



PRESS RELEASE

ASPEN REPORTS RESULTS FOR THE QUARTER AND SIX MONTHS ENDED JUNE 30, 2014

Annualized Operating ROE of 12.8%

**Diluted Operating Income Per Share of \$1.40, 122.2% Increase from Second Quarter of
2013**

Diluted Book Value Per Share of \$44.84, Up 9.6% from December 31, 2013

Hamilton, Bermuda, July 23, 2014 - Aspen Insurance Holdings Limited ("Aspen") (NYSE: AHL) today reported net income after tax of \$130.8 million, or \$1.82 diluted net income per share, for the quarter ended June 30, 2014.

Chris O'Kane, Chief Executive Officer, commented, "Aspen's strong, high-quality results for the second quarter and first half of 2014 demonstrate the benefits of the investments we have made in our business, our operating focus and our successful strategy to manage a dynamic market. The combination of top-line growth, sound underwriting, impressive performance in our Reinsurance business and increasing scale in the U.S Insurance platform is driving increases in ROE and book value per share. Going forward we expect our operating leverage to continue to increase with premiums growing across many lines and at a faster rate than both expenses and allocated capital. Improving operating leverage will drive an increase in ROE which will enable us to continue to enhance shareholder value."

Operating highlights for the quarter ended June 30, 2014

- Gross written premiums increased overall by 13.4% to \$779.3 million in the second quarter of 2014 from the second quarter of 2013. Gross written premiums in Reinsurance were flat and Insurance increased by 23.7% compared with the second quarter of 2013
- Combined ratio of 90.1% (89.2% excluding non-recurring corporate expenses) for the second quarter of 2014 compared with 97.1% for the second quarter of 2013. There were \$22.1 million, or 3.6 combined ratio points, of pre-tax catastrophe losses net of reinsurance recoveries and reinstatement premiums in the second quarter of 2014 compared with \$58.7 million, or 10.9 percentage points, of pre-tax catastrophe losses net of reinsurance recoveries and reinstatement premiums in the second quarter of 2013
- Net favorable development on prior year loss reserves of \$31.8 million, or 5.2 combined ratio points, for the second quarter of 2014 compared with \$27.4 million, or 5.0 combined ratio points, for the second quarter of 2013

- The loss ratio of 54.7% for the second quarter of 2014 compared with 61.3% for the second quarter of 2013 and accident year ex-catastrophe loss ratio of 56.3% compared with 55.4% for the second quarter of 2013

Financial highlights for the quarter and six months ended June 30, 2014

- Annualized net income return on average equity of 16.8% and annualized operating return on average equity of 12.8% for the second quarter of 2014 compared with 4.4% and 6.4%, respectively, for the second quarter of 2013⁽¹⁾
- Annualized net income return on average equity of 16.2% and annualized operating return on average equity of 13.8% for the first half of 2014 compared with 8.0% and 8.6%, respectively, for the first half of 2013⁽¹⁾
- Diluted net income per share of \$1.82 for the quarter ended June 30, 2014, compared with diluted net income per share of \$0.36 for the second quarter of 2013, and diluted net income per share of \$3.48 for the six months ended June 30, 2014 compared with diluted net income per share of \$1.52 for the six months ended June 30, 2013
- Diluted operating income per share of \$1.40 for the quarter ended June 30, 2014, an increase of 122.2% from \$0.63 for the second quarter of 2013 and diluted operating income per share of \$2.94 for the six months ended June 30, 2014 compared with diluted operating income per share of \$1.70 for the six months ended June 30, 2013⁽¹⁾
- On a pre-tax basis, net catastrophe losses were \$22.1 million, or \$0.33 per diluted share, for the second quarter of 2014 compared with \$58.7 million, or \$0.85 per share, for the second quarter of 2013
- Diluted book value per share of \$44.84 at June 30, 2014, up 5.0% from March 31, 2014 and up 9.6% from December 31, 2013

⁽¹⁾ See definition of non-GAAP financial measures at the end of this release.

Segment highlights

Reinsurance

Operating highlights for Reinsurance for the quarter ended June 30, 2014 include:

- Gross written premiums of \$298.4 million in line with \$298.6 million for the second quarter of 2013
- Combined ratio of 75.5% compared with 88.9% for the second quarter of 2013
- Favorable prior year loss reserve development of \$28.4 million, or 10.2 combined ratio points, compared with \$24.1 million favorable prior year loss reserve development, or 8.7 combined ratio points, for the second quarter of 2013

Growth in gross written premiums in Catastrophe and Other Property lines of business was offset by declines in Casualty and Specialty lines.

The combined ratio of 75.5% for the second quarter of 2014 included \$11.9 million, or 4.3 percentage points, of pre-tax catastrophe losses, net of reinsurance recoveries and reinstatement premiums related to U.S. storms and Japanese snowstorms. The combined ratio of 88.9% for the second quarter of 2013 included \$51.8 million, or 19.4 percentage points, of pre-tax catastrophe losses, net of reinsurance recoveries and \$5.2 million of reinstatement premiums, related to flooding in Central Europe, Canada and India, and tornadoes and hailstorms in the U.S. The accident year ex-catastrophe loss ratio for the Reinsurance segment was 50.7% for the second quarter of 2014 compared with 46.7% for the second quarter of 2013.

Insurance

Operating highlights for Insurance for the quarter ended June 30, 2014 include:

- Gross written premiums of \$480.9 million, increased 23.7% compared with \$388.7 million for the second quarter of 2013
- Combined ratio of 95.5% compared with 99.8% for the second quarter of 2013
- Prior year favorable reserve development of \$3.4 million, or 1.0 combined ratio point, compared with prior year reserve favorable development of \$3.3 million, or 1.2 combined ratio points, for the second quarter of 2013

The increase in gross written premiums was mainly attributable to continued higher contribution from the U.S. teams in addition to growth in our International Financial and Professional lines. The U.S. Insurance teams were again profitable in the quarter with an impressive loss ratio of 58.9%.

The combined ratio of 95.5% for the second quarter of 2014 included \$10.2 million, or 3.0 percentage points, of pre-tax catastrophe losses, net of reinsurance recoveries, related to U.S. storms. The combined ratio for the second quarter of 2013 included \$6.9 million, or 2.6 percentage points, of pre-tax catastrophe losses net of reinsurance recoveries and reinstatement premiums related to tornadoes and hailstorms in the U.S. The accident year ex-catastrophe loss ratio for the Insurance segment was 60.9% compared with 63.8% for the second quarter of 2013.

Investment performance

Aspen's investment portfolio continues to be comprised primarily of high quality fixed income securities with an average credit quality of "AA-". The average duration of the fixed income portfolio was 3.4 years at June 30, 2014, excluding the impact of interest rate swaps, or 3.1 years including the impact of interest rate swaps. The total return on Aspen's investment portfolio was 1.3% for the second quarter of 2014, compared to negative 1.2% for the second quarter of 2013. The equity portfolio had a total return of 5.2% for the quarter compared to a loss of 0.3% for the second quarter of 2013.

Net investment income for the second quarter of 2014 was \$46.1 million compared with \$45.9 million for the second quarter of 2013. Book yield as at June 30, 2014 on the fixed income portfolio was 2.61% compared to 2.74% at December 31, 2013 and 2.71% at June 30, 2013.

Net realized and unrealized investment gains included in net income for the quarter were \$25.2 million.

Capital

Total shareholders' equity increased by \$167.4 million in the quarter to \$3.6 billion at June 30, 2014.

Aspen had \$193.3 million remaining under its current share repurchase authorization as at June 30, 2014.

Outlook

Aspen continues to expect to achieve or exceed an operating return on equity of 10% in 2014, assuming a pre-tax catastrophe load of \$185 million⁽²⁾, normal loss experience, the current interest rate environment and insurance pricing environment.

We expect to achieve an operating return on equity of 11% in 2015, and to achieve an operating return on equity of between 11% and 12% in 2016, assuming normal loss experience, our expectations for rising interest rates and a less favorable insurance pricing environment⁽³⁾.

See "Forward-looking Statements Safe Harbor" below.

Earnings conference call and webcast

Aspen will host a conference call to discuss the results at 9:00 am (EDT) on Thursday, July 24, 2014.

To participate in the July 24 conference call by phone

Please call to register at least 10 minutes before the conference call begins by dialing:

+1 (888) 459 5609 (US toll free) or
+1 (404) 665 9920 (international)
Conference ID 60476327

To listen live online

Aspen will provide a live webcast on Aspen's website at www.aspen.co.

To download the materials

The earnings press release and a detailed financial supplement will also be published on Aspen's website at www.aspen.co.

To listen later

A replay of the call will be available for 14 days via phone and internet, available two hours after the end of the live call. To listen to the replay by phone please dial:

+1 (855) 859 2056 (US toll free) or
+1 (404) 537 3406 (international)
Replay ID 60476327

The recording will be also available at www.aspen.co on the [Event Calendar](#) page within the Investor Relations section.

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Aspen Insurance Holdings Limited
Summary consolidated balance sheet (unaudited)
 \$ in millions, except per share data

	As at June 30, 2014	As at December 31, 2013
ASSETS		
Total investments	\$ 7,260.3	\$ 6,959.8
Cash and cash equivalents	1,345.2	1,293.6
Reinsurance recoverables	577.9	484.6
Premiums receivable	1,192.7	999.0
Other assets	558.9	493.5
Total assets	<u>\$ 10,935.0</u>	<u>\$ 10,230.5</u>
LIABILITIES		
Losses and loss adjustment expenses	\$ 4,795.8	\$ 4,678.9
Unearned premiums	1,568.5	1,280.6
Other payables	411.4	372.4
Silverton loan notes	56.0	50.0
Long-term debt	549.1	549.0
Total liabilities	<u>\$ 7,380.8</u>	<u>\$ 6,930.9</u>
SHAREHOLDERS' EQUITY		
Total shareholders' equity	3,554.2	3,299.6
Total liabilities and shareholders' equity	<u>\$ 10,935.0</u>	<u>\$ 10,230.5</u>
Book value per share	\$ 45.81	\$ 41.87
Diluted book value per share (treasury stock method)	\$ 44.84	\$ 40.90

Aspen Insurance Holdings Limited
Summary consolidated statement of income (unaudited)
 \$ in millions, except ratios

	Three Months Ended	
	June 30, 2014	June 30, 2013
UNDERWRITING REVENUES		
Gross written premiums	\$ 779.3	\$ 687.3
Premiums ceded	(92.9)	(74.6)
Net written premiums	686.4	612.7
Change in unearned premiums	(70.2)	(68.7)
Net earned premiums	616.2	544.0
UNDERWRITING EXPENSES		
Losses and loss adjustment expenses	337.1	333.4
Amortization of deferred policy acquisition costs	108.9	107.2
General, administrative and corporate expenses (excluding non-recurring corporate expenses)	103.5	87.7
Total underwriting expenses	549.5	528.3
Underwriting income including corporate expenses	66.7	15.7
OTHER OPERATING REVENUE		
Net investment income	46.1	45.9
Interest expense	(7.3)	(7.8)
Other income	2.0	0.9
Total other operating revenue	40.8	39.0
OPERATING INCOME BEFORE TAX	107.5	54.7
Non-recurring corporate expenses	(5.3)	—
Net realized and unrealized exchange gains (losses)	9.6	(13.8)
Net realized and unrealized investment gains	25.2	0.2
INCOME BEFORE TAX	137.0	41.1
Income tax expense	(6.2)	(1.0)
NET INCOME AFTER TAX	130.8	40.1
Dividends paid on ordinary shares	(13.1)	(11.9)
Dividends paid on preference shares	(9.4)	(8.0)
Change in redemption value	—	(7.1)
Proportion due to non-controlling interest	—	—
Retained income	\$ 108.3	\$ 13.1
Components of net income (after tax)		
Operating income	\$ 102.8	\$ 52.2
Non-recurring corporate expenses	(5.3)	—
Net realized and unrealized exchange gains (losses) after tax	8.2	(12.0)
Net realized investment gains (losses) after tax	25.1	(0.1)
NET INCOME AFTER TAX	\$ 130.8	\$ 40.1
Loss ratio	54.7%	61.3%
Policy acquisition expense ratio	17.7%	19.7%
General, administrative and corporate expense ratio	17.7%	16.1%
General, administrative and corporate expense ratio (excluding non-recurring corporate expenses)	16.8%	16.1%
Expense ratio	35.4%	35.8%
Expense ratio (excluding non-recurring corporate expenses)	34.5%	35.8%
Combined ratio	90.1%	97.1%
Combined ratio (excluding non-recurring corporate expenses)	89.2%	97.1%

Aspen Insurance Holdings Limited
Summary consolidated statement of income (unaudited)

\$ in millions, except ratios

	Six Months Ended	
	June 30, 2014	June 30, 2013
UNDERWRITING REVENUES		
Gross written premiums	\$ 1,634.8	\$ 1,460.7
Premiums ceded	(250.9)	(251.0)
Net written premiums	1,383.9	1,209.7
Change in unearned premiums	(201.2)	(154.8)
Net earned premiums	1,182.7	1,054.9
UNDERWRITING EXPENSES		
Losses and loss adjustment expenses	625.2	602.1
Amortization of deferred policy acquisition costs	220.9	211.8
General, administrative and corporate expenses (excluding non-recurring corporate expenses)	196.1	174.3
Total underwriting expenses	1,042.2	988.2
Underwriting income including corporate expenses	140.5	66.7
OTHER OPERATING REVENUE		
Net investment income	95.6	94.2
Interest expense	(14.7)	(15.5)
Other (expense) income	1.9	1.4
Total other operating revenue	82.8	80.1
OPERATING INCOME BEFORE TAX	223.3	146.8
Non-recurring corporate expenses	(8.3)	—
Net realized and unrealized exchange gains (losses)	12.7	(24.0)
Net realized and unrealized investment gains	33.5	16.0
INCOME BEFORE TAX	261.2	138.8
Income tax expense	(10.0)	(6.9)
NET INCOME AFTER TAX	251.2	131.9
Dividends paid on ordinary shares	(24.8)	(23.8)
Dividends paid on preference shares	(18.9)	(16.6)
Change in redemption value	—	(7.1)
Proportion due to non-controlling interest	(0.1)	—
Retained income	\$ 207.4	\$ 84.4
Components of net income (after tax)		
Operating income	\$ 215.5	\$ 137.9
Non-recurring corporate expenses	(8.3)	—
Net realized and unrealized exchange gains (losses) after tax	10.8	(21.5)
Net realized investment gains after tax	33.2	15.5
NET INCOME AFTER TAX	\$ 251.2	\$ 131.9
Loss ratio	52.9%	57.1%
Policy acquisition expense ratio	18.7%	20.1%
General, administrative and corporate expense ratio	17.3%	16.5%
General, administrative and corporate expense ratio (excluding non-recurring corporate expenses)	16.6%	16.5%
Expense ratio	36.0%	36.6%
Expense ratio (excluding non-recurring corporate expenses)	35.3%	36.6%
Combined ratio	88.9%	93.7%
Combined ratio (excluding non-recurring corporate expenses)	88.1%	93.7%

Aspen Insurance Holdings Limited
Summary consolidated financial data (unaudited)
 \$ in millions, except number of shares

	Three Months Ended		Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Basic earnings per ordinary share				
Net income adjusted for preference share dividend	\$1.85	\$0.38	\$3.55	\$1.60
Operating income adjusted for preference share dividend	\$1.42	\$0.67	\$3.00	\$1.80
Diluted earnings per ordinary share				
Net income adjusted for preference share dividend	\$1.82	\$0.36	\$3.48	\$1.52
Operating income adjusted for preference share dividend	\$1.40	\$0.63	\$2.94	\$1.70
Weighted average number of ordinary shares outstanding (in millions)				
	65.447	66.191	65.369	67.601
Weighted average number of ordinary shares outstanding and dilutive potential ordinary shares (in millions)				
	66.700	69.291	66.646	71.087
Book value per ordinary share				
	\$45.81	\$39.98	\$45.81	\$39.98
Diluted book value per ordinary share (treasury stock method)				
	\$44.84	\$38.86	\$44.84	\$38.86
Ordinary shares outstanding at end of the period (in millions)				
	65.463	67.003	65.463	67.003
Ordinary shares outstanding and dilutive potential ordinary shares at end of the period (treasury stock method) (in millions)				
	66.871	68.934	66.871	68.934

Aspen Insurance Holdings Limited
Summary consolidated segment information (unaudited)
 \$ in millions, except ratios

	Three Months Ended June 30, 2014			Three Months Ended June 30, 2013		
	Reinsurance	Insurance	Total	Reinsurance	Insurance	Total
Gross written premiums	\$ 298.4	\$ 480.9	\$ 779.3	\$ 298.6	\$ 388.7	\$ 687.3
Net written premiums	286.9	399.5	686.4	288.6	324.1	612.7
Gross earned premiums	289.7	404.5	694.2	288.4	331.3	619.7
Net earned premiums	278.8	337.4	616.2	275.8	268.2	544.0
Losses and loss adjustment expenses	125.0	212.1	337.1	158.4	175.0	333.4
Policy acquisition expenses	49.8	59.1	108.9	56.6	50.6	107.2
General and administrative expenses	35.8	51.1	86.9	30.4	42.1	72.5
Underwriting income	\$ 68.2	\$ 15.1	\$ 83.3	\$ 30.4	\$ 0.5	\$ 30.9
Net investment income			46.1			45.9
Net realized and unrealized investment gains ⁽¹⁾			25.2			0.2
Corporate expenses			(16.6)			(15.2)
Non-recurring corporate expenses			(5.3)			—
Other income			2.0			0.9
Interest expenses			(7.3)			(7.8)
Net realized and unrealized foreign exchange gains (losses) ⁽²⁾			9.6			(13.8)
Income before tax			\$ 137.0			\$ 41.1
Income tax expense			(6.2)			(1.0)
Net income			\$ 130.8			\$ 40.1
Ratios						
Loss ratio	44.8%	62.9%	54.7%	57.4%	65.2%	61.3%
Policy acquisition expense ratio	17.9%	17.5%	17.7%	20.5%	18.9%	19.7%
General and administrative expense ratio ⁽³⁾	12.8%	15.1%	17.7%	11.0%	15.7%	16.1%
General and administrative expense ratio (excluding non-recurring corporate expenses) ⁽³⁾	12.8%	15.1%	16.8%	11.0%	15.7%	16.1%
Expense ratio	30.7%	32.6%	35.4%	31.5%	34.6%	35.8%
Expense ratio (excluding non-recurring corporate expenses)	30.7%	32.6%	34.5%	31.5%	34.6%	35.8%
Combined ratio	75.5%	95.5%	90.1%	88.9%	99.8%	97.1%
Combined ratio (excluding non-recurring corporate expenses)	75.5%	95.5%	89.2%	88.9%	99.8%	97.1%

⁽¹⁾ Includes realized and unrealized capital gains and losses and realized and unrealized gains and losses on interest rate swaps

⁽²⁾ Includes realized and unrealized foreign exchange gains and losses and realized and unrealized gains and losses on foreign exchange contracts

⁽³⁾ The total group general and administrative expense ratio includes the impact from corporate expenses

Aspen Insurance Holdings Limited
Summary consolidated segment information (unaudited)
 \$ in millions, except ratios

	Six Months Ended June 30, 2014			Six Months Ended June 30, 2013		
	Reinsurance	Insurance	Total	Reinsurance	Insurance	Total
Gross written premiums	\$ 770.6	\$ 864.2	\$ 1,634.8	\$ 738.2	\$ 722.5	\$1,460.7
Net written premiums	729.5	654.4	1,383.9	689.1	520.6	1,209.7
Gross earned premiums	568.2	778.1	1,346.3	560.3	644.2	1,204.5
Net earned premiums	545.5	637.2	1,182.7	532.5	522.4	1,054.9
Losses and loss adjustment expenses	235.4	389.8	625.2	272.7	329.4	602.1
Policy acquisition expenses	100.2	120.7	220.9	111.9	99.9	211.8
General and administrative expenses	68.6	97.0	165.6	62.6	84.5	147.1
Underwriting income	\$ 141.3	\$ 29.7	\$ 171.0	\$ 85.3	\$ 8.6	\$ 93.9
Net investment income			95.6			94.2
Net realized and unrealized investment gains ⁽¹⁾			33.5			16.0
Corporate expenses			(30.5)			(27.2)
Non-recurring corporate expenses			(8.3)			—
Other income			1.9			1.4
Interest expenses			(14.7)			(15.5)
Net realized and unrealized foreign exchange gains (losses) ⁽²⁾			12.7			(24.0)
Income before tax			\$ 261.2			\$ 138.8
Income tax expense			(10.0)			(6.9)
Net income			\$ 251.2			\$ 131.9
Ratios						
Loss ratio	43.2%	61.2%	52.9%	51.2%	63.1%	57.1%
Policy acquisition expense ratio	18.4%	18.9%	18.7%	21.0%	19.1%	20.1%
General and administrative expense ratio ⁽³⁾	12.6%	15.2%	17.3%	11.8%	16.2%	16.5%
General and administrative expense ratio (excluding non-recurring corporate expenses) ⁽³⁾	12.6%	15.2%	16.6%	11.8%	16.2%	16.5%
Expense ratio	31.0%	34.1%	36.0%	32.8%	35.3%	36.6%
Expense ratio (excluding non-recurring corporate expenses)	31.0%	34.1%	35.3%	32.8%	35.3%	36.6%
Combined ratio	74.2%	95.3%	88.9%	84.0%	98.4%	93.7%
Combined ratio (excluding non-recurring corporate expenses)	74.2%	95.3%	88.1%	84.0%	98.4%	93.7%

⁽¹⁾ Includes realized and unrealized capital gains and losses and realized and unrealized gains and losses on interest rate swaps

⁽²⁾ Includes realized and unrealized foreign exchange gains and losses and realized and unrealized gains and losses on foreign exchange contracts

⁽³⁾ The total group general and administrative expense ratio includes the impact from corporate expenses

About Aspen Insurance Holdings Limited

Aspen provides reinsurance and insurance coverage to clients in various domestic and global markets through wholly-owned subsidiaries and offices in Bermuda, France, Germany, Ireland, Singapore, Switzerland, the United Kingdom and the United States. For the year ended December 31, 2013, Aspen reported \$10.2 billion in total assets, \$4.7 billion in gross reserves, \$3.3 billion in total shareholders' equity and \$2.6 billion in gross written premiums. Its operating subsidiaries have been assigned a rating of "A" ("Strong") by Standard & Poor's Financial Services LLC ("S&P"), an "A" ("Excellent") by A.M. Best Company Inc. ("A.M. Best") and an "A2" ("Good") by Moody's Investor Service, Inc. ("Moody's").

For more information about Aspen, please visit www.aspen.co.

Forward-looking Statements Safe Harbor

This press release contains, and Aspen's earnings conference call will contain, written or oral "forward-looking statements" within the meaning of the US 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," "do not believe," "aim," "project," "anticipate," "seek," "will," "likely," "assume," "estimate," "may," "continue," "guidance," "objective," "outlook," "trends," "future," "could," "would," "should," "target" and similar expressions of a future or forward-looking nature.

All forward-looking statements rely on a number of assumptions, estimates and data concerning future results and events and are subject to a number of uncertainties and other factors, many of which are outside Aspen's control that could cause actual results to differ materially from such statements. Forward-looking statements do not reflect the potential impact of any future collaboration, acquisition, merger, disposition, joint venture or investments that Aspen may enter into or make, and the risks, uncertainties and other factors relating to such statements might also relate to the counterparty in any such transaction if entered into or made by Aspen.

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: our ability to successfully implement steps to further optimize the business portfolio, ensure capital efficiency and enhance investment returns; 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 or material loss events, than our underwriting, reserving, reinsurance purchasing or investment practices have anticipated; the assumptions and uncertainties underlying reserve levels that may be impacted by future payments for settlements of claims and expenses or by other factors causing adverse or favorable development; the reliability of, and changes in assumptions to, natural and man-made catastrophe pricing, accumulation and estimated loss models; decreased demand for our insurance or reinsurance products and cyclical changes in the highly competitive insurance and reinsurance industry; increased competition from existing insurers and reinsurers and from alternative capital providers and insurance-linked funds and collateralized special purpose insurers on the basis of pricing, capacity, coverage terms, new capital, binding authorities to brokers or other factors and the related demand and supply dynamics as contracts come up for renewal; changes in the availability, cost or quality of reinsurance or retrocessional coverage; changes in general economic conditions, including inflation, deflation, foreign currency exchange rates, interest rates and other factors that could affect our financial results; the risk of a material decline in the value or liquidity of all or parts of our investment portfolio; evolving issues with respect to interpretation of coverage after major loss events; our ability to adequately model and price the effects of climate cycles and climate change; any intervening legislative or governmental action and changing judicial interpretation and judgments on insurers' liability to various risks; the effectiveness of our risk management loss limitation methods, including our reinsurance purchasing; changes in the total industry losses, or our share of total industry losses, resulting from past events 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 modeling techniques, changes in rulings on flood damage or other exclusions as a result of prevailing lawsuits and case law; the impact of one or more large losses from events other than natural catastrophes or by an unexpected accumulation of attritional losses; the impact of acts of terrorism, acts of war and related legislation; any changes in our reinsurers' credit quality and the amount and timing of reinsurance recoverables; the continuing and uncertain impact of the current depressed lower growth economic environment in many of the countries in which we operate; the level of

inflation in repair costs due to limited availability of labor and materials after catastrophes; a decline in our operating subsidiaries' ratings with S&P, A.M. Best or Moody's; the failure of our reinsurers, policyholders, brokers or other intermediaries to honor their payment obligations; 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; our reliance on the assessment and pricing of individual risks by third parties; our dependence on a few brokers for a large portion of our revenues; the persistence of heightened financial risks, including excess sovereign debt, the banking system and the Eurozone debt crisis; changes in our ability to exercise capital management initiatives (including our share repurchase program) or to arrange banking facilities as a result of prevailing market conditions or changes in our financial position; changes in government regulations or tax laws in jurisdictions where we conduct business; changes in accounting principles or policies or in the application of such accounting principles or policies; Aspen or Aspen Bermuda Limited becoming subject to income taxes in the United States or the United Kingdom; loss of one or more of our senior underwriters or key personnel; our reliance on information and technology and third party service providers for our operations and systems; and increased counterparty risk due to the credit impairment of financial institutions. 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 as filed with the U.S. Securities and Exchange Commission on February 20, 2014 and in Aspen's quarterly report on Form 10-Q as filed with the U.S. Securities and Exchange Commission on May 1, 2014 and Aspen's quarterly report on Form 10-Q to be filed with the U.S. Securities and Exchange Commission for the second quarter of 2014. 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. The actuarial range of reserves and management's best estimate represents a distribution from our internal capital model for reserving risk based on our then current state of knowledge and explicit and implicit assumptions relating to the incurred pattern of claims, the expected ultimate settlement amount, inflation and dependencies between lines of business. 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 within the stated amount.

(1) 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 financial 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 in the financial supplement, which can be obtained from the Investor Relations section of Aspen's website at www.aspen.co.

Annualized Operating Return on Average Equity ("Operating ROE") is a non-GAAP financial measure. Operating ROE is calculated using operating income, as defined below, and average equity is calculated as the arithmetic average on a monthly basis for the stated periods of shareholders' equity excluding the aggregate value of the liquidation preferences of our preference shares net of issuance costs and the total amount of non-controlling interest. Aspen presents Operating ROE 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 23 of Aspen's financial supplement for a reconciliation of operating income to net income and page 7 for a reconciliation of average ordinary shareholders' equity to average shareholders' equity. Aspen's financial supplement can be obtained from the Investor Relations section of Aspen's website at www.aspen.co.

Operating Income is a non-GAAP financial measure. Operating income is an internal performance measure used by Aspen in the management of its operations and represents after-tax operational results

excluding, as applicable, after-tax net realized and unrealized capital gains or losses, including net realized and unrealized gains or losses on interest rate swaps, after-tax net foreign exchange gains or losses, including net realized and unrealized gains and losses from foreign exchange contracts and certain non-recurring items. In 2014, non-recurring items included costs associated with defending the unsolicited approach from Endurance Specialty Holdings Ltd. in the amounts of \$5.3 million and \$8.3 million for the three and six months ended June 30, 2014, respectively.

Aspen excludes these above items from its calculation of operating income because they are either not expected to recur and therefore are not reflective of underlying performance or the amount of these gains or losses is heavily influenced by, and fluctuates in part, according to the availability of market opportunities. Aspen believes these amounts are largely independent of its business and underwriting process and including them would distort the analysis of trends in its operations. In addition to presenting net income determined in accordance with GAAP, Aspen believes that showing operating income enables investors, analysts, rating agencies and other users of its financial information to more easily analyze Aspen's results of operations in a manner similar to how management analyzes Aspen's underlying business performance. Operating income should not be viewed as a substitute for GAAP net income. Please see page 23 of Aspen's financial supplement for a reconciliation of operating income to net income. Aspen's financial supplement can be obtained from the Investor Relations section of Aspen's website at www.aspen.co.

Diluted Book Value per Ordinary Share is not a non-GAAP financial measure. Aspen has included diluted book value per ordinary share as it illustrates the effect on basic book value per share of dilutive securities thereby providing a better benchmark for comparison with other companies. Diluted book value per share is calculated using the treasury stock method, defined on page 22 of Aspen's financial supplement, which can be obtained from the Investor Relations section of Aspen's website at www.aspen.co.

Diluted Operating Earnings per Share and Basic Operating Earnings per Share are non-GAAP financial measures. Aspen believes that the presentation of diluted operating earnings per share and basic operating earnings per share supports meaningful comparison from period to period and the analysis of normal business operations. Diluted operating earnings per share and basic operating earnings per share are calculated by dividing operating income by the diluted or basic weighted average number of shares outstanding for the period. See page 23 of Aspen's financial supplement for a reconciliation of diluted and basic operating earnings per share to basic earnings per share. Aspen's financial supplement can be obtained from the Investor Relations section of Aspen's website at www.aspen.co.

Combined Ratio Excluding Catastrophes is a non-GAAP financial measure. Aspen believes that the presentation of combined ratio excluding catastrophes supports meaningful comparison from period to period of the underlying performance of the business. Combined ratio excluding catastrophes is calculated by dividing net losses excluding catastrophe losses and net expenses by net earned premiums excluding catastrophe related reinstatement premiums. We have defined catastrophe losses in 2014 as losses associated with storms in the U.S., snowstorms in Japan and flooding in the U.K. We have defined losses in the comparative period in 2013 as losses associated with flooding in Central Europe, Canada and India, and tornadoes and hailstorms in the U.S.

(2) Catastrophe Load included in our outlook is an estimate of the average annual aggregate loss before tax and after reinsurance from natural catastrophe events based on 50,000 simulations of our internal capital model which, in relation to its catastrophe modeling components, is based on a combination of catastrophe models selected by Aspen to best fit its current understanding of the worldwide natural catastrophe perils to which Aspen has known exposures. It does not include losses from non-natural catastrophe events such as terrorism or industrial accidents.

The \$185 million catastrophe load included in the 10% Return on Operating Equity outlook for 2014 provided on February 6, 2014, was calculated based on the expected catastrophe load for the year. There is a higher proportion of the catastrophe load allocated to the third quarter due to the historical frequency of U.S. Wind events in this period. As an organization, Aspen monitors its current catastrophe losses to date against expected losses. Actual catastrophe loss experience may materially differ from the catastrophe load in any one year or attributable to any one quarter for reasons which include natural

variability in the frequency and severity of catastrophe events, and limitations in one or more of the models or uncertainties in the application of policy terms and limits.

(3) Our outlook in 2015 and 2016 in particular is necessarily subject to heightened sensitivity in relation to assumptions which are likely to be the subject of future change, amendment, update and review, as necessary. For example, our assumptions for rising interest rates in 2015 and 2016 are subject to and dependent upon the anticipated and actual monetary policy decisions taken by the central banks in the jurisdictions in which we operate. Our assumptions are also based on the retention of our senior underwriters and client relationships. In addition, the models underlying our normal loss experience assumptions will produce different illustrative loss patterns if the modeling assumptions are changed. While recent decreases in pricing in certain business lines, if sustained, are expected to have an adverse effect on operating return on equity, Aspen continues to identify actions in each of its three operating return on equity levers – optimization of the business portfolio, capital efficiency and enhancing investment returns – to help mitigate the impact of pricing declines on operating return on equity.