ASPEN

PRESS
RELEASE

# ASPEN REPORTS RESULTS FOR QUARTER ENDED MARCH 31, 2018

## Annualized Net Income Return on Equity of 4.0% and

## Annualized Operating Return on Equity of 9.2% for the First Quarter 2018

**Hamilton, Bermuda, May 2, 2018** - Aspen Insurance Holdings Limited (“Aspen”) (NYSE: AHL) reported today a net income after tax of $30.8 million, or $0.38 per diluted ordinary share, and an operating income after tax of $63.0 million, or $0.91 per diluted ordinary share, for the first quarter of 2018.

Chris O’Kane, Chief Executive Officer, commented: “The first quarter of 2018 was the first in Aspen's history in which we wrote more than a billion dollars of premium. Our strong results include gross written premium growth across both Aspen Re and Aspen Insurance as a result of our targeted growth strategy. Both segments generated underwriting profits, we improved our total expense ratio and we continue to implement our operational effectiveness and efficiency program.”(1)

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Non-GAAP financial measures are used throughout this release as defined at the end of this press release.

(1) Refer to "Forward-looking Statements Safe Harbor" at the end of this press release.

**Operating highlights for the quarter ended March 31, 2018**

- **Gross written premiums** of $1,116.8 million in the first quarter of 2018, an increase of 11.9% compared with $998.0 million in the first quarter of 2017

    - *Insurance*: Gross written premiums of $493.3 million, an increase of 14.0% compared with $432.7 million in the first quarter of 2017, due primarily to growth in the Financial and Professional Lines and Property and Casualty sub-segments

    - *Reinsurance*: Gross written premiums of $623.5 million, an increase of 10.3% compared with $565.3 million in the first quarter of 2017. Specialty sub-segment premiums increased largely due to growth in agriculture business which included a fronting arrangement written as part of the transitional arrangements following the sale of AgriLogic in 2017 while the Property Catastrophe sub-segment premium increase was largely driven by rate improvement

- **Net written premiums** of $635.5 million in the first quarter of 2018, a decrease of 7.4% compared with $686.2 million in the first quarter of 2017 as Aspen continues to make increased use of ceded reinsurance to seek to reduce volatility. The retention ratio in the first quarter of 2018 was 56.9% compared with 68.8% in the first quarter of 2017

    - *Insurance*: Net written premiums of $210.5 million, a decrease of 11.6% compared with $238.0 million in the first quarter of 2017, due primarily to increased use of quota share reinsurance to seek to reduce volatility. The retention ratio in the first quarter of 2018 was 42.7% compared with 55.0% in the first quarter of 2017

    - *Reinsurance*: Net written premiums of $425.0 million, a decrease of 5.2% compared with $448.2 million in the first quarter of 2017. Net written premiums in the first quarter of 2018 reflect a change in accounting treatment of cessions related to Aspen Capital Markets and, in addition, continued to be impacted by transitional changes to ceding of premiums following the sale of AgriLogic. The retention ratio in the first quarter of 2018 was 68.2% compared with 79.3% in the first quarter of 2017

- **Loss ratio** of 58.1% in the first quarter of 2018 compared with 56.5% in the first quarter of 2017. The loss ratio included pre-tax catastrophe losses of $24.2 million, or 4.5 percentage points, net of reinsurance recoveries, in the first quarter of 2018 compared with $29.1 million, or 5.0 percentage points, in the first quarter of 2017

    - *Insurance*: Loss ratio of 57.1% compared with 61.0% in the first quarter of 2017. The loss ratio included pre-tax catastrophe losses of $9.4 million, or 3.7 percentage points, net of reinsurance recoveries, in the first quarter of 2018 primarily as a result of weather-related events in the U.S. and U.K. Pre-tax catastrophe losses, net of reinsurance recoveries, totaled $4.5 million, or 1.5 percentage points, in the first quarter of 2017

    - *Reinsurance*: Loss ratio of 59.1% compared with 51.6% in the first quarter of 2017. The loss ratio included pre-tax catastrophe losses of $14.8 million, or 5.2 percentage points, net of reinsurance recoveries, in the first quarter of 2018 primarily as a result of Winter Storm Friederike and other weather-related events. Pre-tax catastrophe losses, net of reinsurance recoveries, totaled $24.6 million, or 8.9 percentage points, in the first quarter of 2017

- **Net favorable development** on prior year loss reserves of $37.7 million benefited the loss ratio by 7.1 percentage points in the first quarter of 2018. Prior year net favorable reserve development of $26.2 million benefited the loss ratio by 4.5 percentage points in the first quarter of 2017

    - *Insurance*: Prior year net favorable reserve development of $30.2 million benefited the loss ratio by 12.0 percentage points in the first quarter of 2018 and reflected releases, primarily from short-tail lines, including favorable development from 2017 natural catastrophes. Prior year net favorable development of $5.0 million benefited the loss ratio by 1.6 percentage points in the first quarter of 2017

    - *Reinsurance*: Prior year net favorable reserve development of $7.5 million benefited the loss ratio by 2.7 percentage points in the first quarter of 2018. Prior year net favorable development of $21.2 million benefited the loss ratio by 7.6 percentage points in the first quarter of 2017

- **Accident year loss ratio excluding catastrophes** was 60.7% in the first quarter of 2018 compared with 56.0% in the first quarter of 2017

    - *Insurance*: Accident year loss ratio excluding catastrophes for the quarter ended March 31, 2018 was 65.4%, including 2.6 percentage points resulting from a trade credit loss and 1.9 percentage points from a fire-related loss. The accident year loss ratio excluding catastrophes in the first quarter of 2017 was 61.1%

    - *Reinsurance*: Accident year loss ratio excluding catastrophes for the quarter ended March 31, 2018 was 56.6%, including a 2.9 percentage points from a fire-related loss. The accident year loss ratio excluding catastrophes in the first quarter of 2017 was 50.3%

- **Total expense ratio** of 39.7% and **total expense ratio (excluding amortization and non-recurring expenses)** of 37.4% in the first quarter of 2018 compared with 40.5% and 40.1%, respectively, in the first quarter of 2017

    - The policy acquisition expense ratio was 17.0% in the first quarter of 2018 compared with 19.6% in the first quarter of 2017

    - General and administrative expenses (excluding amortization and non-recurring expenses) were $108.9 million in the first quarter of 2018, compared with $119.1 million in the first quarter of 2017. The general and administrative expense ratio (excluding amortization and non-recurring expenses) decreased to 20.4% from 20.5% in the first quarter of 2017

- **Net income after tax** of $30.8 million, or $0.38 per diluted ordinary share, in the first quarter of 2018 compared with net income of $96.5 million, or $1.36 per diluted ordinary share, in the first quarter of 2017. Net income included $(37.7) million of net realized and unrealized investment losses in the first quarter of 2018 compared with $46.2 million net realized and unrealized investment gains in the first quarter of 2017.

- **Operating income after tax** of $63.0 million, or $0.91 per diluted ordinary share, in the first quarter of 2018 compared with operating income of $59.8 million, or $0.79 per diluted ordinary share, in the first quarter of 2017

- **Annualized net income return on average equity** of 4.0% and **annualized operating return on average equity** of 9.2% for the quarter ended March 31, 2018 compared with 11.6% and 6.8%, respectively, for the first quarter of 2017

**Investment performance**

- Investment income of $47.3 million in the first quarter of 2018 compared with $47.7 million in the first quarter of 2017

- The total return on Aspen's aggregate investment portfolio was (0.9)% for the three months ended March 31, 2018 and reflects net realized and unrealized gains and losses mainly in the fixed income portfolio

- Aspen's investment portfolio was comprised primarily of high quality fixed income securities with an average credit quality of "AA-". The average duration of the fixed income portfolio was 3.98 years as at March 31, 2018

- Aspen took advantage of rising equity markets in the first quarter of 2018 and sold its equity portfolio

- Book yield on the fixed income portfolio as at March 31, 2018 was 2.63% compared with 2.56% as at December 31, 2017

**Capital**

- Total shareholders' equity was $2.9 billion as at March 31, 2018

- Diluted book value per share was $38.70 as at March 31, 2018, down 3.5% from December 31, 2017 primarily due to realized and unrealized investment losses in the quarter

**Operational Effectiveness and Efficiency Program**

- Aspen recorded $11.8 million of expenses related to its operational effectiveness and efficiency program in the first quarter of 2018

## Earnings conference call and webcast

Aspen will host a conference call to discuss the results at 8:00 am (ET) on Thursday, May 3, 2018.

**To participate in the May 3 conference call by phone**
Please call to register at least 10 minutes before the conference call begins by dialing:

+1 (844) 378 6481 (US toll free) or
+1 (412) 542 4176 (international)
Conference ID 10117537

**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 approximately two hours after the end of the live call for 14 days via phone. To listen to the replay by phone please dial:

+1 (877) 344 7529 (US toll free) or
+1 (412) 317 0088 (international)
Replay ID 10117537

The webcast 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 March 31, 2018 | As at December 31, 2017 |
|---|---|---|
| ASSETS | | |
| Total investments | **$ 7,232.3** | $ 7,633.0 |
| Cash and cash equivalents | **1,246.9** | 1,054.8 |
| Reinsurance recoverables | **2,295.2** | 2,030.7 |
| Premiums receivable | **1,743.0** | 1,496.5 |
| Other assets | **690.5** | 691.4 |
| Total assets | **$ 13,207.9** | $ 12,906.4 |
| | | |
| LIABILITIES | | |
| Losses and loss adjustment expenses | **$ 6,679.4** | $ 6,749.5 |
| Unearned premiums | **2,097.7** | 1,820.8 |
| Other payables | **990.1** | 813.9 |
| Silverton loan notes | **32.2** | 44.2 |
| Long-term debt | **549.5** | 549.5 |
| Total liabilities | **$ 10,348.9** | $ 9,977.9 |
| | | |
| SHAREHOLDERS' EQUITY | | |
| Total shareholders' equity | **2,859.0** | 2,928.5 |
| Total liabilities and shareholders' equity | **$ 13,207.9** | $ 12,906.4 |
| | | |
| Book value per share | **$ 39.30** | $ 40.59 |
| Diluted book value per share (treasury stock method) | **$ 38.70** | $ 40.10 |

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

| | Three Months Ended | |
|---|---|---|
| | **March 31, 2018** | **March 31, 2017** |
| UNDERWRITING REVENUES | | |
| Gross written premiums | **$ 1,116.8** | $ 998.0 |
| Premiums ceded | **(481.3)** | (311.8) |
| Net written premiums | **635.5** | 686.2 |
| Change in unearned premiums | **(102.0)** | (105.1) |
| Net earned premiums | **533.5** | 581.1 |
| UNDERWRITING EXPENSES | | |
| Losses and loss adjustment expenses | **310.2** | 328.2 |
| Amortization of deferred policy acquisition costs | **90.8** | 113.7 |
| General, administrative and corporate expenses | **108.9** | 119.1 |
| Total underwriting expenses | **509.9** | 561.0 |
| | | |
| Underwriting income including corporate expenses | **23.6** | 20.1 |
| | | |
| Net investment income | **47.3** | 47.7 |
| Interest expense | **(7.4)** | (7.4) |
| Other income | **1.9** | 0.7 |
| Total other revenue | **41.8** | 41.0 |
| | | |
| Amortization and non-recurring expenses | **(12.1)** | (2.2) |
| Net realized and unrealized exchange gains (losses) | **18.8** | (5.8) |
| Net realized and unrealized investment (losses) gains | **(37.7)** | 46.2 |
| INCOME BEFORE TAX | **34.4** | 99.3 |
| Income tax expense | **(3.6)** | (2.8) |
| NET INCOME AFTER TAX | **30.8** | 96.5 |
| Dividends paid on ordinary shares | **(14.3)** | (13.2) |
| Dividends paid on preference shares | **(7.6)** | (10.5) |
| Preference share redemption costs | **—** | (2.4) |
| Proportion due to non-controlling interest | **(0.2)** | (0.1) |
| Retained income | **$ 8.7** | $ 70.3 |
| | | |
| Loss ratio | **58.1%** | 56.5% |
| Policy acquisition expense ratio | **17.0%** | 19.6% |
| General, administrative and corporate expense ratio | **22.7%** | 20.9% |
| General, administrative and corporate expense ratio (excluding amortization and non-recurring expenses) | **20.4%** | 20.5% |
| Expense ratio | **39.7%** | 40.5% |
| Expense ratio (excluding amortization and non-recurring expenses) | **37.4%** | 40.1% |
| Combined ratio | **97.8%** | 97.0% |
| Combined ratio (excluding amortization and non-recurring expenses) | **95.5%** | 96.6% |

**Aspen Insurance Holdings Limited**
**Operating income reconciliation (unaudited)**
$ in millions, except per share amounts

| (in US$ millions except where stated) | Three Months Ended March 31, 2018 | Three Months Ended March 31, 2017 |
|---|---|---|
| Net income as reported | **$ 30.8** | $ 96.5 |
| Change in redemption value of preference shares | **—** | (2.4) |
| Net change attributable to non-controlling interest | **(0.2)** | (0.1) |
| Preference share dividends | **(7.6)** | (10.5) |
| Net income available to ordinary shareholders | **23.0** | 83.5 |
| Add (deduct) after tax income: | | |
| Net foreign exchange (gains) losses | **(15.4)** | 5.1 |
| Net realized losses (gains) on investments | **37.8** | (43.8) |
| Change in redemption value of preference shares | **—** | 2.4 |
| Amortization and non-recurring expenses | **9.8** | 2.0 |
| Operating income after tax available to ordinary shareholders | **55.2** | 49.2 |
| Tax expense on operating income | **2.4** | 1.3 |
| Operating income before tax available to ordinary shareholders | **$ 57.6** | $ 50.5 |
| | | |
| **Basic earnings per ordinary share** | | |
| Net income adjusted for preference share dividends and non-controlling interest | **$ 0.39** | $ 1.39 |
| Add (deduct) after tax income: | | |
| Net foreign exchange (gains) losses | **(0.26)** | 0.09 |
| Net realized losses (gains) on investments | **0.63** | (0.73) |
| Change in redemption value of preference shares | **—** | 0.04 |
| Amortization and non-recurring expenses | **0.16** | 0.03 |
| Operating income adjusted for preference shares dividends and non-controlling interest | **$ 0.92** | $ 0.82 |
| | | |
| **Diluted earnings per ordinary share** | | |
| Net income adjusted for preference share dividends and non-controlling interest | **$ 0.38** | $ 1.36 |
| Add (deduct) after tax income: | | |
| Net foreign exchange (gains) losses | **(0.25)** | 0.08 |
| Net realized losses (gains) on investments | **0.62** | (0.72) |
| Change in redemption value of preference shares | **—** | 0.04 |
| Amortization and non-recurring expenses | **0.16** | 0.03 |
| Operating income adjusted for preference shares dividends and non-controlling interest | **$ 0.91** | $ 0.79 |

**Aspen Insurance Holdings Limited**
**Summary consolidated financial data (unaudited)**
$ except share amounts

| | Three Months Ended | |
|---|---|---|
| | **March 31, 2018** | **March 31, 2017** |
| Basic earnings per ordinary share | | |
| Net income adjusted for preference share dividend and non-controlling interest | **$0.39** | $1.39 |
| Operating income adjusted for preference share dividend and non-controlling interest | **$0.92** | $0.82 |
| Diluted earnings per ordinary share | | |
| Net income adjusted for preference share dividend and non-controlling interest | **$0.38** | $1.36 |
| Operating income adjusted for preference share dividend and non-controlling interest | **$0.91** | $0.79 |
| | | |
| Weighted average number of ordinary shares outstanding (in millions) | **59.546** | 59.863 |
| | | |
| Weighted average number of ordinary shares outstanding and dilutive potential ordinary shares (in millions) | **60.513** | 61.197 |
| | | |
| Book value per ordinary share | **$39.30** | $48.79 |
| Diluted book value per ordinary share (treasury stock method) | **$38.70** | $47.89 |
| | | |
| Ordinary shares outstanding at end of the period (in millions) | **59.653** | 59.988 |
| | | |
| Ordinary shares outstanding and dilutive potential ordinary shares at end of the period (treasury stock method) (in millions) | **60.574** | 61.107 |

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

| | Three Months Ended March 31, 2018 | | | Three Months Ended March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | **Reinsurance** | **Insurance** | **Total** | **Reinsurance** | **Insurance** | **Total** |
| Gross written premiums | **$ 623.5** | **$ 493.3** | **$ 1,116.8** | $ 565.3 | $ 432.7 | $ 998.0 |
| Net written premiums | **425.0** | **210.5** | **635.5** | 448.2 | 238.0 | 686.2 |
| Gross earned premiums | **375.0** | **467.6** | **842.6** | 327.6 | 423.7 | 751.3 |
| Net earned premiums | **282.5** | **251.0** | **533.5** | 277.5 | 303.6 | 581.1 |
| Losses and loss adjustment expenses | **166.9** | **143.3** | **310.2** | 143.1 | 185.1 | 328.2 |
| Amortization of deferred policy acquisition expenses | **55.9** | **34.9** | **90.8** | 59.5 | 54.2 | 113.7 |
| General and administrative expenses | **31.6** | **63.6** | **95.2** | 43.9 | 61.8 | 105.7 |
| Underwriting income | **$ 28.1** | **$ 9.2** | **$ 37.3** | $ 31.0 | $ 2.5 | $ 33.5 |
| | | | | | | |
| Net investment income | | | **47.3** | | | 47.7 |
| Net realized and unrealized investment (losses) gains | | | **(37.7)** | | | 46.2 |
| Corporate expenses | | | **(13.7)** | | | (13.4) |
| Amortization and non-recurring expenses [(1)] | | | **(12.1)** | | | (2.2) |
| Other income [(2)] | | | **1.9** | | | 0.7 |
| Interest expense | | | **(7.4)** | | | (7.4) |
| Net realized and unrealized foreign exchange gains (losses) [(3)] | | | **18.8** | | | (5.8) |
| Income before tax | | | **$ 34.4** | | | $ 99.3 |
| Income tax expense | | | **(3.6)** | | | (2.8) |
| **Net income** | | | **$ 30.8** | | | $ 96.5 |
| | | | | | | |
| **Ratios** | | | | | | |
| Loss ratio | **59.1 %** | **57.1 %** | **58.1 %** | 51.6 % | 61.0 % | 56.5 % |
| Policy acquisition expense ratio | **19.8 %** | **13.9 %** | **17.0 %** | 21.4 % | 17.9 % | 19.6 % |
| General and administrative expense ratio [(4)] | **11.2 %** | **25.3 %** | **22.7 %** | 15.8 % | 20.4 % | 20.9 % |
| General and administrative expense ratio (excluding amortization and non-recurring expenses) [(4)] | **11.2 %** | **25.3 %** | **20.4 %** | 15.8 % | 20.4 % | 20.5 % |
| Expense ratio | **31.0 %** | **39.2 %** | **39.7 %** | 37.2 % | 38.3 % | 40.5 % |
| Expense ratio (excluding amortization and non-recurring expenses) | **31.0 %** | **39.2 %** | **37.4 %** | 37.2 % | 38.3 % | 40.1 % |
| Combined ratio | **90.1 %** | **96.3 %** | **97.8 %** | 88.8 % | 99.3 % | 97.0 % |
| Combined ratio (excluding amortization and non-recurring expenses) | **90.1 %** | **96.3 %** | **95.5 %** | 88.8 % | 99.3 % | 96.6 % |
| **Accident Year Ex-cat Loss Ratio** | | | | | | |
| Loss ratio | **59.1 %** | **57.1 %** | **58.1 %** | 51.6 % | 61.0 % | 56.5 % |
| Prior year loss development | **2.7 %** | **12.0 %** | **7.1 %** | 7.6 % | 1.6 % | 4.5 % |
| Catastrophe losses | **(5.2)%** | **(3.7)%** | **(4.5)%** | (8.9)% | (1.5)% | (5.0)% |
| Accident year ex-cat loss ratio | **56.6 %** | **65.4 %** | **60.7 %** | 50.3 % | 61.1 % | 56.0 % |

[(1)] Amortization and non-recurring expenses in the first quarter of 2018 included $11.8 million of expenses related to the operational effectiveness and efficiency program
[(2)] Other income in the first quarter of 2018 and first quarter of 2017 included income of $1.0 million and $2.9 million expense, respectively, related to a change in the fair value of loan notes issued by Silverton Re
[(3)] Includes realized and unrealized foreign exchange gains and losses and realized and unrealized gains and losses on foreign exchange contracts
[(4)] Total group general and administrative expense ratio includes the impact from corporate and amortization and non-recurring 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 Australia, Bermuda, Canada, Ireland, Singapore, Switzerland, the United Arab Emirates, the United Kingdom and the United States. For the year ended December 31, 2017, Aspen reported $12.9 billion in total assets, $6.7 billion in gross reserves, $2.9 billion in total shareholders' equity and $3.4 billion in gross written premiums. Its operating subsidiaries have been assigned a rating of "A" by Standard & Poor's Financial Services LLC ("S&P"), an "A" ("Excellent") by A.M. Best Company Inc. ("A.M. Best") and an "A2" by Moody's Investors Service, Inc. ("Moody's").

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

**(1) Forward-looking Statements Safe Harbor**

This press release contains written, and Aspen's earnings conference call will contain 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," "likely," "assume," "estimate," "may," "continue," "guidance," "objective," "outlook," "trends," "future," "could," "would," "should," "target," "on track" 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. Aspen believes these factors include, but are not limited to: the actual development of losses and expenses impacting estimates for the Northern and Southern California wildfires that occurred in the fourth quarter of 2017 and Hurricanes Harvey, Irma and Maria and the earthquakes in Mexico that occurred in the third quarter of 2017; the impact of complex and unique causation and coverage issues associated with the attribution of losses to wind or flood damage or other perils such as fire or business interruption relating to such events; potential uncertainties relating to reinsurance recoveries, reinstatement premiums and other factors inherent in loss estimation; our ability to successfully develop and execute our operating effectiveness and efficiency program; 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, including our assumptions on inflation costs associated with long-tail casualty business which could differ materially from actual experience; the United Kingdom's decision to withdraw from the European Union; 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; cyclical changes in the insurance and reinsurance industry; the models we use to assess our exposure to losses from future catastrophes contain inherent uncertainties and our actual losses may differ significantly from expectations; our capital models may provide materially different indications than actual results; increased competition from existing (re)insurers 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; our ability to execute our business plan to enter new markets, introduce new products and teams and develop new distribution channels, including their integration into our existing operations; our acquisition strategy; changes in market conditions in the agriculture industry, which may vary depending upon demand for agricultural products, weather, commodity prices, natural disasters, and changes in legislation and policies related to agricultural products and producers; termination of, or changes in, the terms of the U.S. Federal Multiple Peril Crop Insurance Program or the U.S. Farm Bill, including modifications to the Standard Reinsurance Agreement put in place by the Risk Management Agency of the U.S. Department of Agriculture; the recent consolidation in the (re)insurance industry; loss of one or more of our senior underwriters or key personnel; our ability to exercise capital management initiatives, including capital available to pursue our share repurchase program at various levels or to declare dividends, or to arrange banking facilities as a result of prevailing market conditions, the level of catastrophes or other losses or changes in our financial results; 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; the risks associated with the management of capital on behalf of investors; a failure in our operational systems or infrastructure or those of third parties, including those caused by security breaches or cyber attacks; 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 risks related to litigation; the effectiveness of our risk management loss limitation methods, including our reinsurance purchasing; changes in the availability, cost or quality of reinsurance or retrocessional coverage; changes in the total industry losses or our share of total industry losses resulting from events, such as catastrophes, that have occurred in prior years or may occur 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 catastrophes or by an unexpected accumulation of attritional losses and deterioration in loss estimates; 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; our reliance on information and technology and third-party service providers for our operations and systems; 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 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 crisis; changes in the U.S. federal income tax laws or regulations applicable to insurance companies and the manner in which such laws and regulations are interpreted; the impact of U.S. tax reform on Aspen's business, investments, results and assets, including (i) changes to the valuation of deferred tax assets and liabilities, (ii) the impact on intra-group reinsurance transactions, (iii) that the costs associated with U.S. tax reform may be greater than initially expected, and (iv) the risk that technical corrections, regulations and supplemental legislation and future interpretations or applications thereof or other changes may be issued in the future, including the rules affecting the valuation of deferred tax assets; 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; increased counterparty risk due to the credit impairment of financial institutions; and Aspen or Aspen Bermuda Limited becoming subject to income taxes in the United States or the United Kingdom. For a more detailed description of these uncertainties and other factors, please see the "Risk Factors" section in Aspen's Annual Report on Form 10-K for the year ended December 31, 2017 as filed with the U.S. Securities and Exchange Commission (the "SEC"). 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 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 losses and the preliminary nature of the information used to prepare estimates, there can be no assurance that Aspen's ultimate losses will remain within the stated amounts.

**Non-GAAP Financial Measures**

In presenting Aspen's results, management has included and discussed certain "non-GAAP financial measures." Management believes 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 measure is included in the financial supplement or this release. Aspen's financial supplement, which was filed with the SEC on Form 8-K on May 2, 2018, 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. Please see page 21 of Aspen's financial supplement for a reconciliation of net income to operating income and page 7 for a reconciliation of average shareholders' equity to average ordinary shareholders' equity.

**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 gains or losses, after-tax net foreign exchange gains or losses, including net realized and unrealized gains and losses from foreign exchange contracts, net realized gains or losses on investments, amortization of intangible assets and certain non-recurring income and expenses, including expenses associated with the Company's operational effectiveness and efficiency program. Operating income in the first quarter of 2017 excluded the issue costs associated with the redemption of Aspen's 7.401% Perpetual Non-Cumulative Preference Shares.

Aspen excludes the items above 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 21 of Aspen's financial supplement for a reconciliation of net income to operating income.

**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 20 of Aspen's financial supplement.

**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. Please see page 21 of Aspen's financial supplement for a reconciliation of basic earnings per share to diluted and basic operating earnings per share.

**Accident Year Loss Ratio Excluding Catastrophes** is a non-GAAP financial measure. Aspen believes that the presentation of loss ratios excluding catastrophes and prior year reserve movements supports meaningful comparison from period to period of the underlying performance of the business. Accident year loss ratios excluding catastrophes are calculated by dividing net losses excluding catastrophe losses, net expenses and prior year reserve movements by net earned premiums excluding catastrophe-related reinstatement premiums. Aspen has defined catastrophe losses in the three months ended March 31, 2018 as losses associated with Winter Storm Friederike in Europe and weather-related events. Catastrophe losses in the three months ended March 31, 2017 were defined as losses associated predominantly with a tornado in Mississippi, Cyclone Debbie in Australia, and various other weather-related events. Please see page 10 of this release for a reconciliation of loss ratios to accident year loss ratios excluding catastrophes.

**Retention Ratio** is a non-GAAP financial measure. It is calculated by dividing net written premium by gross written premium.