

# Q2 2011 EARNINGS CONFERENCE CALL

Aspen Insurance Holdings Limited  
July 28, 2011

AHL: NYSE





# 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 or to be filed shortly 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, and Aspen's earnings conference call will contain, written or oral "forward-looking statements" within the meaning of the U.S. federal securities laws. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as "expect," "intend," "plan," "believe," "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: 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 reliability of, and changes in assumptions to, natural and man-made catastrophe pricing, accumulation and estimated loss models; evolving issues with respect to interpretation of coverage after major loss events and any intervening legislative or governmental action; the effectiveness of our loss limitation methods; 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 acts of terrorism and related legislation and acts of war; decreased demand for our insurance or reinsurance products and cyclical changes in the insurance and reinsurance sectors; any changes in our reinsurers' credit quality and the amount and timing of reinsurance recoverables; changes in the availability, cost or quality of reinsurance or retrocessional coverage; the continuing and uncertain impact of the current depressed 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; changes in insurance and reinsurance market conditions; 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; a decline in our operating subsidiaries' ratings with Standard & Poor's ("S&P"), A.M. Best Company, Inc. ("A.M. Best") or Moody's Investor Service ("Moody's"); 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; changes in general economic conditions, including inflation, foreign currency exchange rates, interest rates and other factors that could affect our investment portfolio; 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 initiatives or to arrange banking facilities as a result of prevailing market changes or changes in our financial position; changes in government regulations or tax laws in jurisdictions where we conduct business; Aspen Holdings or Aspen Bermuda becoming subject to income taxes in the United States or the United Kingdom; loss of key personnel; 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 25, 2011. 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 in the setting of reserves 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 and reserves, there can be no assurance that Aspen's ultimate losses will remain within the stated amounts.*



## FINANCIAL HIGHLIGHTS: Q2 2011

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

Quarter Ended June 30	2011	2010	Change
Gross Written Premiums	582.2	545.4	6.7%
Net Written Premiums	525.7	538.8	(2.4%)
Net Earned Premiums	459.8	479.9	(4.2%)
Underwriting Income / (Loss)	(22.9)	62.8	(136.5%)
Net Investment Income	58.6	57.5	1.9%
Net Income / (Loss) after Tax	10.2	108.9	(90.6%)

### Financial Ratios

Loss Ratio	71.0%	57.7%	-
Expense Ratio	34.0%	29.2%	-
Combined Ratio	105.0%	86.9%	-
Annualized Operating ROE*	4.4%	15.6%	-
Operating EPS*	0.36	1.23	(70.7%)
Diluted Book Value per Share*	37.43	36.96	1.3%

(\*) 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 2011

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

## Six Months Ended June 30

	2011	2010	Change
Gross Written Premiums	1,253.5	1,248.2	0.4%
Net Written Premiums	1,035.3	1,118.9	(7.5%)
Net Earned Premiums	912.2	947.5	(3.7%)
Underwriting Income	(242.2)	14.6	NM
Net Investment Income	114.1	116.9	(2.4%)
Net Income after Tax	(141.5)	127.2	(211.2%)

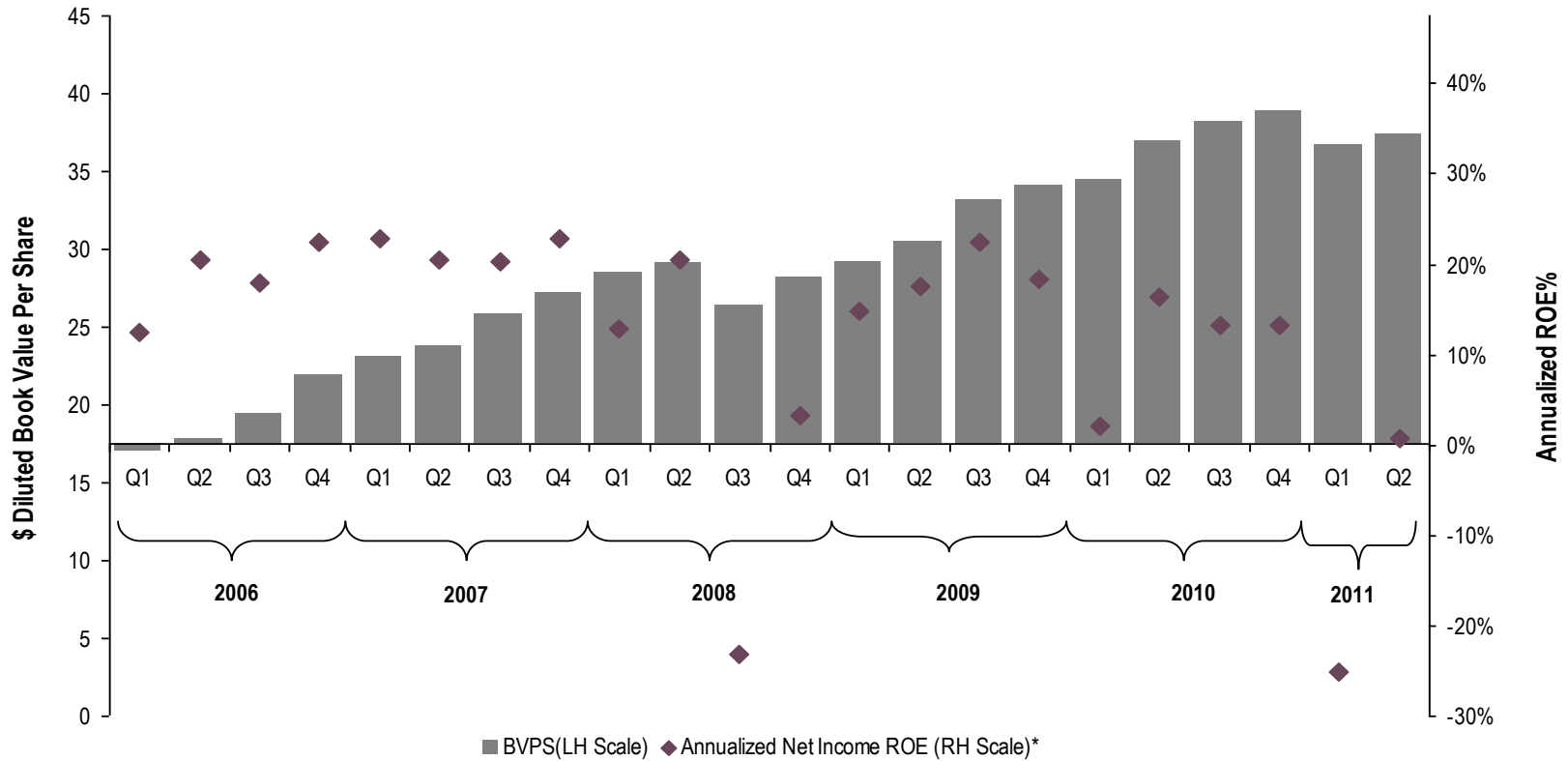
## Financial Ratios

Loss Ratio	93.8%	69.2%	-
Expense Ratio	32.8%	29.2%	-
Combined Ratio	126.6%	98.4%	-
Annualized Operating ROE*	(11.4%)	7.8%	-
Operating EPS*	(1.98)	1.24	(259.7%)
Diluted Book Value per Share*	37.43	36.96	1.3%

(\*) 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)



# GROWTH IN BOOK VALUE PER SHARE AND NET INCOME ROE



(\*) Note: See Aspen's quarterly financial supplement for a reconciliation of 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)



# BUSINESS PERFORMANCE AND MARKET OUTLOOK : Q2 2011

Information reflecting Aspen's portfolios as at June 30, 2011

	Performance 1				Absolute Pricing 2				Relative Price Movement 3				Terms & Conditions 4				Volume change 5				Outlook 6			
	Q3'10	Q4'10	Q1'11	Q2'11	Q3'10	Q4'10	Q1'11	Q2'11	Q3'10	Q4'10	Q1'11	Q2'11	Q3'10	Q4'10	Q1'11	Q2'11	Q3'10	Q4'10	Q1'11	Q2'11	Q3'10	Q4'10	Q1'11	Q2'11
<b>Reinsurance</b>																								
<b>Property Catastrophe Reinsurance</b>																								
Treaty Catastrophe	Orange	Orange	Red	Red	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Orange	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Yellow	Green
<b>Other Property Reinsurance</b>																								
Treaty Risk Excess	Green	Green	Green	Orange	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Orange	Yellow	Orange	Yellow	Green
Treaty Pro Rata	Green	Yellow	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Yellow	Yellow	Orange	Orange	Yellow	Yellow
Global Property Facultative	Blue	Blue	Blue	Orange	Green	Green	Green	Green	Orange	Orange	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green
<b>Casualty Reinsurance</b>																								
International Casualty Treaty	Orange	Orange	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Yellow
US Casualty Treaty	Yellow	Yellow	Yellow	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Global Casualty Facultative	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Yellow	Green	Yellow	Yellow	Yellow	Yellow
<b>Specialty Reinsurance</b>																								
Agriculture	Grey	Grey	Yellow	Yellow	Grey	Grey	Yellow	Yellow	Grey	Grey	Yellow	Yellow	Grey	Grey	Yellow	Yellow	Grey	Grey	Yellow	Green	Grey	Grey	Yellow	Yellow
Credit and Surety Reinsurance	Green	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Green	Green	Yellow	Orange	Blue	Green	Green	Green	Orange	Green	Green	Green	Yellow	Yellow	Yellow	Yellow
Specialty Reinsurance	Blue	Blue	Blue	Blue	Green	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Green
<b>Insurance</b>																								
<b>Property Insurance</b>																								
UK Commercial Property & Constructio	Yellow	Green	Blue	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Yellow	Yellow	Yellow	Yellow	Yellow
US Property (E&S)	Yellow	Green	Yellow	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Green	Green	Orange	Orange	Orange	Orange
<b>Casualty Insurance</b>																								
UK Liability Insurance	Blue	Blue	Blue	Blue	Yellow	Orange	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Yellow	Orange	Yellow	Orange	Orange	Orange	Orange
Excess Casualty Insurance	Orange	Orange	Red	Red	Orange	Orange	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Green	Yellow	Yellow	Orange	Orange	Orange	Orange
US Casualty E&S Insurance	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Yellow	Red	Red	Red	Red	Red
<b>Marine, Energy &amp; Transportation Insurance</b>																								
MEC Liability	Green	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Orange	Green	Green	Yellow	Green	Green	Green	Green
Energy Property	Yellow	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green	Yellow	Yellow	Yellow	Yellow
Marine Hull	Red	Red	Red	Red	Orange	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Orange	Orange	Orange	Yellow	Orange	Yellow	Yellow	Yellow
Aviation	Blue	Green	Green	Blue	Green	Yellow	Yellow	Yellow	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green
Specie	Red	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Green	Green
<b>Financial &amp; Professional Lines Insurance</b>																								
Financial Institutions	Red	Red	Red	Red	Green	Green	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Orange	Green	Orange	Green	Green	Yellow	Yellow	Yellow
Professional Lines Insurance (UK)	Red	Red	Red	Red	Orange	Yellow	Yellow	Yellow	Green	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Professional Indemnity Insurance (US)	Grey	Grey	Red	Red	Grey	Grey	Yellow	Yellow	Grey	Grey	Yellow	Yellow	Grey	Grey	Yellow	Yellow	Grey	Grey	Blue	Green	Grey	Grey	Yellow	Yellow
Financial & Political Risks Insurance	Green	Yellow	Green	Blue	Yellow	Yellow	Green	Green	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green	Yellow	Green	Green	Yellow	Green	Green	Green

\*MEC - Marine, Energy & Construction

1 - 12 months rolling RORAC

2 - Ratio In force Actual to Technical (or modelled) price

3 - Relative Price Movement for all in-force renewed contracts

4 - Terms and Conditions

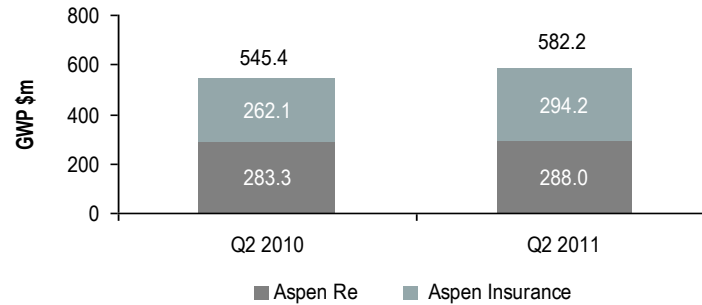
5 - Change in rolling GWP for last 4 quarters vs. rolling GWP from previous 4 quarters

6 - Outlook (Absolute Pricing \* Forecast Relative Price Movement)

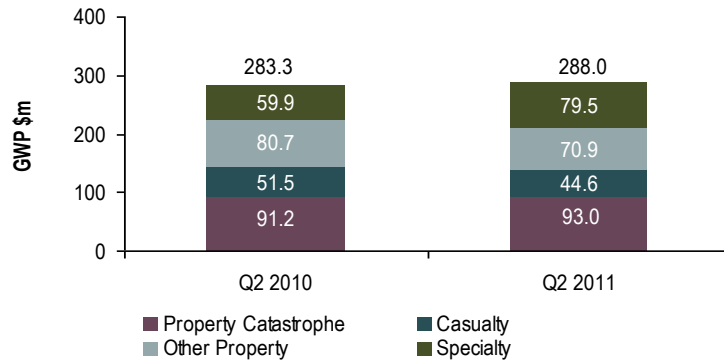


# FINANCIAL HIGHLIGHTS: GROUP SUMMARY Q2 2011

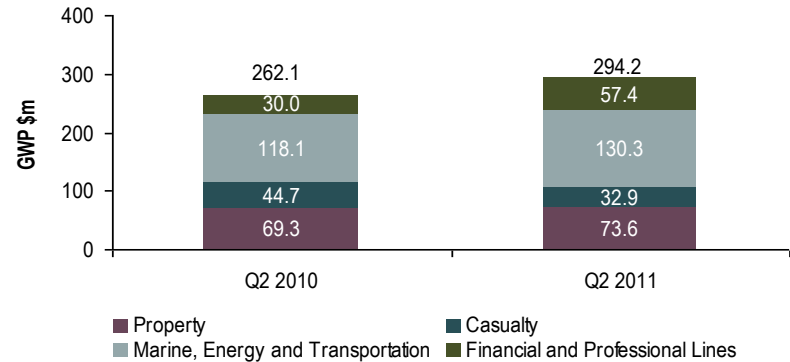
**Total**



**Reinsurance**



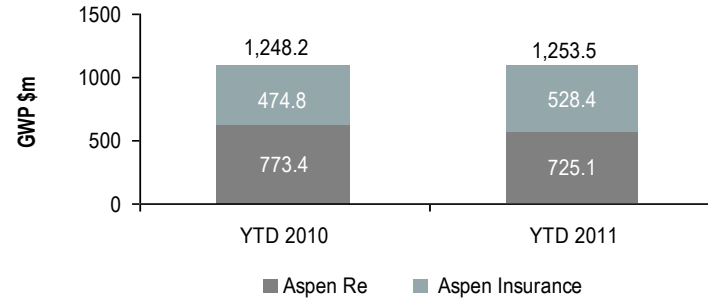
**Insurance**



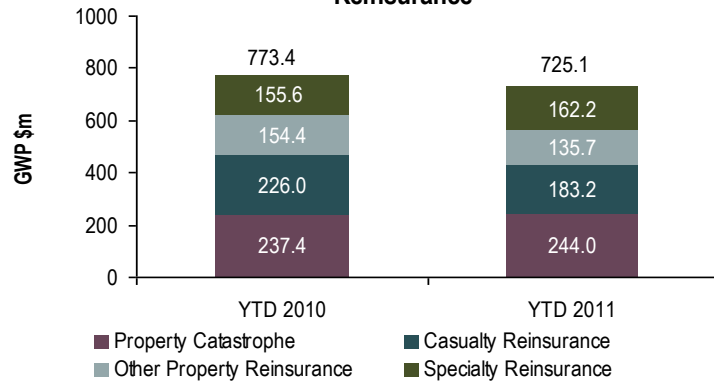


# FINANCIAL HIGHLIGHTS: GROUP SUMMARY H1 2011

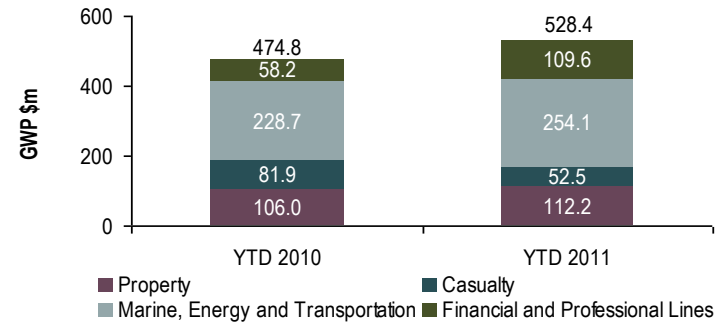
## Total



## Reinsurance



## Insurance

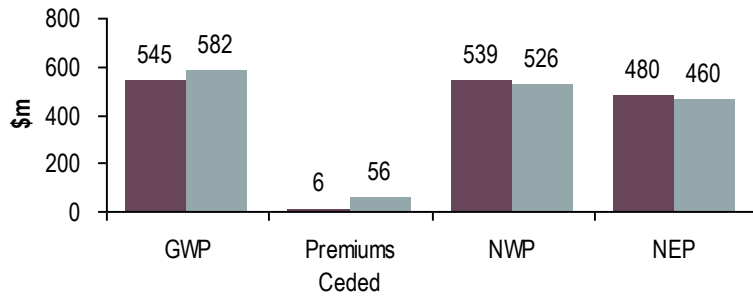




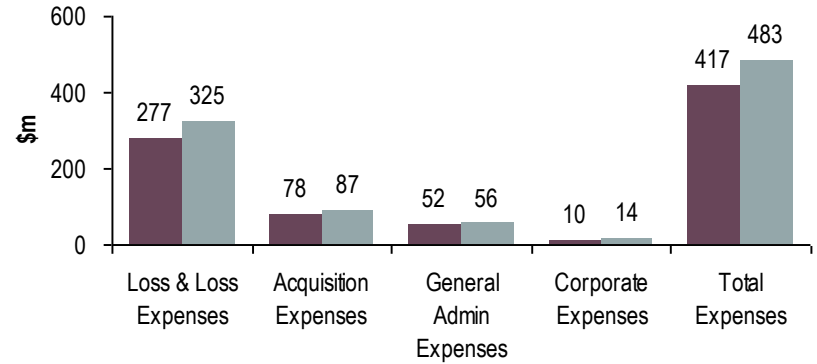


# FINANCIAL HIGHLIGHTS: GROUP SUMMARY Q2 2011

### Underwriting Revenues



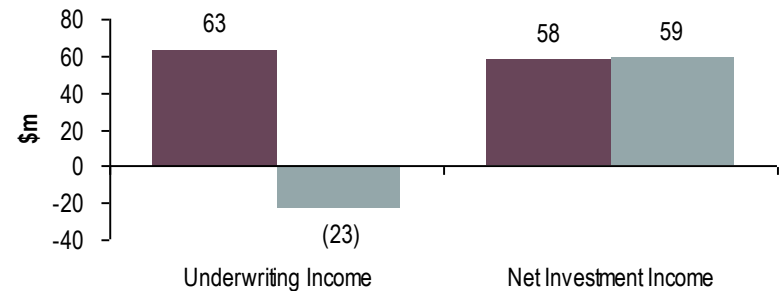
### Expenses



### Income



### Contribution

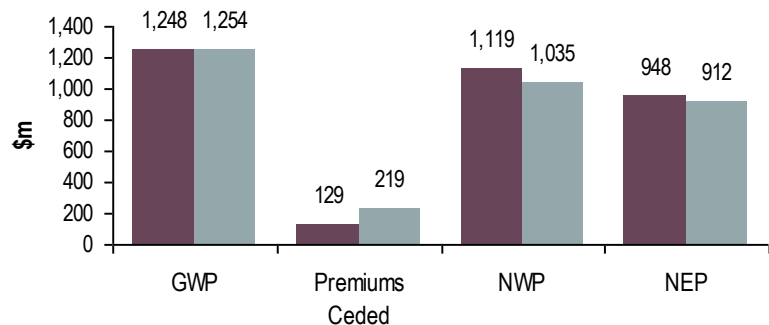


■ Q2 2010 ■ Q2 2011

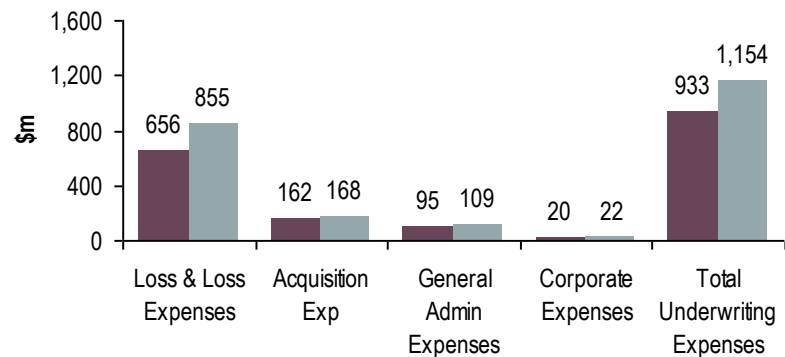


# FINANCIAL HIGHLIGHTS: GROUP SUMMARY H1 2011

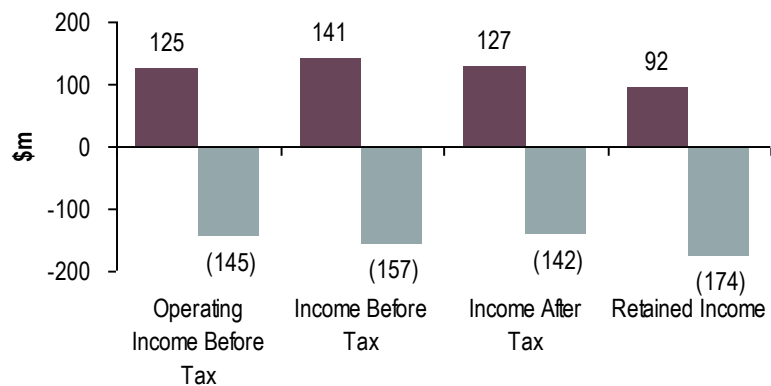
### Underwriting Revenues



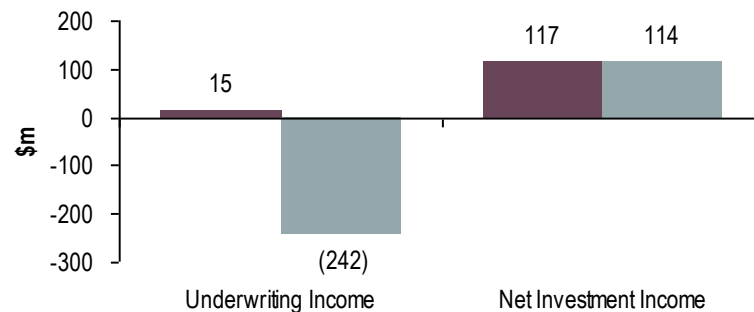
### Expenses



### Income



### Contribution

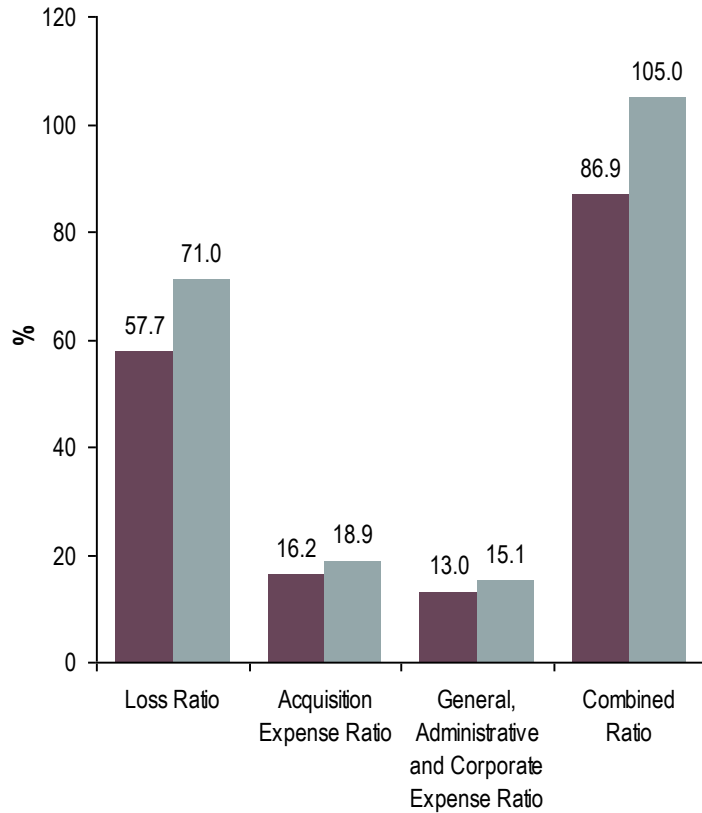


■ H1 2010 ■ H1 2011



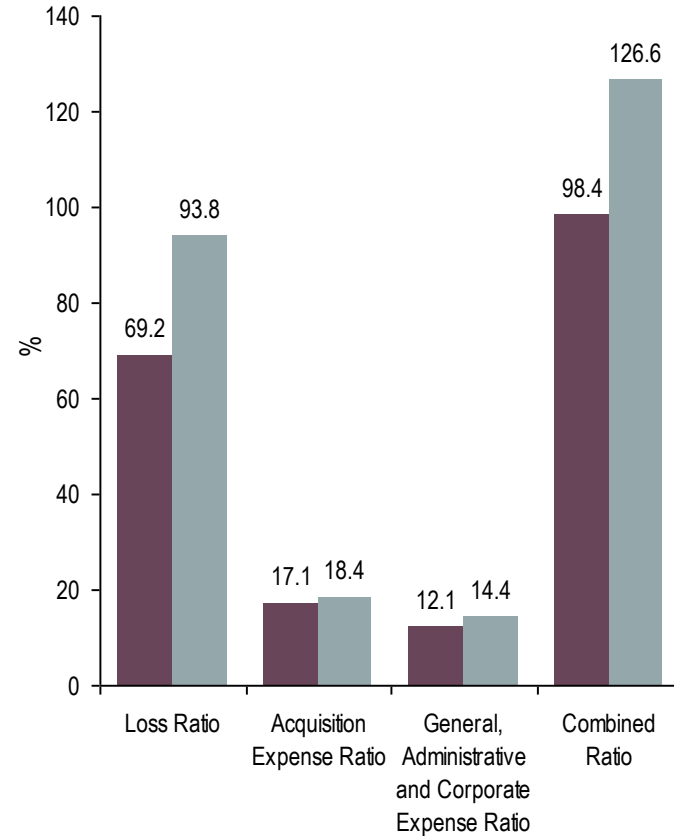
# KEY PERFORMANCE METRICS: Q2 2011 AND H1 2011

### Ratio Analysis



■ Q2 2010 ■ Q2 2011

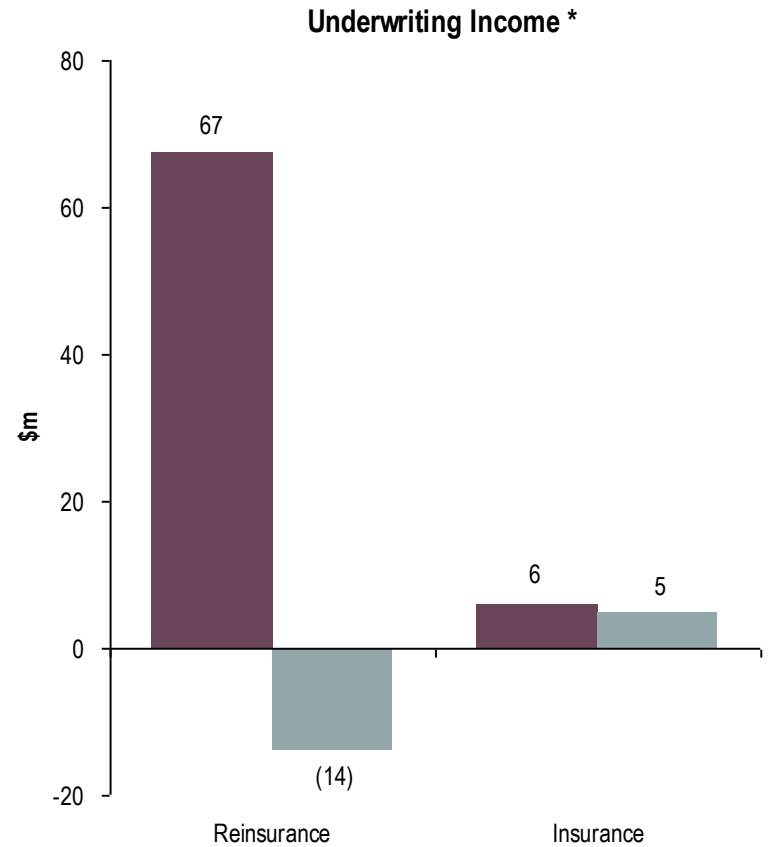
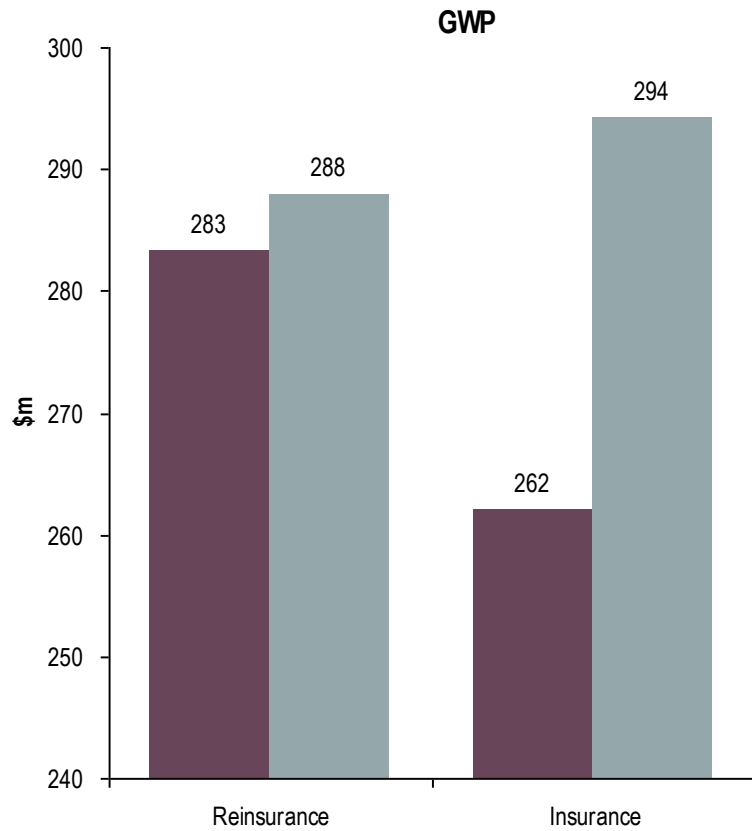
### Ratio Analysis



■ H1 2010 ■ H1 2011



# RESULTS BY BUSINESS SEGMENT: Q2 2011

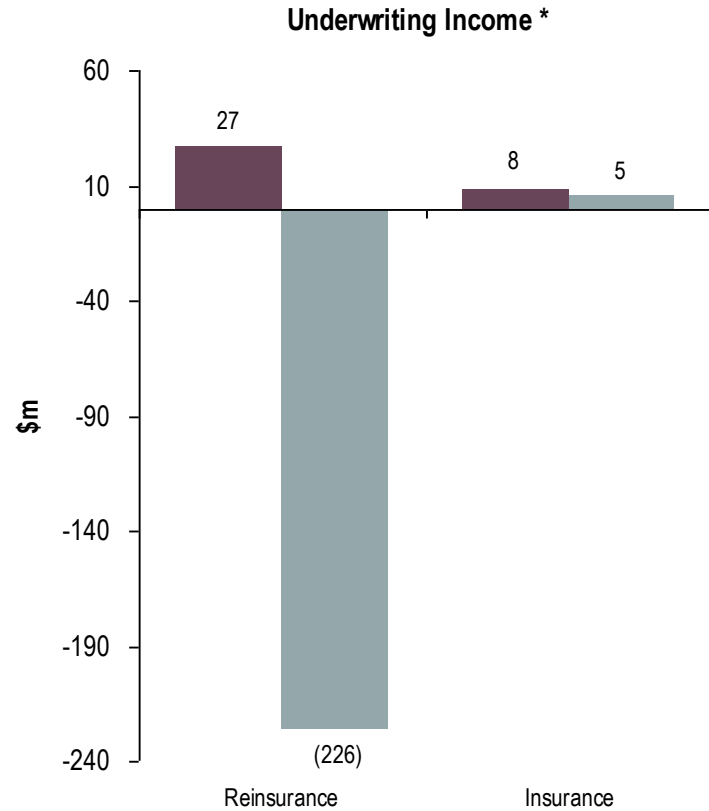
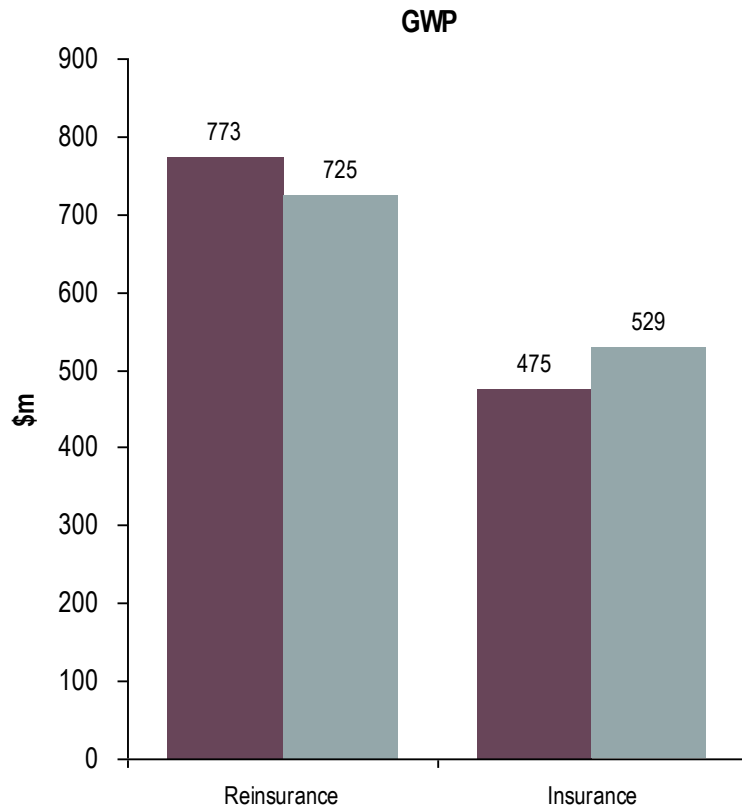


■ Q2 2010 ■ Q2 2011

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



# RESULTS BY BUSINESS SEGMENT: H1 2011



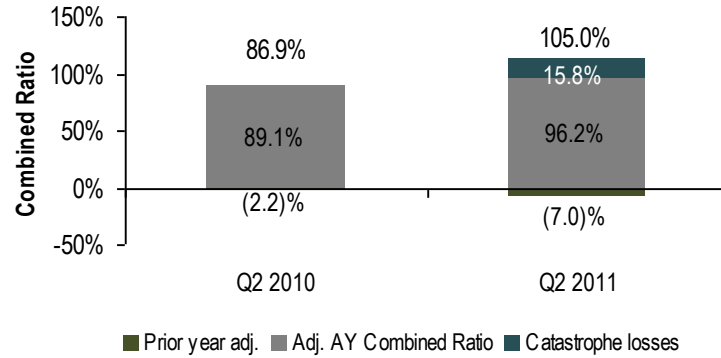
■ H1 2010 ■ H1 2011

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

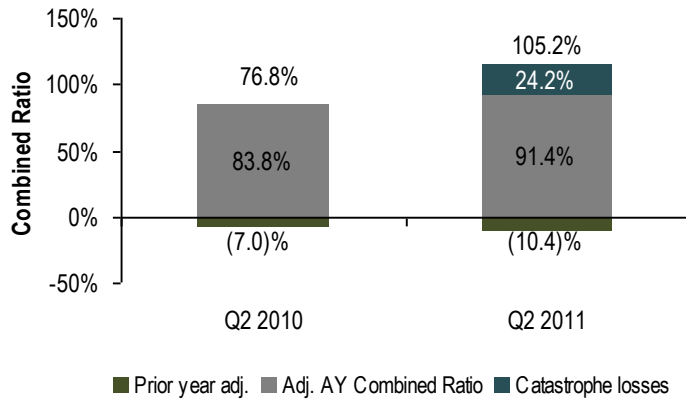


# KEY PERFORMANCE METRICS: Q2 2011

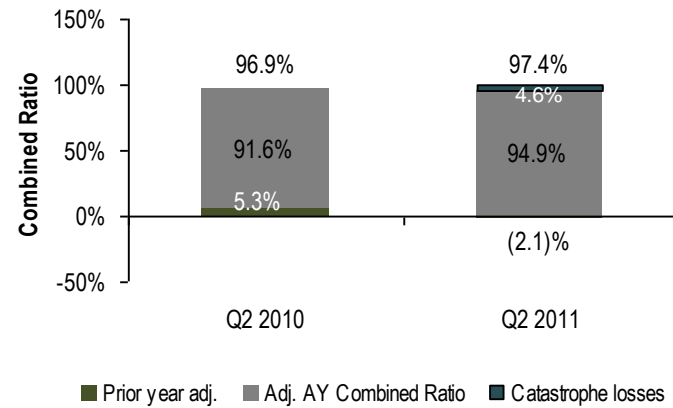
## Total



## Reinsurance

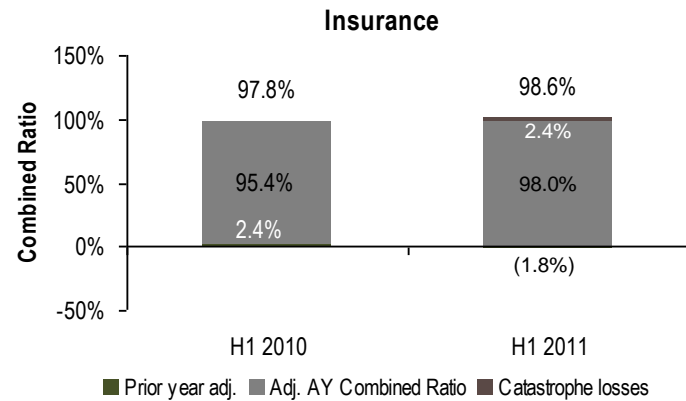
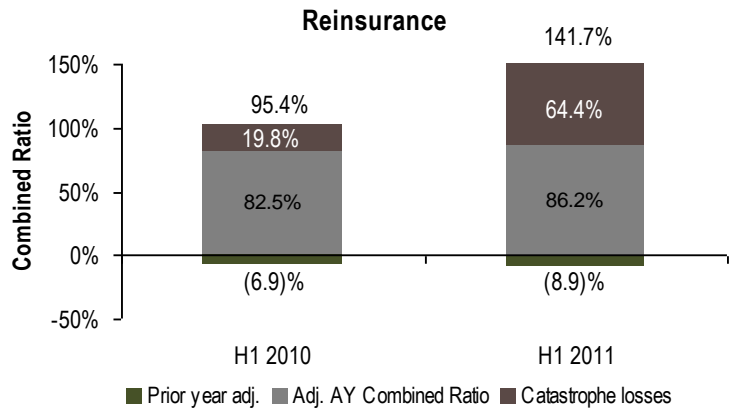
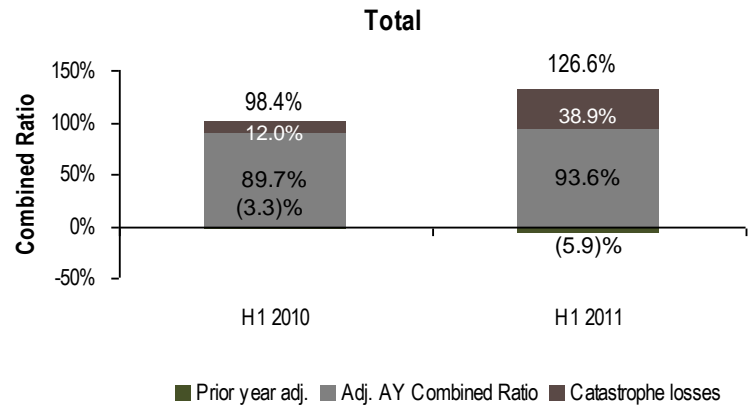


## Insurance





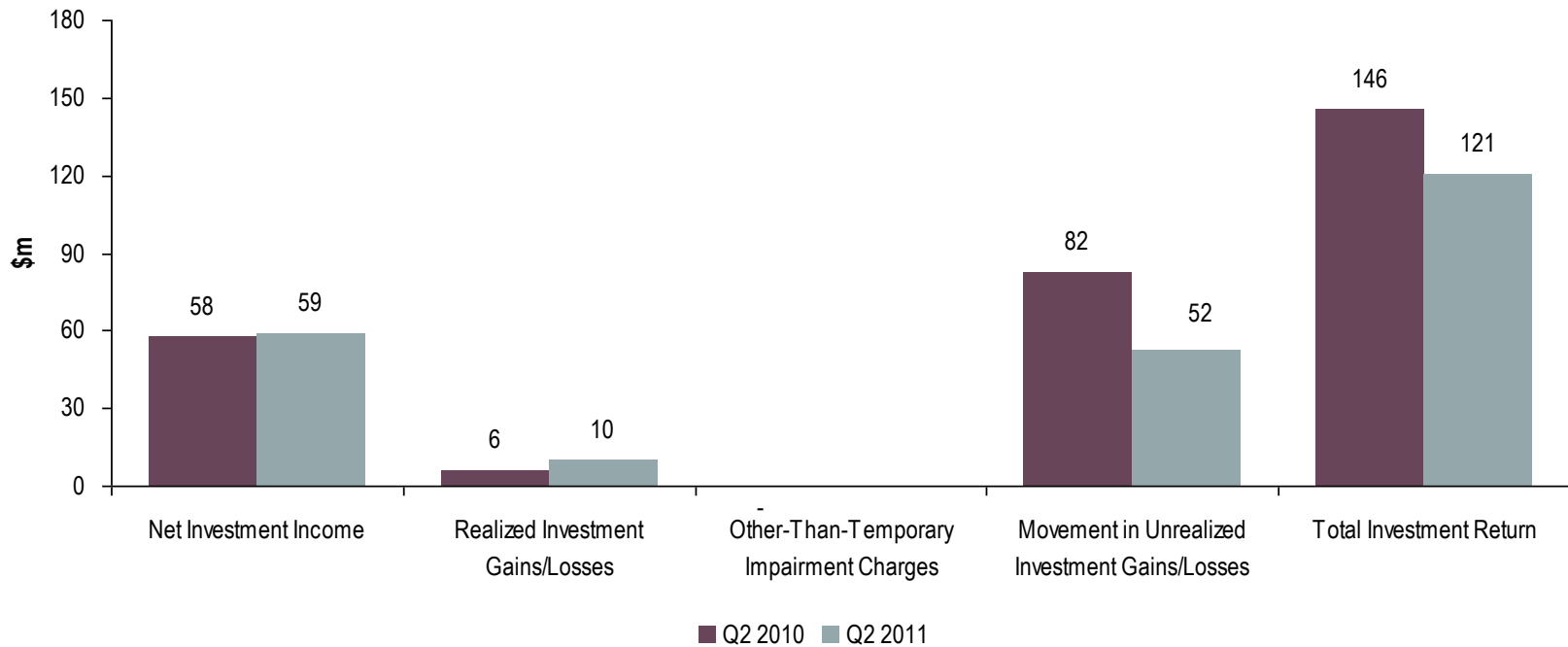
# KEY PERFORMANCE METRICS: H1 2011





# FINANCIAL HIGHLIGHTS: TOTAL INVESTMENT RETURN – Q2 2011

Annualized Total Investment Return  
for the Quarter of 6.5%

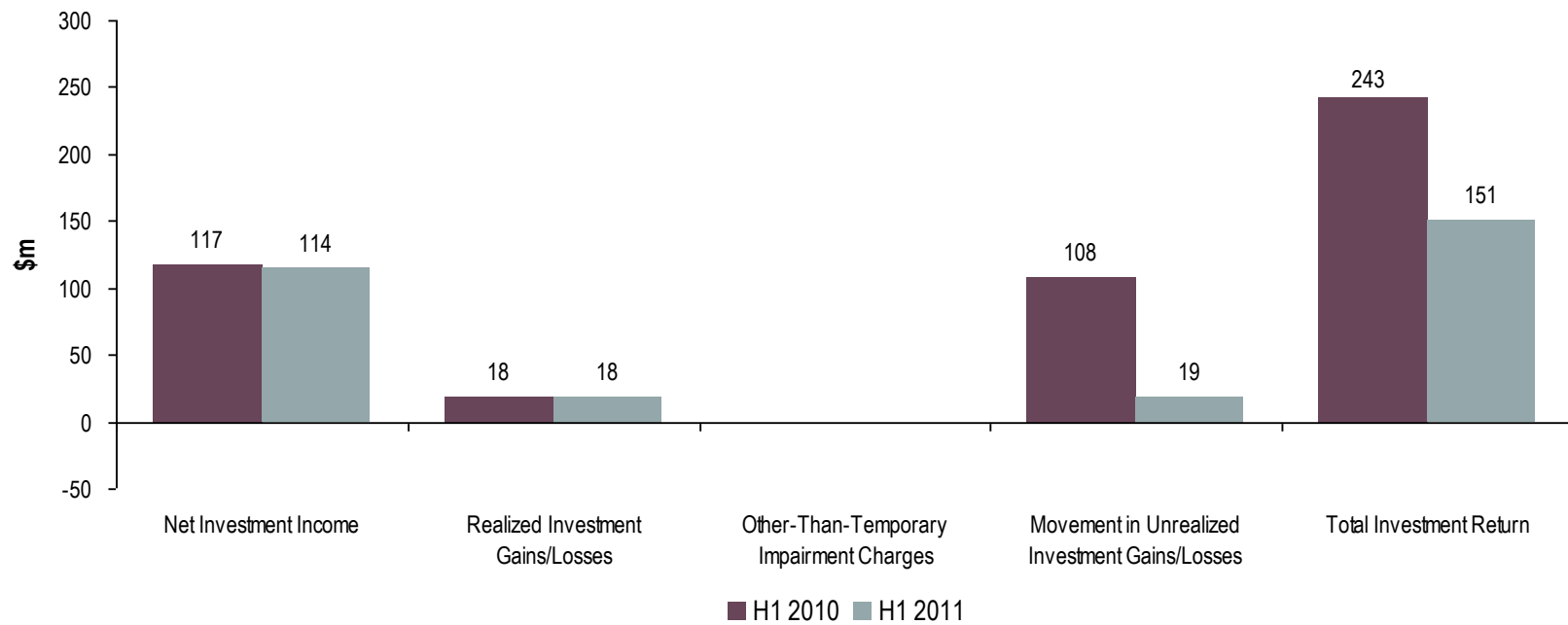






## FINANCIAL HIGHLIGHTS: TOTAL INVESTMENT RETURN – H1 2011

Annualized Total Investment Return  
for the Six Months of 4.1%





# FIXED INCOME PORTFOLIO BY ASSET TYPE

(US\$ in millions)

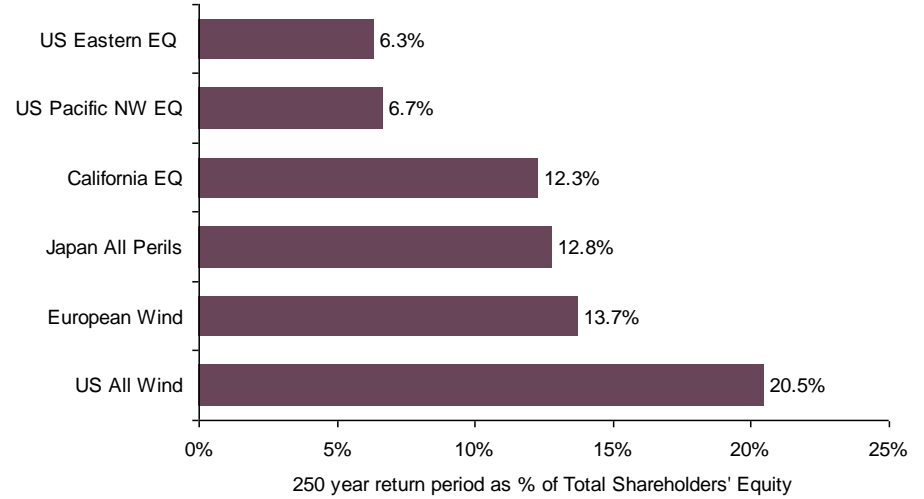
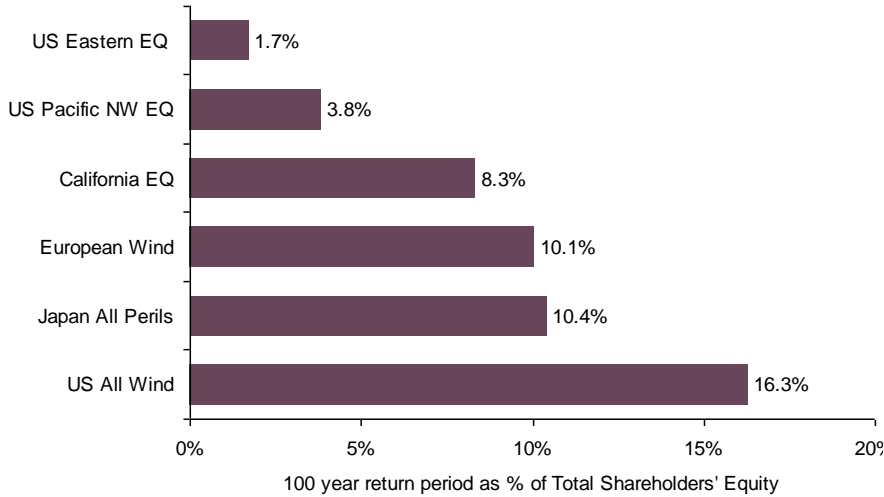
## ASSETS : INVESTMENT PORTFOLIO JUNE 30, 2011

TOTAL INVESTMENT PORTFOLIO AT MARKET VALUE **7,457.8**

Cash, Short-Term Securities and Other		Government/Agency		Structured Securities		Unsecured Credit	
Short-term Securities	202.8	U.S. Government	783.4	Asset-backed securities	66.1	Corporate bonds	1,789.5
Equities	178.1	Agency Debentures	284.9	Agency Rated Mortgage-backed securities (GNMA, FNMA, FHLB)	1,288.4	FDIC Guaranteed Corporate bonds	111.8
Cash and Cash Equivalents	1,074.1	Foreign governments	754.4	Non-Agency Rated Commercial Mortgage-backed securities	107.2	Foreign corporates	559.9
Other Investments (Iris Re)	30.0					Bonds backed by foreign government	193.5
						Municipal bonds	33.7
<b>Q2 2011</b>	<b>1,485.0</b>		<b>1,822.7</b>		<b>1,461.7</b>		<b>2,688.4</b>
<b>Q1 2011</b>	<b>1,508.1</b>		<b>1,822.3</b>		<b>1,397.4</b>		<b>2,676.4</b>



# 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

Source: Aspen analysis using RMS v11.0 occurrence exceedance probability as at July 1, 2011 and Shareholders' Equity of \$3,104.6 million at June 30, 2011. US Wind is a blend of RMS v11 and AIR v12.5 weighted 50% for each model. European Wind remains based on RMS v10 given v11 for this peril has only just been released and is currently being tested






## 2011 GUIDANCE

	Actual 2010 Results	Initial Guidance February 8, 2011	Revised Guidance April 28, 2011	Revised Guidance July 28, 2011
Gross Written Premium	\$2.1 billion	\$2.1 billion ± 5%	\$2.1 billion ± 5%	\$2.1 billion ± 5%
% Premium Ceded	9.3% of GEP	8% - 12% of GEP	10% -14% of GEP	11% -14% of GEP
Combined Ratio	96.7%	93% -98%	105% - 110%	109% - 114%
Tax Rate	8.1%	8% to 12%	8% to 12%	8% to 12%
Remaining Cat-Load	\$181 million	\$170 million <small>(assuming normal loss experience)</small>	\$140 million <small>(assuming normal loss experience)</small>	\$110 million <small>(assuming normal loss experience)</small>



## 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