



# Aspen Insurance Holdings Limited

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November 2, 2007

Q3 2007 Earnings Conference Call

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," "project," "anticipate," "seek," "will," "estimate," "may," "continue," "guidance," and similar expressions of a future or forward-looking nature.*

*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 within the stated amount.*

*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 the total industry losses resulting from Hurricanes Katrina, Rita and Wilma and any other events, and the actual number of Aspen's insureds incurring losses from these events; with respect to events such as Hurricanes Katrina, Rita and Wilma, Aspen's reliance on loss reports received from cedants and loss adjustors, Aspen's reliance on industry loss estimates and those generated by modeling techniques, the impact of these events on Aspen's reinsurers, any changes in Aspen's reinsurers' credit quality, the amount and timing of reinsurance recoverables and reimbursements actually received by Aspen from its reinsurers and the overall level of competition and the related demand and supply dynamics as contracts come up for renewal; the impact that our future operating results, capital position and rating agency and other considerations have on the execution of any capital management initiatives; the impact of any capital management activities on our financial condition; the impact of acts of terrorism and related legislation and acts of war; the possibility of greater frequency or severity of claims and loss activity, including as a result of natural or man-made catastrophic events than our underwriting, reserving or investment practices have anticipated; evolving interpretive issues with respect to coverage as a result of Hurricanes Katrina, Rita and Wilma and any other events such as the UK floods; the level of inflation in repair costs due to limited availability of labor and materials after catastrophes; the effectiveness of Aspen's loss limitation methods; changes in the availability, cost or quality of reinsurance or retrocessional coverage, which may affect our decision to purchase such coverage; the reliability of, and changes in assumptions to, catastrophe pricing, accumulation and estimated loss models; loss of key personnel; a decline in our operating subsidiaries' ratings with Standard & Poor's, A.M. Best Company or Moody's Investors Service; changes in general economic conditions including inflation, foreign currency exchange rates, interest rates and other factors that could affect our investment portfolio; the number and type of insurance and reinsurance contracts that we wrote at the January 1st and other renewal periods in 2007 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; decreased demand for Aspen's insurance or reinsurance products and cyclical downturn of the industry; changes in governmental regulations, interpretations or tax laws in jurisdictions where Aspen conducts business; proposed and future changes to insurance laws and regulations, including with respect to U.S. state- and other government-sponsored reinsurance funds and primary insurers; Aspen or its Bermudian subsidiary becoming subject to income taxes in the United States or the United Kingdom; the effect on insurance markets, business practices and relationships of ongoing litigation, investigations and regulatory activity by the New York State Attorney General's office and other authorities concerning contingent commission arrangements with brokers and bid solicitation activities. 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 22, 2007. 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.*

# Financial Highlights – Q3 2007



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

<b>Quarter Ended September 30</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
Gross Written Premiums	373.5	457.5	(18.4)%
Net Written Premiums	348.8	433.5	(19.5)%
Net Earned Premiums	419.7	429.3	(2.2)%
Underwriting Income	65.1	81.6	(20.2)%
Net Investment Income	72.4	47.3	53.1%
<b>Net Income after tax</b>	<b>\$117.2</b>	<b>\$95.0</b>	<b>23.4%</b>
<b>GAAP Ratios:</b>			
Loss Ratio	52.4%	54.0%	
Expense Ratio	32.1%	27.0%	
<b>Combined Ratio</b>	<b>84.5%</b>	<b>81.0%</b>	
<b>Full Year *ROAE <sup>1</sup></b>	<b>20.2%</b>	<b>18.0%</b>	
<b>Diluted EPS</b>	<b>\$1.21</b>	<b>\$0.94</b>	<b>28.7%</b>
<b>Diluted Operating EPS <sup>1</sup></b>	<b>\$1.12</b>	<b>\$0.93</b>	<b>20.4%</b>

\* Annualised

<sup>1</sup> Reconciliation of Average Equity to closing shareholders' equity and operating income to net income is provided in our quarterly financial supplements available in the Financial Results section of the Investor Relations page of Aspen's website at [www.aspen.bm](http://www.aspen.bm)

# Financial Highlights – 9 months ended September 2007



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

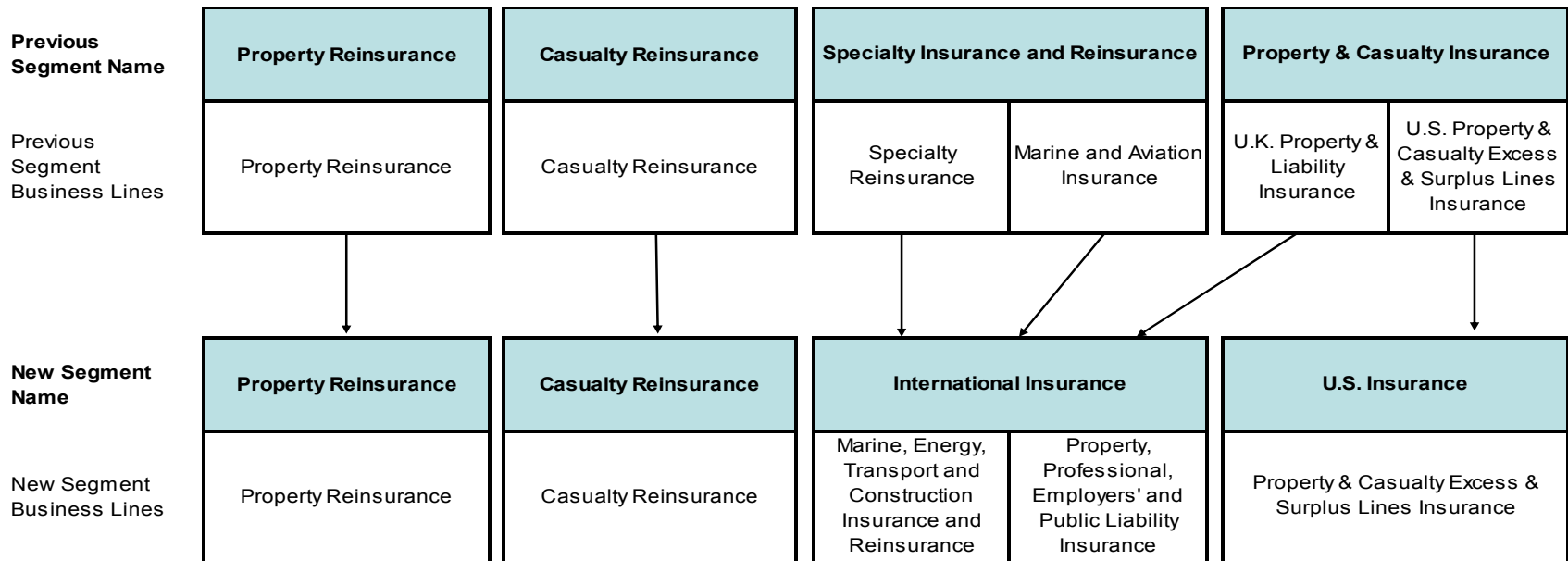
<b>Nine months Ended September 30</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
Gross Written Premiums	1,513.5	1,658.6	(8.7)%
Net Written Premiums	1,322.4	1,385.5	(4.6)%
Net Earned Premiums	1,309.9	1,260.9	3.9%
Underwriting Income	208.0	199.3	4.4%
Net Investment Income	218.7	141.7	54.3%
<b>Net Income after tax</b>	<b>\$353.8</b>	<b>\$258.6</b>	<b>36.8%</b>
<b>GAAP Ratios:</b>			
Loss Ratio	54.8%	54.6%	
Expense Ratio	29.3%	29.7%	
<b>Combined Ratio</b>	<b>84.1%</b>	<b>84.3%</b>	
<b>Full Year *ROAE <sup>1</sup></b>	<b>21.2%</b>	<b>16.4%</b>	
<b>BV Per Ordinary Share</b>	<b>\$26.46</b>	<b>\$21.87</b>	<b>21.0%</b>
<b>Diluted EPS</b>	<b>\$3.67</b>	<b>\$2.55</b>	<b>43.9%</b>
<b>Diluted Operating EPS</b>	<b>\$3.52</b>	<b>\$2.50</b>	<b>40.8%</b>

\* Annualised

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# Segmental Analysis



As a result of a shift in the Company's operating structure and the implementation of a number of strategic initiatives in 2007, the Company changed the composition of its business segments to reflect the manner in which the business is managed. The Company is currently organized into four business segments; property reinsurance, casualty reinsurance, international insurance, and U.S. insurance. These segments form the basis of how the Company monitors the performance of its operations.

The property and casualty insurance segment previously comprised U.S. property and casualty insurance business written on an excess and surplus lines basis, U.K. commercial property and liability insurance and international property facultative business. With the appointment of Nathan Warde, as head of U.S. insurance, and Matthew Yeldham, as head of international insurance, we have now redesignated U.S. property and casualty insurance business as a separate segment. The U.K. property and liability insurance business now forms part of our international insurance segment which also consists of marine, energy, liability and aviation insurance, professional liability insurance and non-marine transport lines of business as well as specialty reinsurance. We have also re-allocated our international property facultative business to the property reinsurance segment, which was previously part of the property and casualty insurance segment. After these changes, the four segments are: property reinsurance, casualty reinsurance, international insurance and U.S. insurance.

# Market Conditions

## 2007 Outlook: Property Reinsurance and Casualty Reinsurance



Property Reinsurance			
Line	Market Conditions	Market Trend	Aspen YTD Performance
Catastrophe Treaty			
Pro Rata			
Risk Excess Treaty			
Property Facultative			

Casualty Reinsurance			
Line	Market Conditions	Market Trend	Aspen YTD Performance
Intl. Casualty			
US Casualty			
Casualty Facultative			

- = Absolute rate levels attractive
- = Absolute rate levels mixed
- = Absolute rate levels very challenging

- = 12 month rate trend positive
- = 12 month rate trend neutral
- = 12 month rate trend slightly downwards
- = 12 month rate trend downwards

- Strong
- Good
- Improvement Required

# Market Conditions

## 2007 Outlook: US Insurance and International Insurance



US Insurance			
Line	Market Conditions	Market Trend	Aspen YTD Performance
E&S Property			
E&S Casualty			

International Insurance							
Line	Market Conditions	Market Trend	Aspen YTD Performance	Line	Market Conditions	Market Trend	Aspen YTD Performance
Aviation				UK Property			
Marine Hull				UK Liability			
Offshore Energy Physical Damage							
Marine & Energy Liability							
Specialty Reinsurance							

- = Absolute rate levels attractive
- = Absolute rate levels mixed
- = Absolute rate levels very challenging

- = 12 month rate trend positive
- = 12 month rate trend neutral
- = 12 month rate trend slightly downwards
- = 12 month rate trend downwards

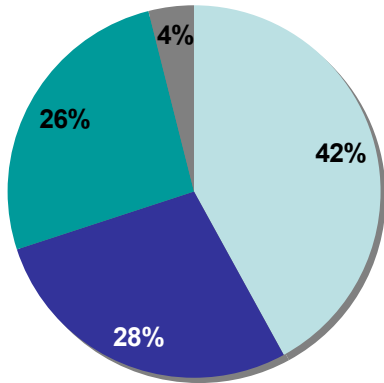
- Strong
- Good
- Improvement Required



# Well-managed Diversification

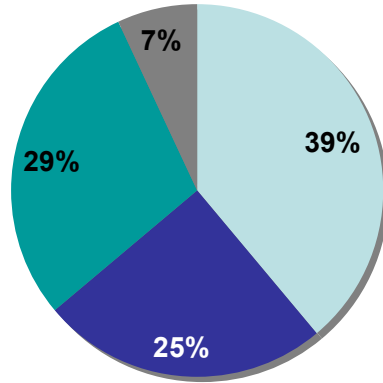
## Gross Written Premiums

FY 2004



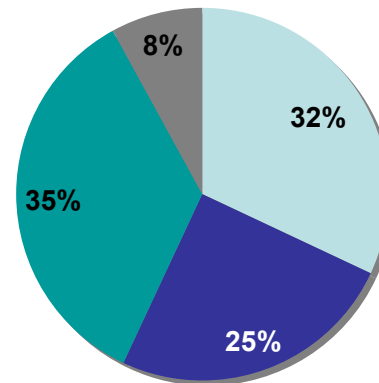
100% = \$1.6bn

FY 2005



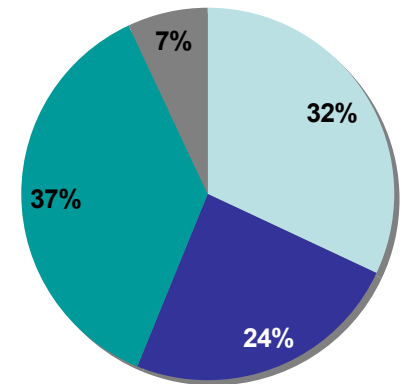
100% = \$2.1bn

FY 2006



100% = \$1.9bn

12 months: October 1, 2006 – September 30, 2007



100% = \$1.8bn





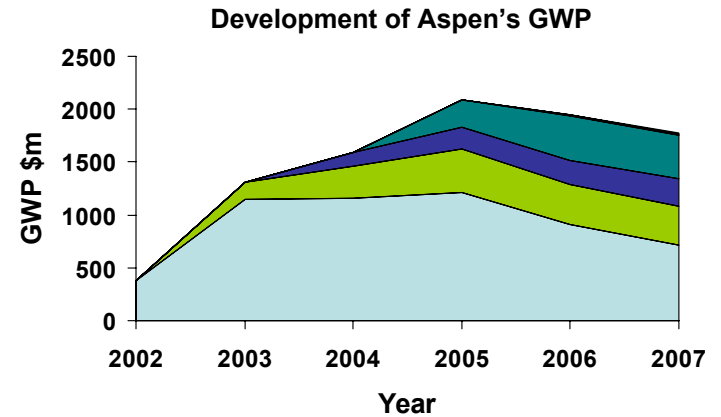


# Profitable Expansion into New / Adjacent Lines

- Progressive diversification of strategic footprint through incremental expansion into adjacent business lines\*
- Key enablers:
  - Consistent with core competencies
  - Timing
  - Availability of proven, successful underwriting teams
- Focus on non-correlating lines



- |   |   |  |  |  |
|---|---|--|--|--|
| <ul style="list-style-type: none"> <li>• Specialty Reinsurance</li> <li>➤ Aviation</li> <li>➤ Marine</li> <li>• US Casualty Re</li> </ul> | <ul style="list-style-type: none"> <li>• US Excess &amp; Surplus lines</li> <li>• Aspen Re America</li> </ul> | <ul style="list-style-type: none"> <li>• Aviation Insurance</li> <li>• Marine Insurance</li> <li>• Energy Insurance</li> </ul> | <ul style="list-style-type: none"> <li>• International Property Facultative</li> </ul> | <ul style="list-style-type: none"> <li>• Professional Liability***</li> <li>• Excess Casualty***</li> <li>• Non-Marine Liability***</li> </ul> |
|---|---|--|--|--|



\* Businesses shown for first year of meaningful premium contribution

\*\* Projected for 2007

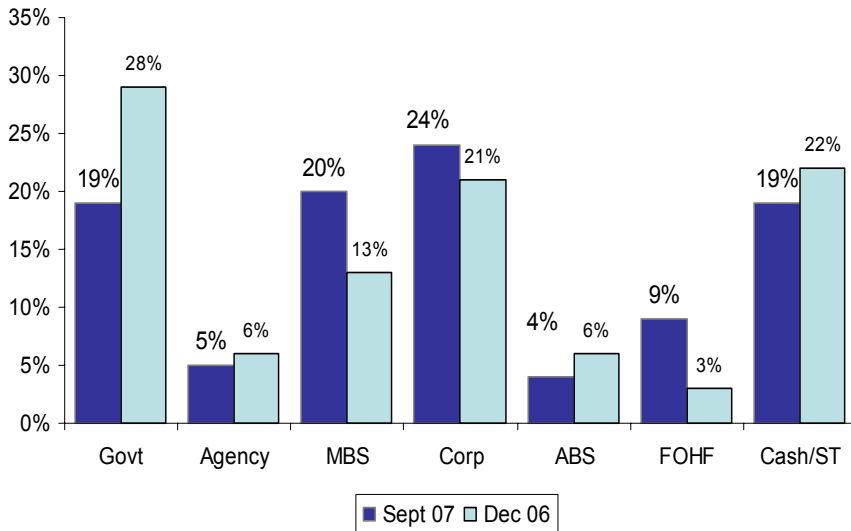
\*\*\* Underwriting after 09/07

Diversification has Added over \$1,134m\*\* GWP in New Lines Since 2004



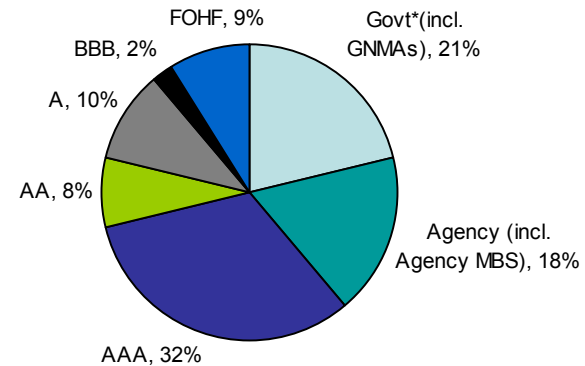
# Aggregate Investment Portfolio

## Asset Class Allocation



## Portfolio Credit Ratings

(as at September 30, 2007)

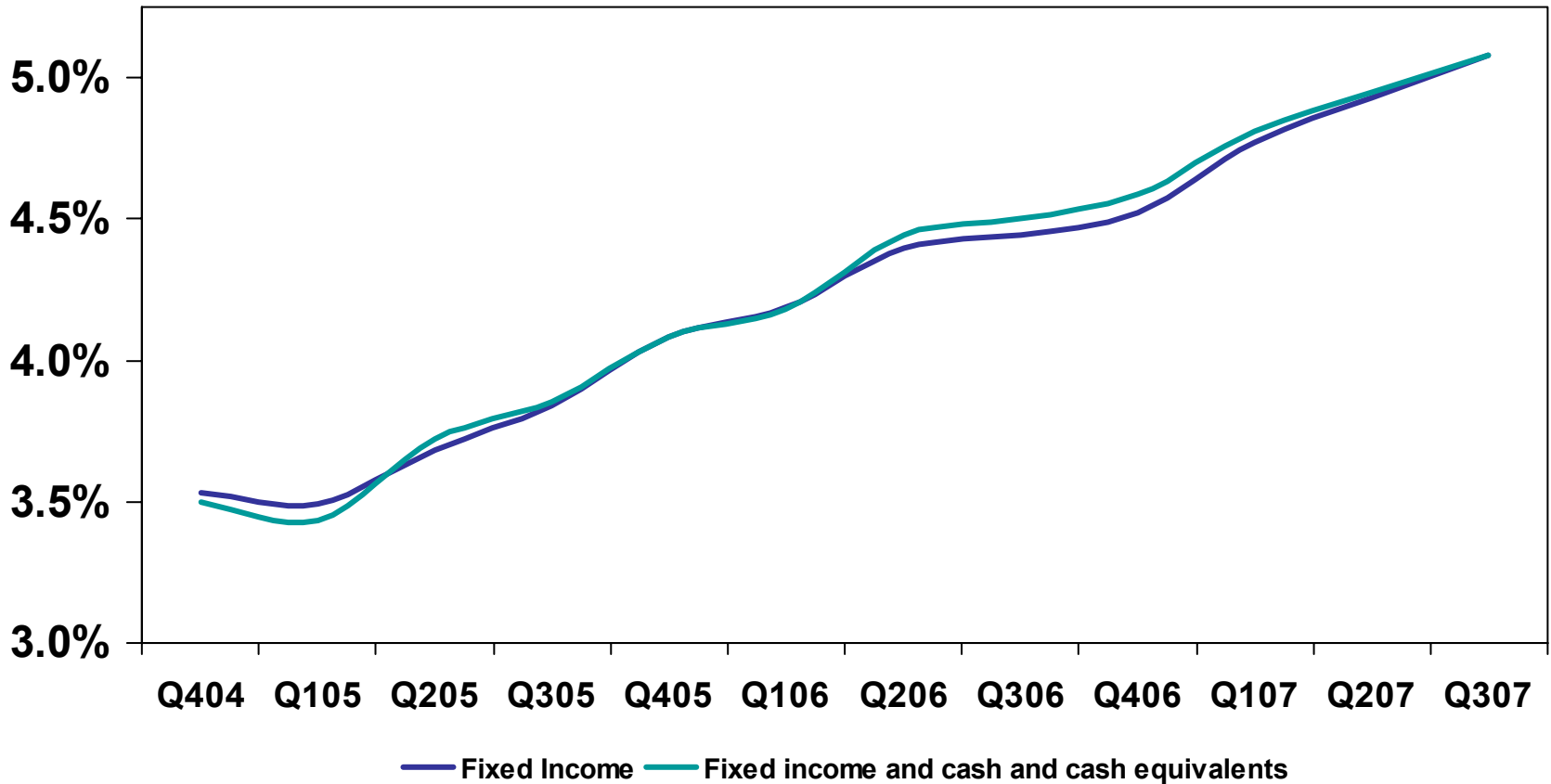


Indicator (S&P Ratings)	Actual as at September 30, 2007	Actual as at December 31, 2006
Fund of Hedge Funds	9%	3%
Overall Portfolio Rating	AA+	AAA
Overall Fixed Income Rating	AA+	AAA

89% of Portfolio 'A' or Better



# Improvement in Book Yield



# 2007 Guidance



## Full 2007 Year Outlook

	February 9, 2007	May 3, 2007	August 6, 2007	November 1, 2007
<b>GWP</b>	<b>\$1.9 billion ± 5%</b>	<b>\$1.8 billion ± 5%</b>	<b>\$1.8 billion ± 5%</b>	<b>\$1.8 billion ± 5%</b>
<b>% Premium Ceded</b>	<b>6% - 8% of GWP</b>	<b>6% - 8% of GWP</b>	<b>Approx 9% of GEP*</b>	<b>Approx 9% of GEP*</b>
<b>Combined Ratio</b>	<b>83% - 88%</b>	<b>83% - 88%</b>	<b>83% - 88%</b>	<b>83% - 86%</b>
<b>Investment Income</b>	<b>\$230 - \$250 million</b>	<b>\$250 - \$270 million</b>	<b>\$250 - \$270 million</b>	<b>\$280 - \$300 million</b>
<b>Tax Rate</b>	<b>16% to 19%</b>	<b>16% to 19%</b>	<b>16% to 19%</b>	<b>14% to 16%</b>
<b>Assumed Average Cat-Load</b>	<b>\$135 million (full year)</b>	<b>\$135 million (full year)</b>	<b>\$145 million (full year)</b>	<b>\$90 million (full year)</b>

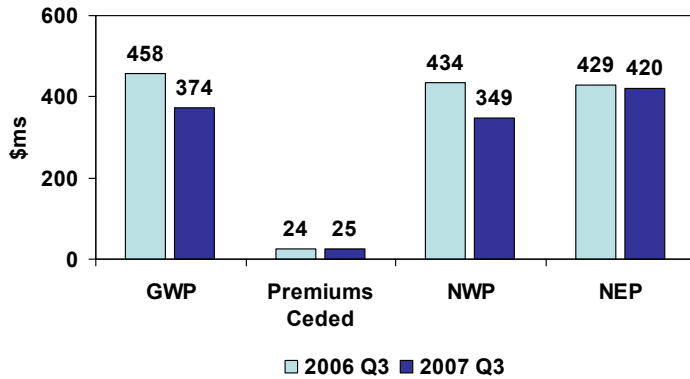
Implied ROE of 16% - 20%

\* Metric changed from percent of GWP to percent of GEP to reflect that the company has purchased multi year retrocessional policies and believes that a comparison with earned premiums is more appropriate than written premium for guidance purposes. This change in the ceded premium metric does not impact our current ROE guidance.

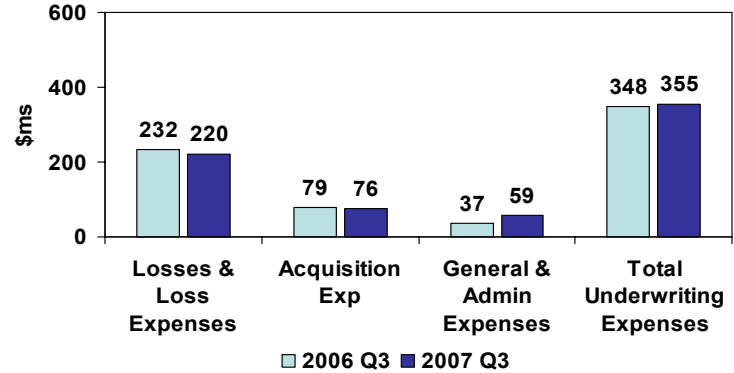


# Financial Highlights – Group Summary Q3

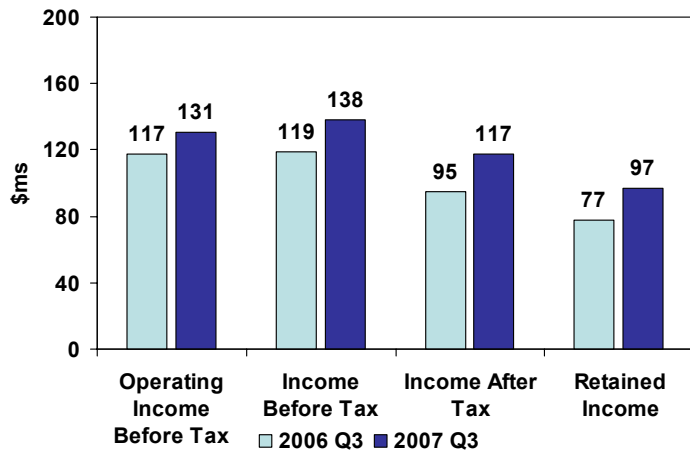
### Underwriting Revenues



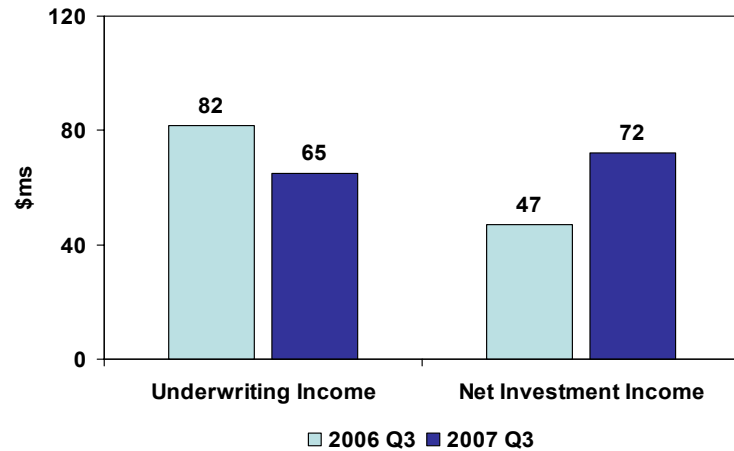
### Underwriting Expenses



### Income



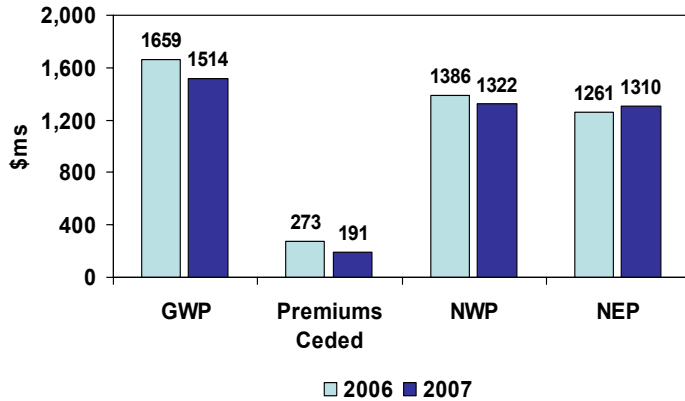
### Income Contribution



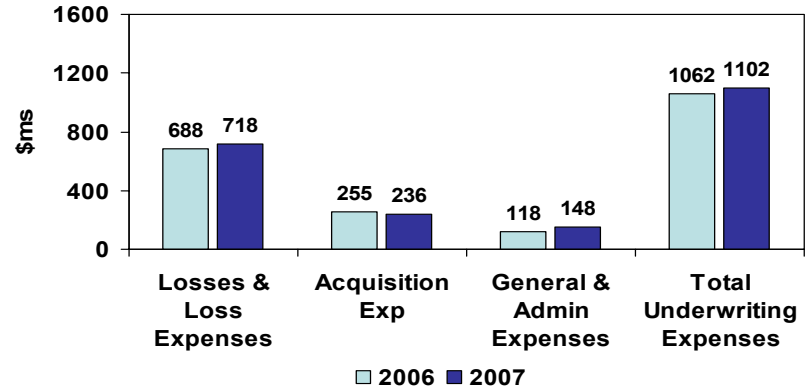


# Financial Highlights – Group Summary – 9 months

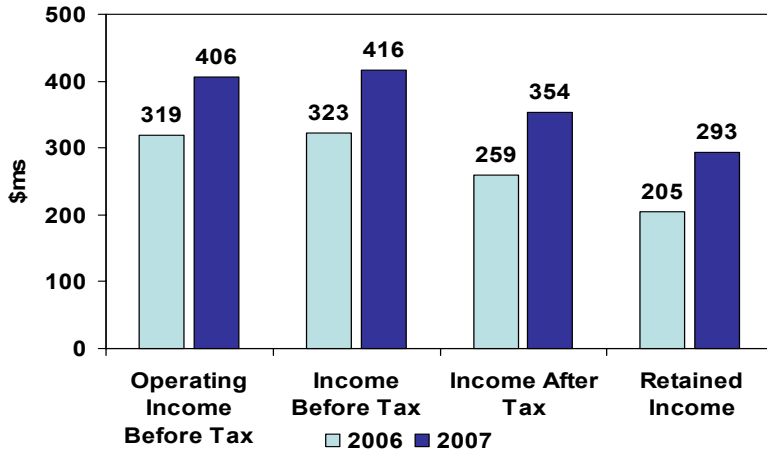
### Underwriting Revenues



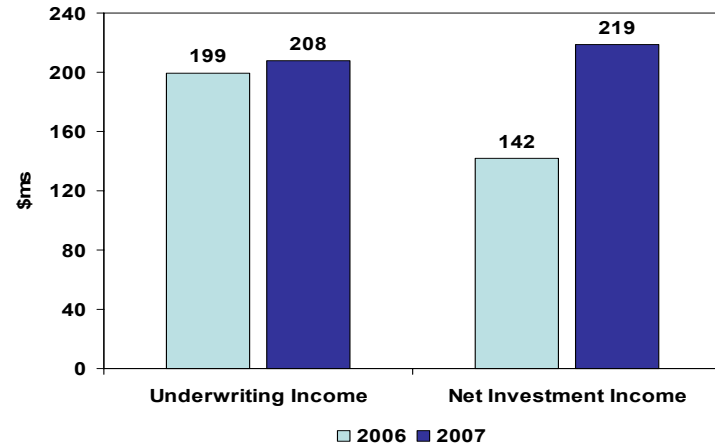
### Underwriting Expenses



### Income



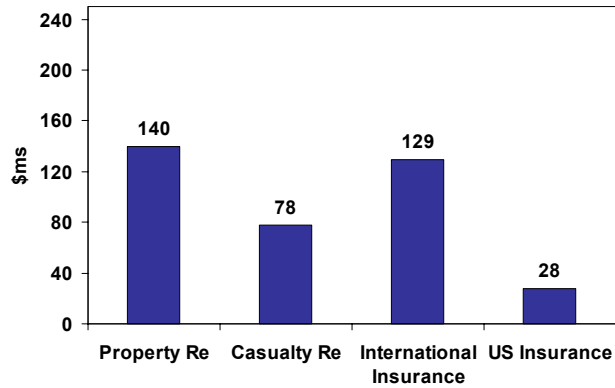
### Income Contribution



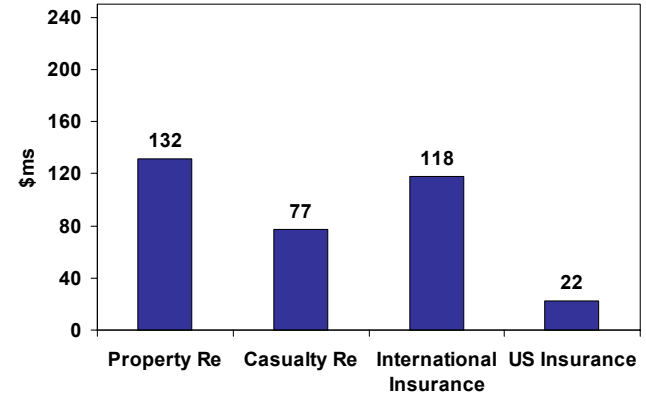


# Results by Business Segment – Q3 2007

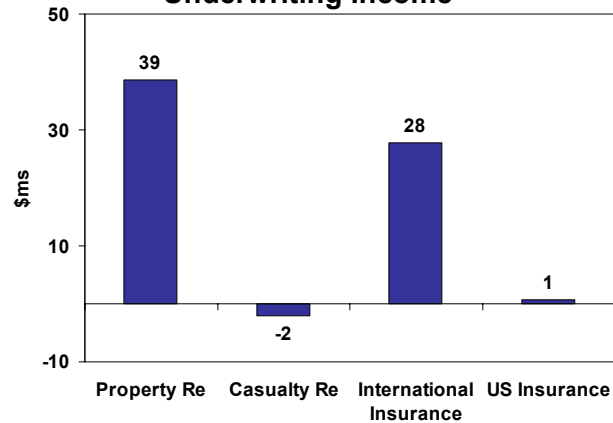
### GWP



### NWP



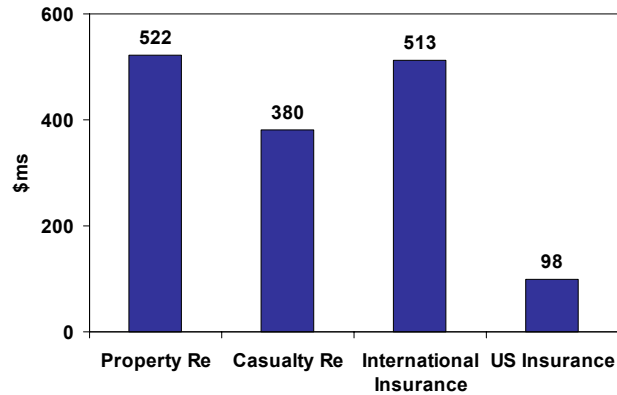
### Underwriting Income



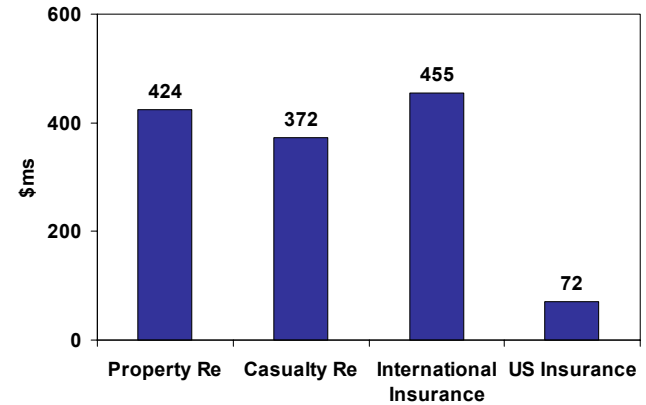


# Results by Business Segment – 9 months

### GWP



### NWP



### Underwriting Income

