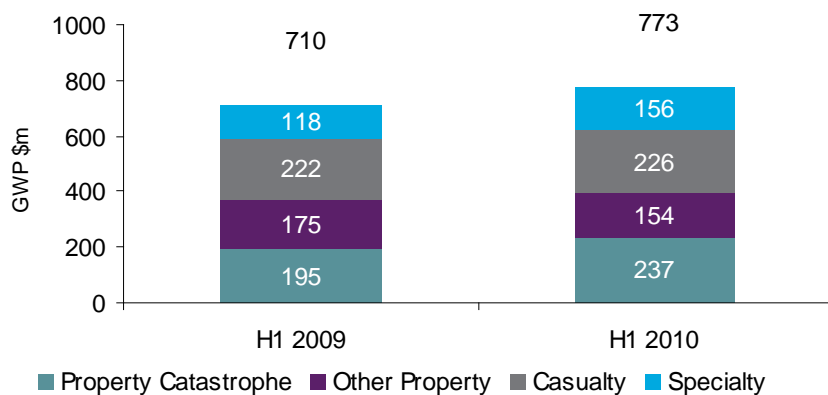


# Financial Highlights: Group Summary H1 2010

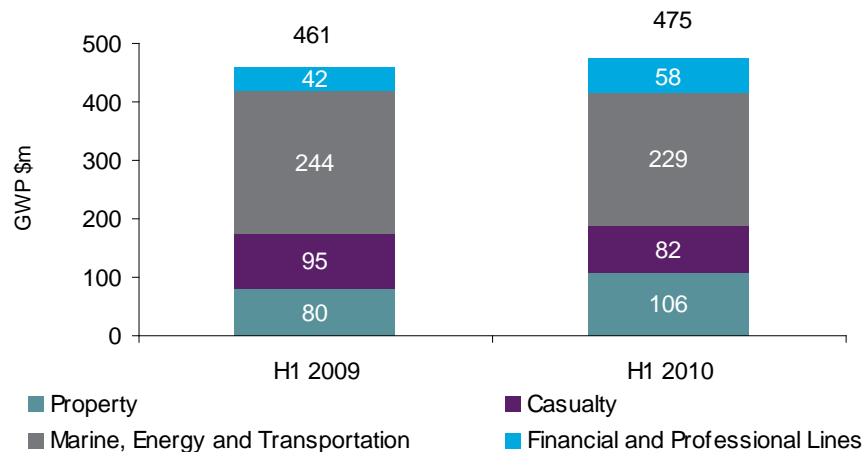
## Total



## Reinsurance



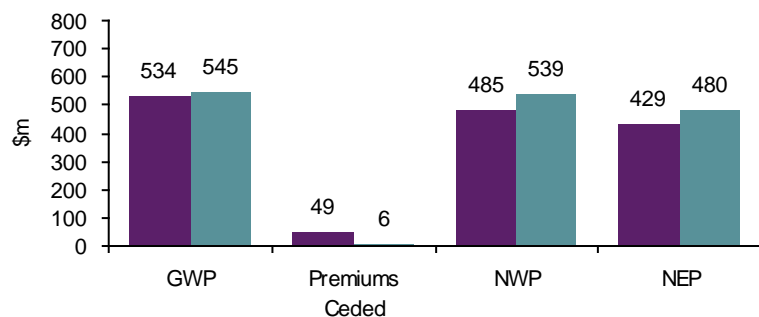
## Insurance



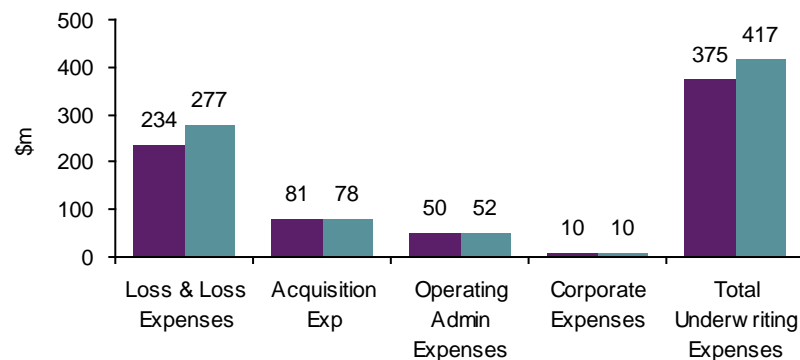


# Financial Highlights: Group Summary Q2 2010

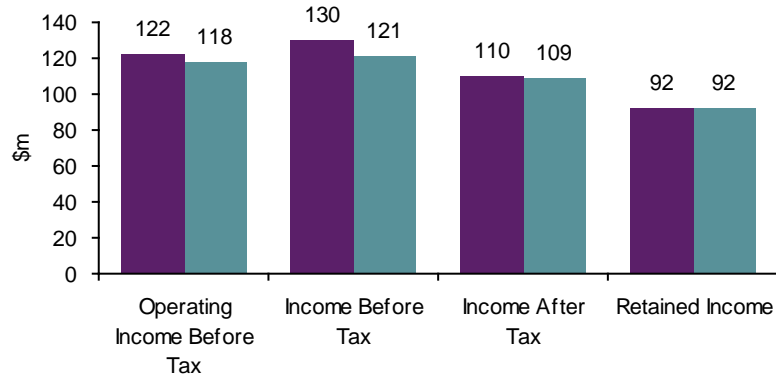
**Underwriting Revenues**



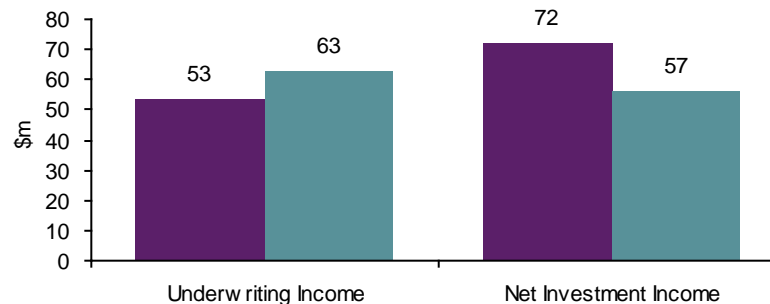
**Expenses**



**Income**



**Contribution**

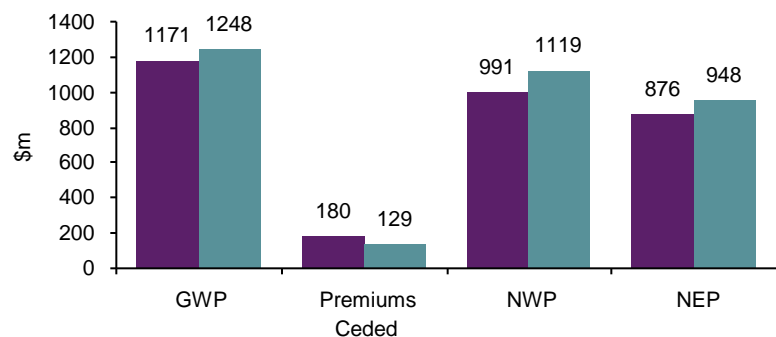


■ H1 2009 ■ H1 2010

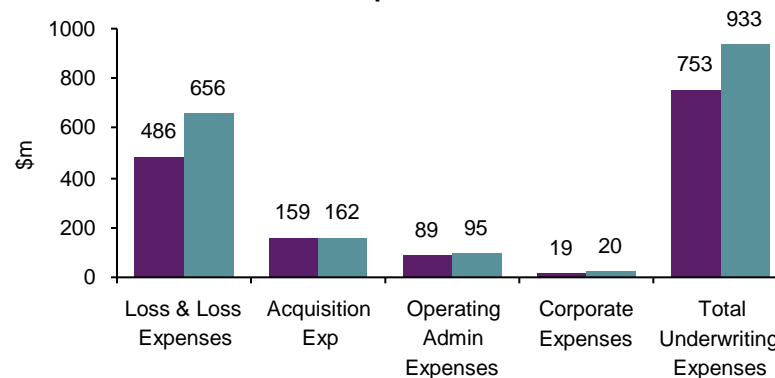


# Financial Highlights: Group Summary H1 2010

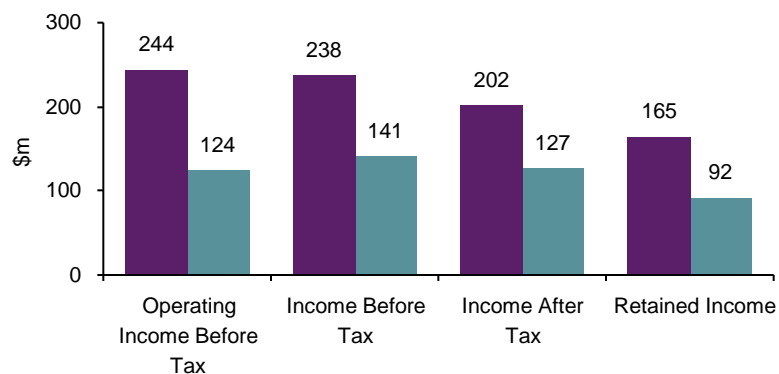
**Underwriting Revenues**



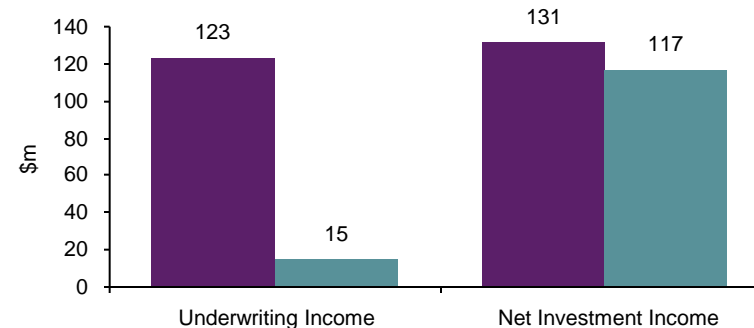
**Expenses**



**Income**



**Contribution**

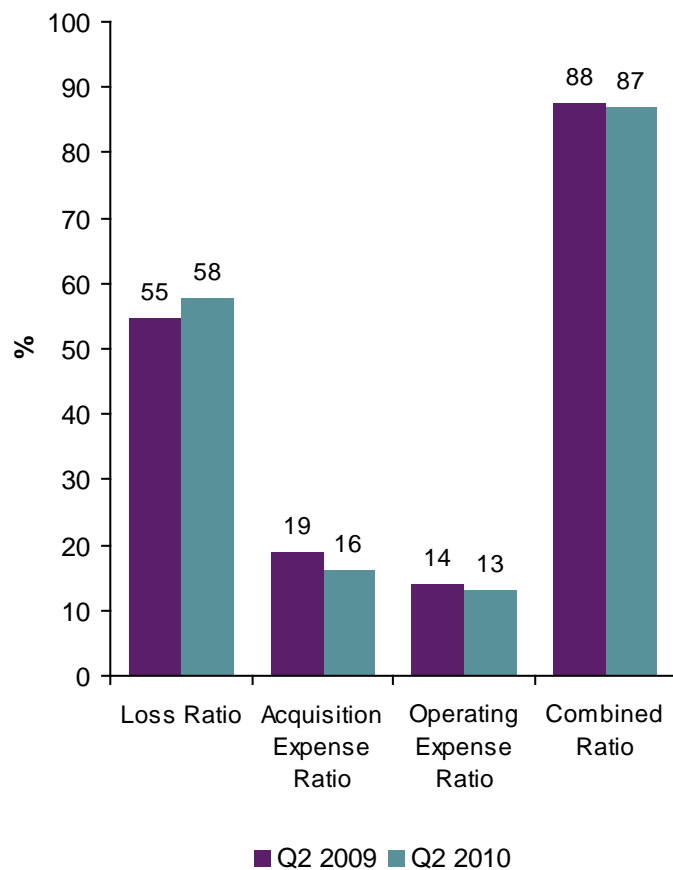




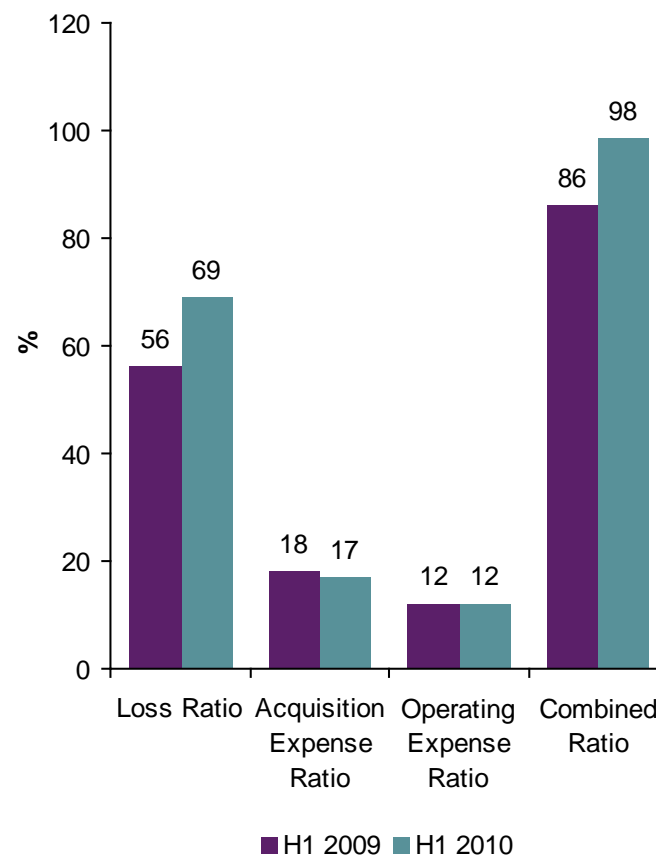


# Key Performance Metrics: Q2 2010 and H1 2010

Ratio Analysis

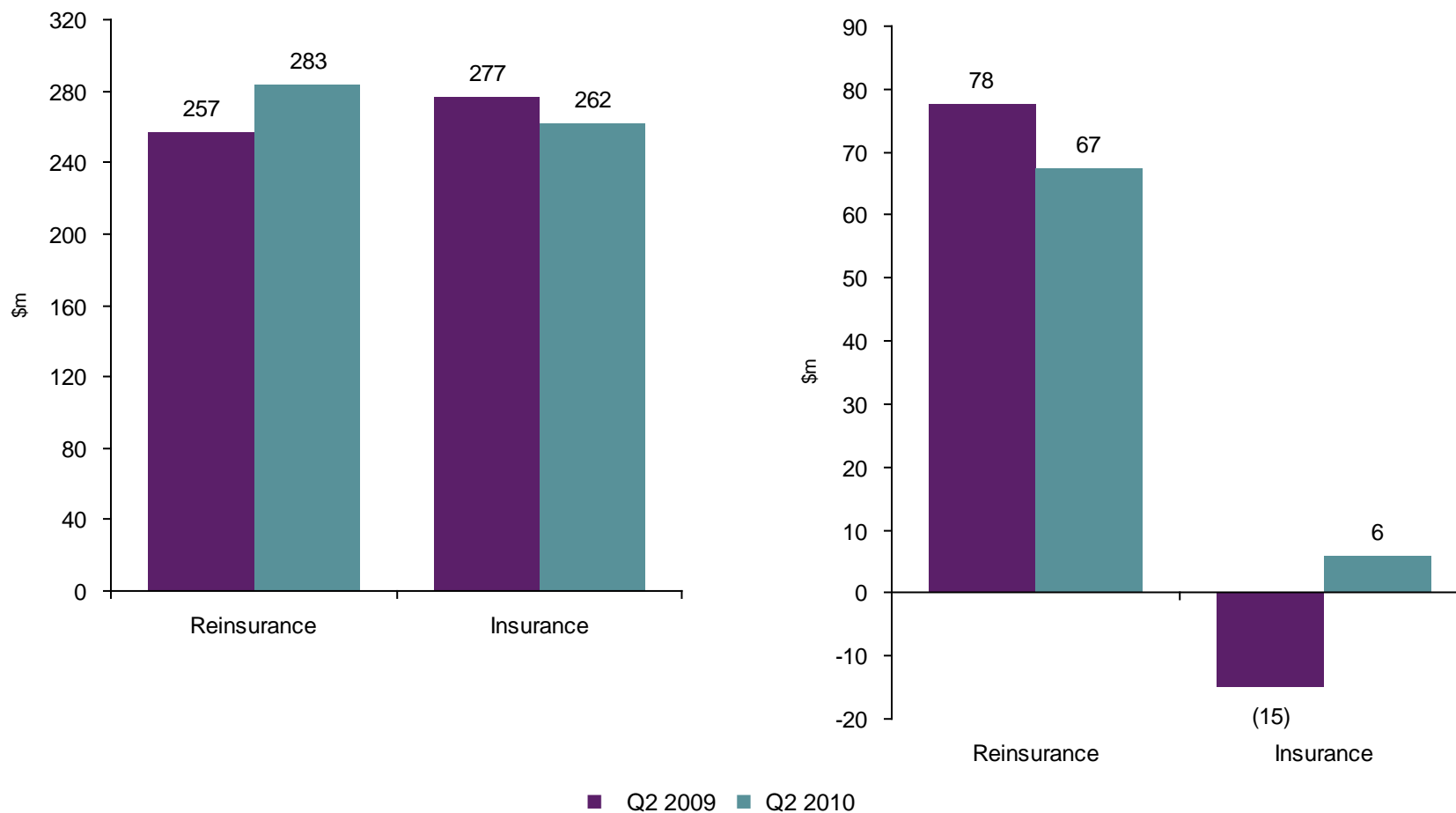


Ratio Analysis





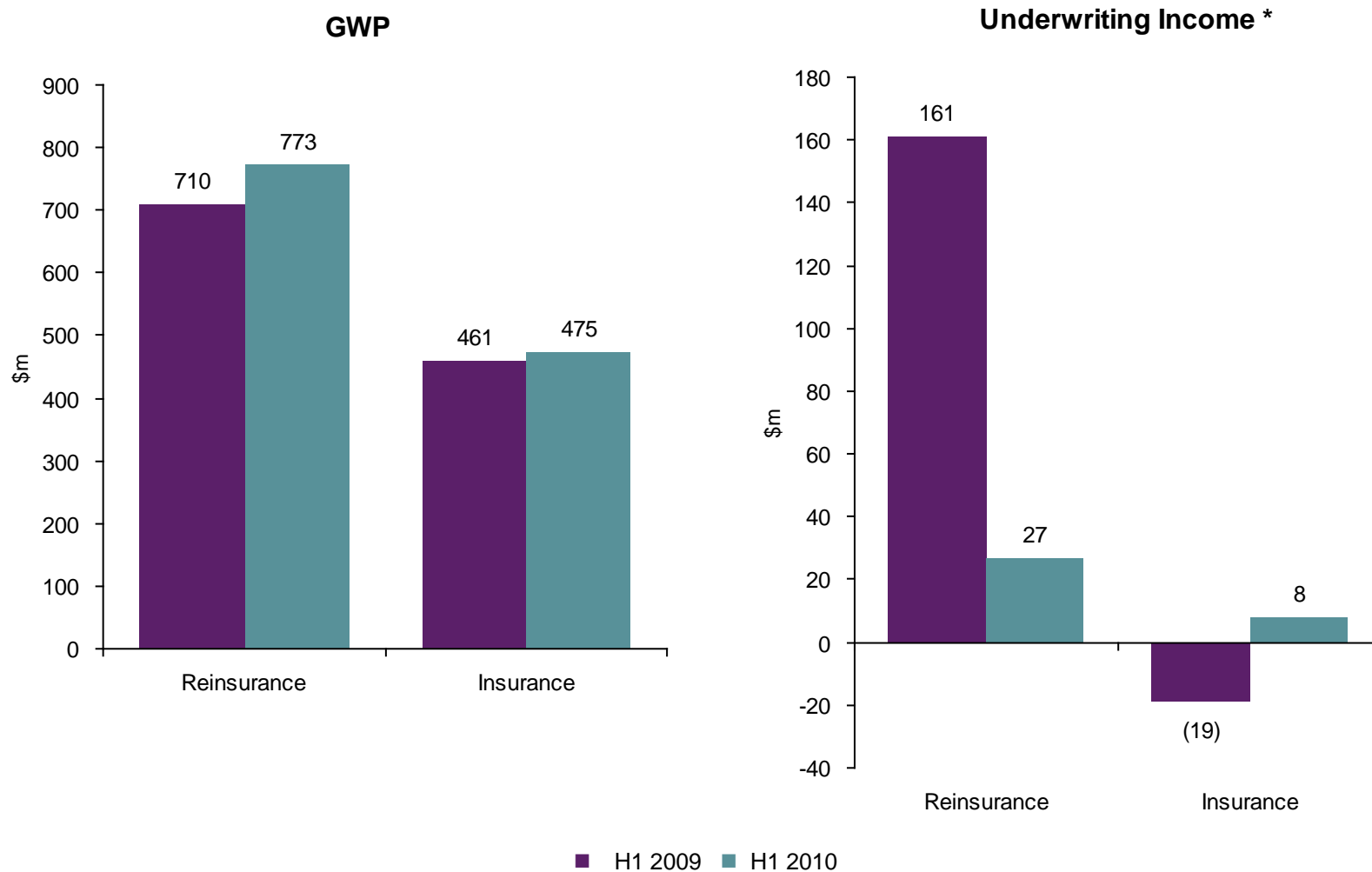
# Results by Business Segment: Q2 2010



(\*) Underwriting income is calculated as underwriting revenues, less underwriting expenses.



# Results by Business Segment: H1 2010

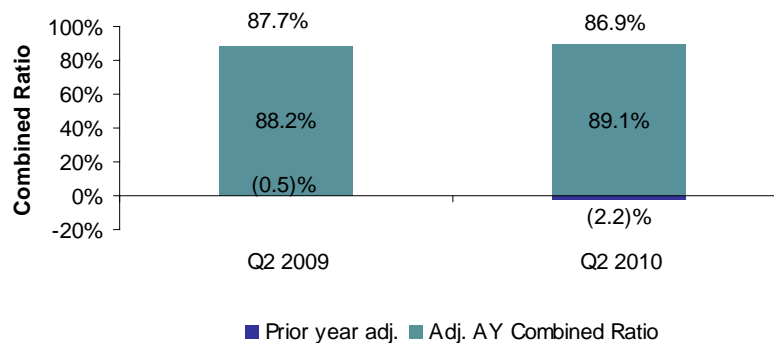


(\*) Underwriting income is calculated as underwriting revenues, less underwriting expenses.

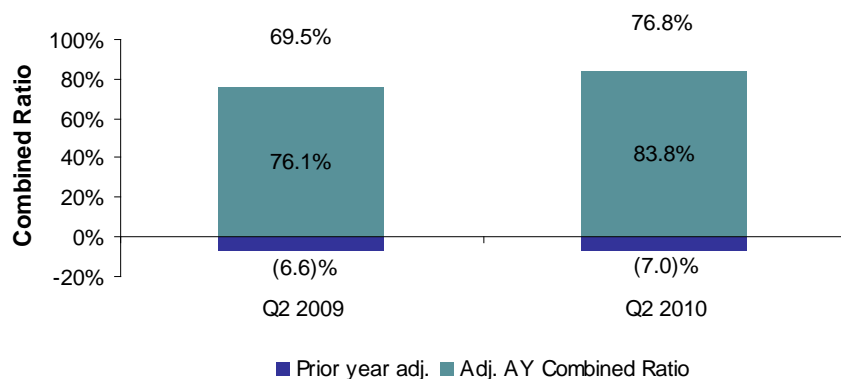


# Key Performance Metrics: Q2 2010

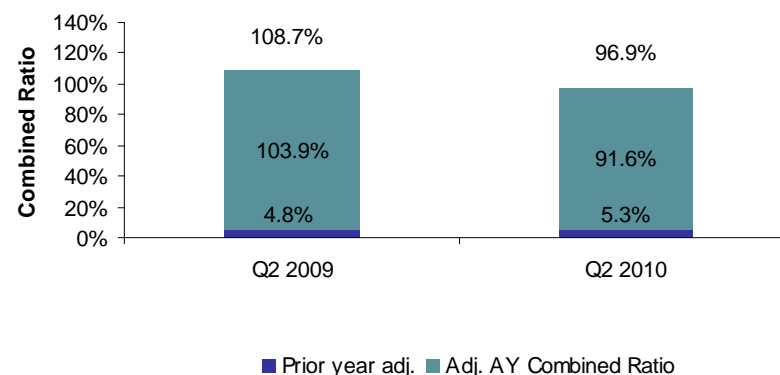
**Total**



**Reinsurance**



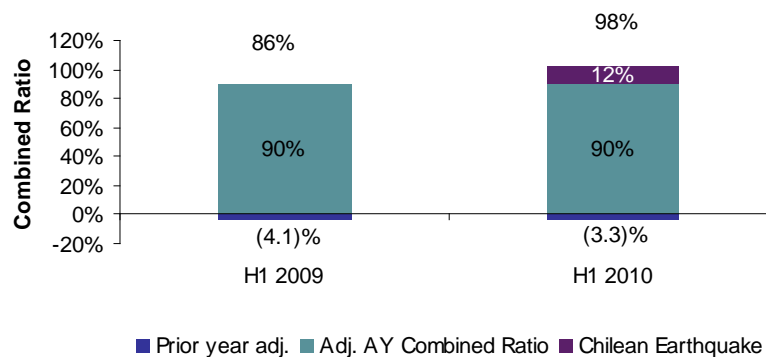
**Insurance**



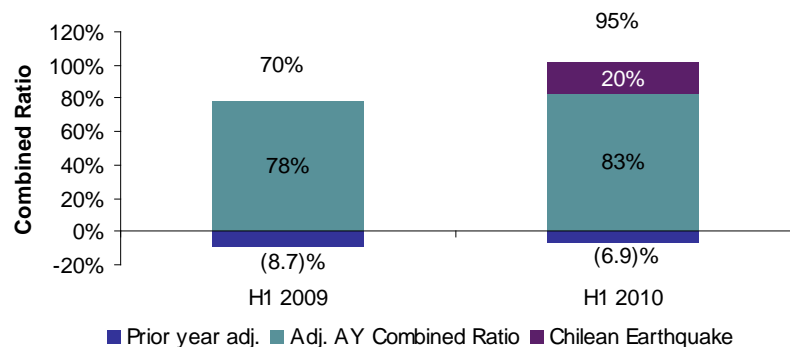


# Key Performance Metrics: H1 2010

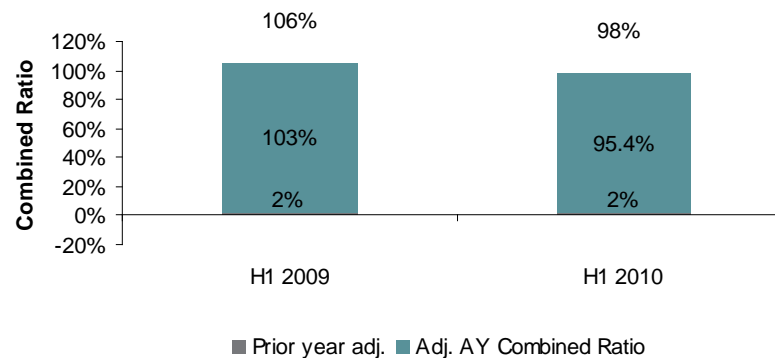
**Total**



**Reinsurance**

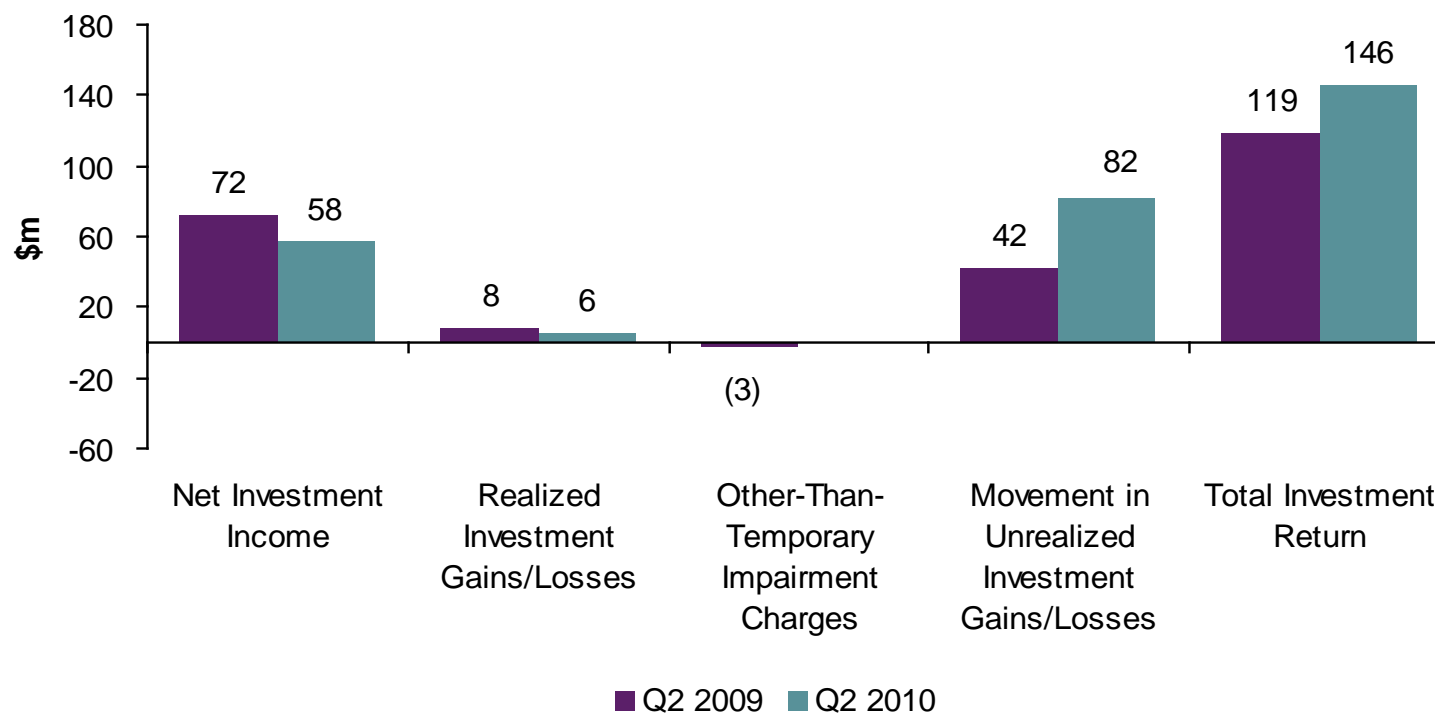


**Insurance**





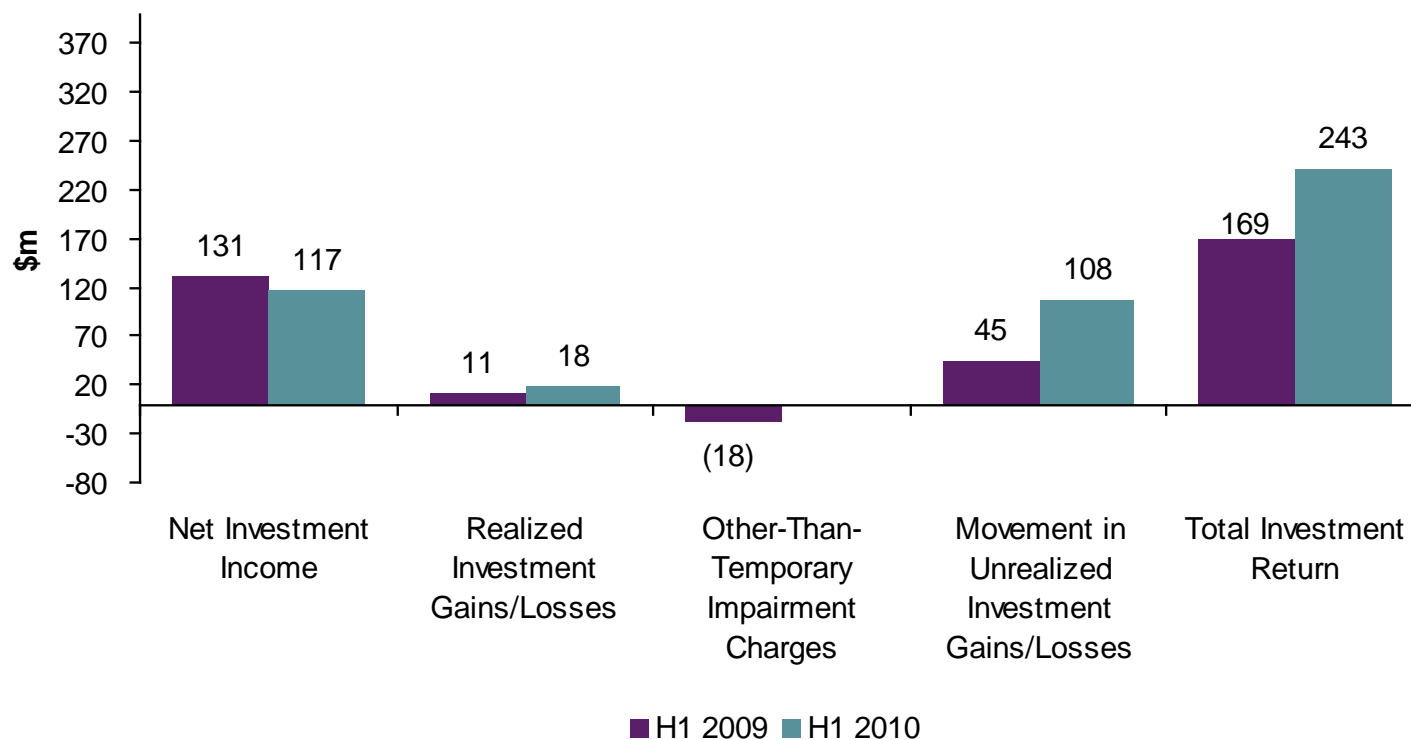
## Total Investment Return – Q2 2010



Annualized Investment Return for the Quarter of 8.7%



## Total Investment Return – H1 2010



Annualized Investment Return for the Year to Date of 7.2%



# Fixed Income Portfolio by Asset Type

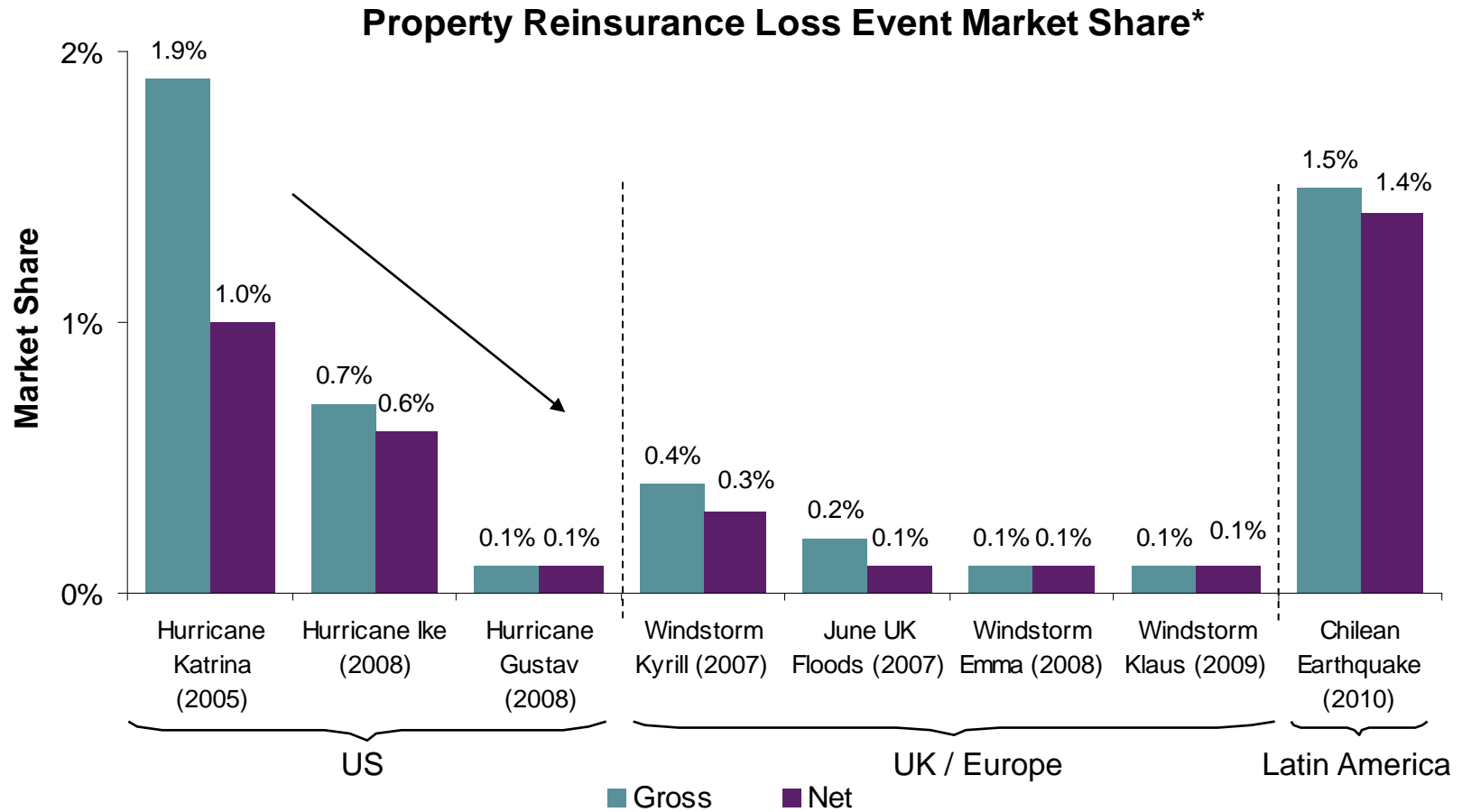
(US\$ in millions)

## ASSETS : INVESTMENT PORTFOLIO JUNE 30, 2010

TOTAL INVESTMENT PORTFOLIO AT MARKET VALUE **\$6,823.4**

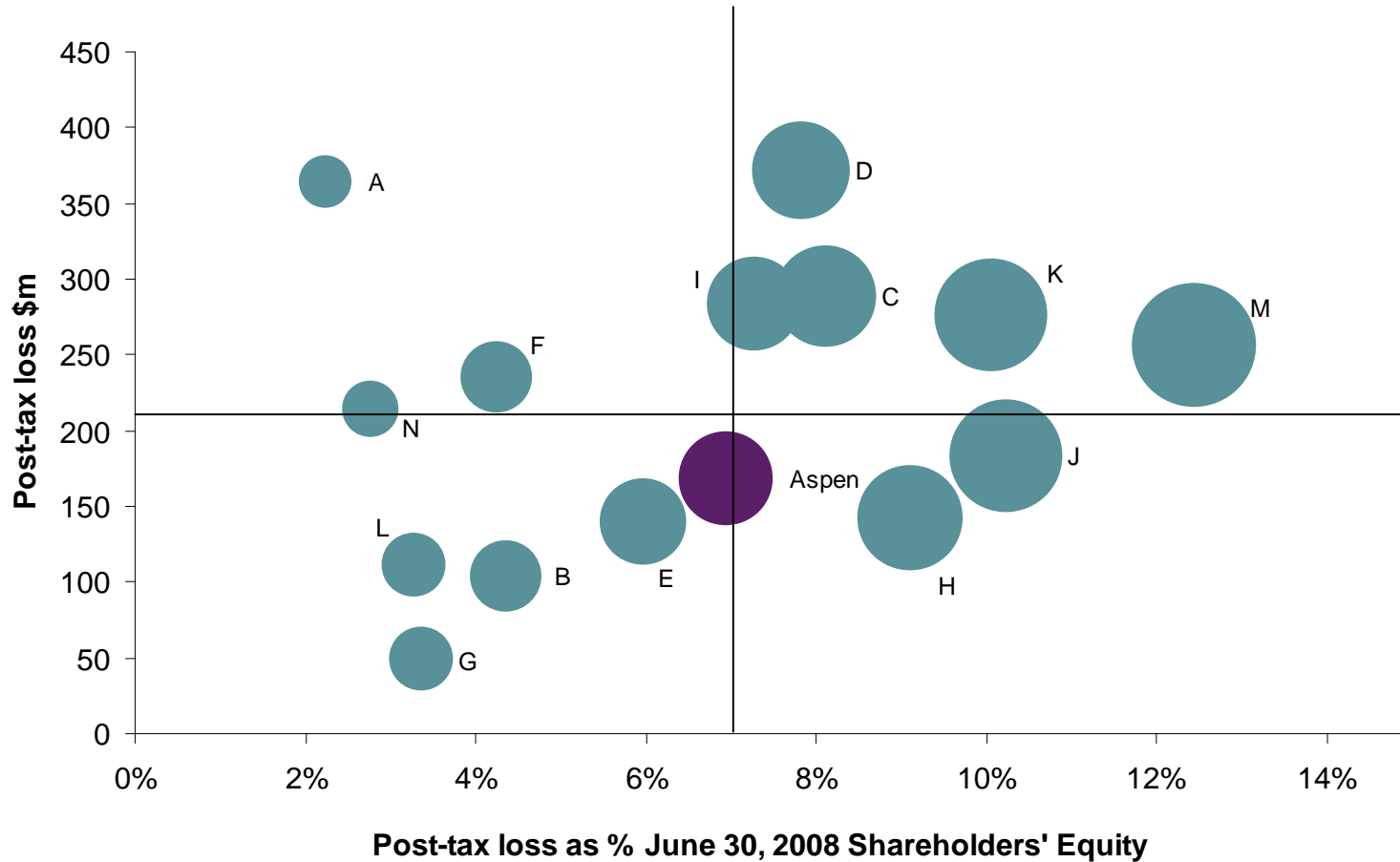
Cash, Short-Term Securities and FOHF		Government/Agency		Structured Securities		Unsecured Credit	
Short-term Securities	304.3	U.S. Government	740.3	Asset-backed securities	82.7	Corporate bonds	1,829.8
Cash and Cash Equivalents	726.1	Agency Debentures	346.7	Agency Rated Mortgage-backed securities (GNMA, FNMA, FHLB)	1,149.3	FDIC Guaranteed Corporate bonds	136.7
Other Investments (Iris Re)	27.8	Foreign Governments	549.0	Non-Agency Rated Mortgage-backed securities		Foreign corporates	450.8
Funds Receivable	11.6			- CMBS	157.3	Bonds backed by foreign government	234.5
				- RMBS	40.7	Municipal bonds	35.8
<b>Q2 2010</b>	<b>1,069.8</b>		<b>1,636.0</b>		<b>1,430.0</b>		<b>2,687.6</b>
<b>Q1 2010</b>	<b>992.4</b>		<b>1,575.5</b>		<b>1,479.7</b>		<b>2,606.6</b>





Significant Reduction in Peak Zone Nat Cat Exposure Post 2005

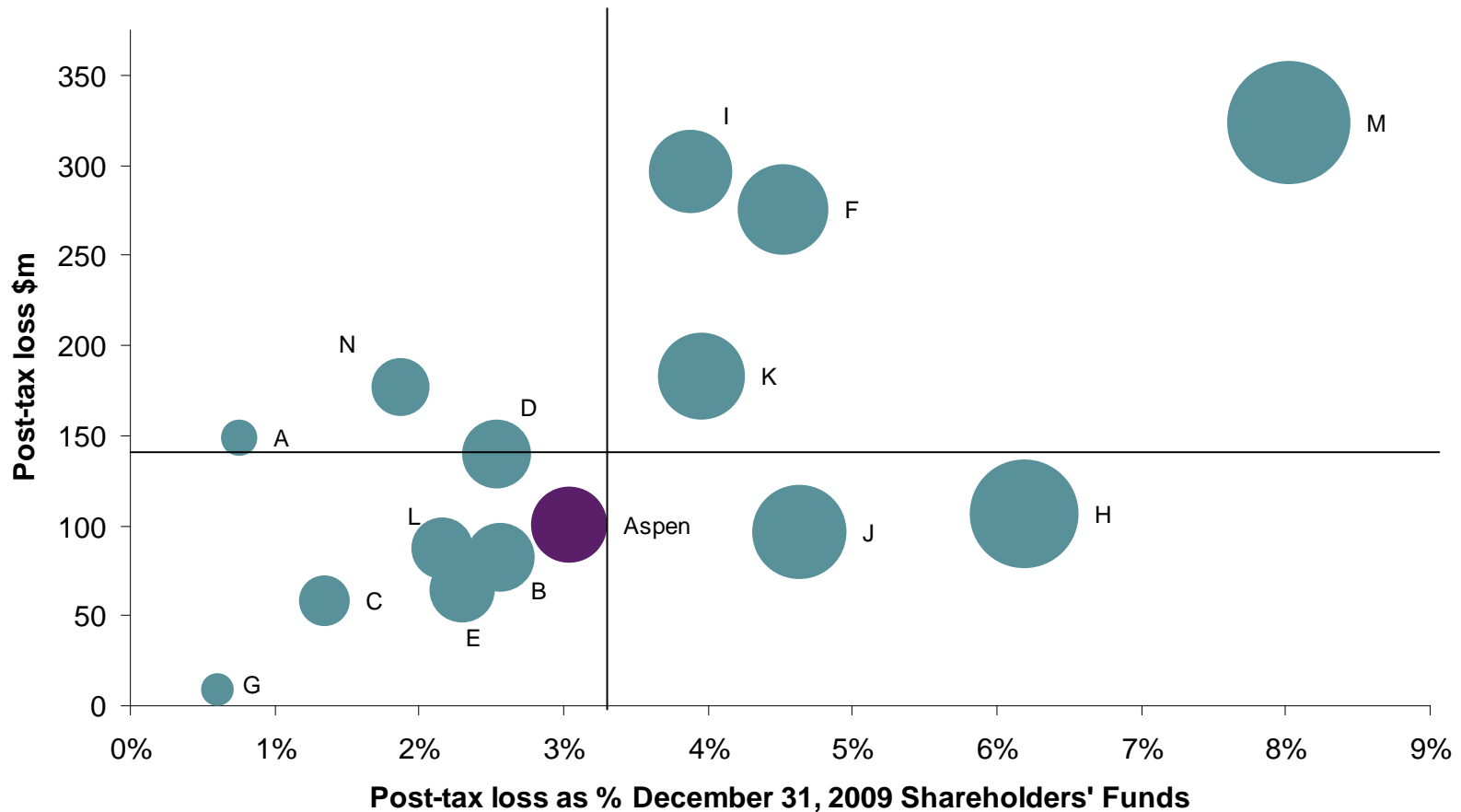
# Natural Catastrophe Exposure vs. Peers: Hurricanes Gustav / Ike



Gustav / Ike Loss in Line with our Business Model

Source: Dowling & Partners, Aspen Analysis  
 Peers include ACE, ACGL, AWH, AXS, ENH, MRH, MXGL, PRE, PTP, RE, RNR, TRH, XL, VR

# Natural Catastrophe Exposure vs. Peers: Chile Earthquake








Chile Loss in Line with Our Business Model

Source: Dowling & Partners, Aspen Analysis  
 Peers include ACE, ACGL, AWH, AXS, ENH, MRH, MXGL, PRE, PTP, RE, RNR, TRH, XL, VR



## Business Performance and Market Outlook: Key

Key	Performance	Absolute Pricing	Relative Price Movement	Terms and Conditions	Volume change	Outlook
	1	2	3	4	5	6
	Excellent	Excellent	Significantly Up	Excellent	Significantly Up	Excellent
	Good	Good	Up	Good	Up	Good
	Satisfactory	Satisfactory	Flat	Satisfactory	Flat	Satisfactory
	Of Concern	Of Concern	Down	Of Concern	Down	Of Concern
	Unsatisfactory	Unsatisfactory	Significantly Down	Unsatisfactory	Significantly Down	Unsatisfactory