UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the period ended June 30, 2004, or**

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission file number 001-31909

ASPEN INSURANCE HOLDINGS LIMITED

(Exact Name of Registrant as Specified in Its Charter)

Bermuda (State or Other Jurisdiction of Incorporation or Organization)	**Not Applicable** (I.R.S. Employer Identification No.)
Victoria Hall **11 Victoria Street** **Hamilton, Bermuda** (Address of Principal Executive Offices)	**HM 11** (Zip Code)

(441) 295-8201
Registrant's Telephone Number, Including Area Code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of August 1, 2004, there were 69,174,303 ordinary shares, with a par value of 0.15144558¢ per ordinary share, outstanding.

INDEX

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

ASPEN INSURANCE HOLDINGS LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS
($ in millions, except per share amounts)

	Notes	As at June 30, 2004 (Unaudited)	As at December 31, 2003
ASSETS			
Investments			
Fixed Maturities		$ 1,515.0	$ 1,048.1
Short term investments		535.5	568.2
Total Investments	8	2,050.5	1,616.3
Cash and cash equivalents		217.7	230.8
Reinsurance Recoverables			
Unpaid losses	2	63.1	43.6
Ceded unearned premiums		93.7	48.9
Receivables			
Underwriting premiums		754.8	496.5
Other		21.4	40.8
Deferred policy acquisition costs		146.6	94.6
Office properties and equipment		1.2	0.4
Intangible assets		6.6	6.6

	Notes		
Total Assets		$ 3,355.6	$ 2,578.5
LIABILITIES			
Insurance Reserves			
Losses and loss adjustment expenses	2	$ 755.9	$ 525.8
Unearned premiums		864.3	572.4
Total insurance reserves		1,620.2	1,098.2
Payables			
Reinsurance premiums		99.3	59.9
Accrued expenses and other payables		142.6	81.7
Long term loan		40.0	40.0
Total Liabilities		$ 1,902.1	$ 1,279.8
SHAREHOLDERS' EQUITY			
Ordinary Shares 69,174,303 ordinary shares of 0.15144558 cents each (2003 69,179,303)		$ 1,092.7	$ 1,090.8
Retained earnings		342.4	180.7
Accumulated other comprehensive income, net of taxes		18.4	27.2
Total shareholders' equity		1,453.5	1,298.7
Total Liabilities and Shareholders' Equity		$ 3,355.6	$ 2,578.5

See accompanying notes to unaudited condensed consolidated financial statements.

ASPEN INSURANCE HOLDINGS LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
($ in millions, except shares and per share amounts)

	Notes	Three Months Ended June 30,		Six Months Ended June 30,	
		2004	2003	2004	2003
Revenues					
Net premiums earned	6	$ 327.0	$ 210.7	$ 632.8	$ 332.3
Net investment income		14.9	5.8	26.9	10.7
Realized investment losses		(4.0)	0.0	(4.3)	0.0
Other		0.0	(0.2)	0.0	0.0
Total Revenues		337.9	216.3	655.4	343.0
Expenses					
Insurance losses and loss adjustment expenses		(139.4)	(95.2)	(263.5)	(165.9)
Policy acquisition expenses		(65.2)	(44.8)	(124.2)	(71.1)
Operating and administration expenses		(26.1)	(7.1)	(44.2)	(14.5)
Interest on long term loans		(0.1)	0.0	(0.5)	0.0
Realized exchange gains / losses		0.1	0.0	(0.7)	0.0
Total expenses		(230.7)	(147.1)	(433.1)	(251.5)
Income from operations before income tax		107.2	69.2	222.3	91.5
Income tax expense		(26.3)	(19.3)	(56.4)	(26.4)
Net Income		$ 80.9	$ 49.9	$ 165.9	$ 65.1
Per share data					
Weighted average number of ordinary share and share equivalents					
Basic		69,174,303	56,919,780	69,176,253	56,919,780
Diluted		71,929,628	56,919,780	71,916,678	56,919,780
Basic earnings per ordinary share		$ 1.17	$ 0.88	$ 2.40	$ 1.14
Diluted earnings per ordinary share		$ 1.13	$ 0.88	$ 2.31	$ 1.14

See accompanying notes to unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

($ in millions)

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Shareholders' Equity				
Ordinary shares:				
Beginning of period	$ 1,091.8	$ 836.6	$ 1,090.8	$ 836.9
Shares issued:				
New shares issued	—	1.0	—	0.7
Share-based compensation	0.9	—	1.9	—
End of period	$ 1,092.7	$ 837.6	$ 1,092.7	$ 837.6
Retained earnings:				
Beginning of period	263.6	43.8	180.7	28.6
Net income for the period	80.9	49.9	165.9	65.1
Payment of Dividend	(2.1)	—	(4.2)	—
End of period	$ 342.4	$ 93.7	$ 342.4	$ 93.7
Cumulative foreign currency translation adjustments:				
Unrealized gains on foreign currency translation net of taxes:				
Beginning of period	33.4	9.2	27.8	12.0
Change for the period	(5.3)	6.8	0.3	4.0
End of period	$ 28.1	$ 16.0	$ 28.1	$ 16.0
Unrealized appreciation on investments, net of taxes:				
Beginning of period	4.0	1.0	(0.6)	0.6
Change for the period	(13.7)	0.2	(9.1)	0.6
End of period	$ (9.7)	$ 1.2	$ (9.7)	$ 1.2
Total accumulated other comprehensive income	$ 18.4	$ 17.2	$ 18.4	$ 17.2
Total Shareholders' Equity	$ 1,453.5	$ 948.5	$ 1,453.5	$ 948.5

See accompanying notes to unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

($ in millions)

Consolidated statements of comprehensive income

	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Net income	$ 80.9	$ 49.9	$ 165.9	$ 65.1
Other comprehensive income, net of taxes				
Change in unrealized gains on investments	(13.7)	0.2	(9.1)	0.6
Change in gains / (losses) on foreign currency translation	(5.3)	6.8	0.3	4.0
Other comprehensive income / (loss)	(19.0)	7.0	(8.8)	4.6
Comprehensive income	$ 61.9	$ 56.9	$ 157.1	$ 69.7

See accompanying notes to unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

($ in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Operating Activities:				
Net income	$ 80.9	$ 49.9	$ 165.9	$ 65.1
Adjustments:				
Depreciation and Amortisation of premium or discount on investments	1.5	1.5	3.0	3.0
Share-based compensation expense	0.9	0	1.9	0
Changes in insurance reserves:				
Losses and loss adjustment expenses	96.5	84.1	228.9	158.8
Unearned premiums	6.3	8.4	288.5	396.9
Changes in reinsurance balances:				
Reinsurance recoverables	(8.9)	(1.8)	(17.2)	(8.1)
Ceded unearned premiums	30.3	45.4	(48.3)	(82.8)
Changes in accrued investment income and other receivables	16.0	(45.5)	19.3	(45.5)
Changes in deferred policy acquisition costs	(4.1)	(1.3)	(51.8)	(47.6)
Changes in reinsurance premiums payable	(13.4)	(34.4)	39.4	49.3
Changes in premiums receivable	(33.0)	(46.3)	(255.7)	(386.9)
Changes in accrued expenses and other payable	55.7	35.7	63.4	56.3
Net Cash from Operating Activities	228.7	95.7	437.3	158.5
Investing Activities:				
Purchases of fixed maturities	(2,161.1)	(349.7)	(2,743.3)	(659.7)
Proceeds from sales and maturities of fixed maturities	1,840.2	456.0	2,262.4	230.1
Net (purchases)/sales of short-term investments	126.2	(267.9)	32.7	366.0
Purchase of equipment	(0.3)	0	(0.8)	0.0
Net cash used in/generated by investing activities	(195.0)	(161.6)	(449.0)	(63.6)
Financing Activities:				
Proceeds from the issuance of Ordinary Shares, net of issuance costs	0	1.0	0	0.7
Dividends paid	0	0	(2.1)	0.0
Net cash from financing activities	0	1.0	(2.1)	0.7
Effect of exchange rate movements on cash and cash equivalents	(1.8)	2.9	0.7	0.1
(Decrease)/increase in cash and cash equivalents	31.9	(62.0)	(13.1)	95.7
Cash and cash equivalents at beginning of period	185.8	167.3	230.8	9.6
Cash and cash equivalents at end of period	$ 217.7	$ 105.3	$ 217.7	$ 105.3
Supplemental disclosure of cash flow information: Cash paid during the period for income tax	$ 11.8		$ 21.6	

See accompanying notes to unaudited condensed consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General

Aspen Insurance Holdings Limited ("Aspen", "Aspen Holdings" or the "Company"), is a Bermuda holding company. Aspen provides, through its principal operating subsidiaries, property and liability reinsurance in the global markets and property and liability insurance principally in the United Kingdom and the United States. The principal operating subsidiaries are Aspen Insurance UK Limited ("Aspen Re"), located in London, Aspen Insurance Limited ("Aspen Bermuda") located in Bermuda and Aspen Specialty Insurance Company Inc ("Aspen Specialty") located in Boston.

The accompanying unaudited condensed consolidated financial statements have been prepared on the basis of generally accepted accounting principles in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results for the six months ended June 30, 2004 are not necessarily indicative of the results that may be expected for the year ended December 31, 2004. The unaudited condensed consolidated financial statements include the accounts of Aspen and its wholly-owned subsidiaries, which are collectively referred to herein as the "Company". All intercompany transactions and balances have been eliminated on consolidation. Management is required to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying disclosures. Actual results could differ from those estimates. Among other matters, significant estimates and assumptions are used to record premiums and to record reserves for losses and loss adjustment expenses. Estimates and assumptions are periodically reviewed and the effects of revisions are recorded in the consolidated financial statements in the period that they are determined to be necessary.

The balance sheet at December 31, 2003 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited condensed consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2003 contained in Aspen's Annual Report filed on Form 10-K with the United States Securities and Exchange Commission (File No. 001 - 31909).

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2. Reserves for Losses and Adjustment Expenses

The following table represents a reconciliation of beginning and ending consolidated loss and loss adjustment expenses ("LAE") reserves:

		As at June 30, 2004		As at December 31, 2003
		($ in millions)		
Provision for losses and LAE at start of year	$	525.8	$	93.9
Less reinsurance recoverable		(43.6)		(12.5)
Net loss and LAE at start of year	$	482.2	$	81.4
Loss and LAE reserves of subsidiary at date of acquisition		—		22.4
Less reinsurance recoverable		—		(15.9)
Net loss and LAE reserves of subsidiary at date of acquisition		—	$	6.5
Provision for losses and LAE for claims incurred				
Current year		286.6.		438.0
Prior years		(23.1)		(9.6)
Total incurred	$	263.5	$	428.4
Losses and LAE payments for claims incurred		(51.8)		(53.9)
Foreign exchange		(1.1)		19.8
Net losses and LAE reserves at period end		692.8		482.2
Plus reinsurance recoverables on unpaid losses at end of period		63.1		43.6
Loss and LAE reserves at June 30, 2004 & December 31, 2003	$	755.9	$	525.8

For the six months ended June 30, 2004, there was a reduction of our estimate of the ultimate claims to be paid in respect of the 2002 accident year of $9.0 million and $14.1 million in respect of the 2003 accident year. An analysis of this reduction by line of business is given on page 23 of this Form 10-Q.

3. Debt and financing arrangements

During 2003 the Company entered into a credit facility with a syndicate of commercial banks under which it may, subject to the terms of the credit agreements, borrow up to $150 million for periods of up to three years and a further $50 million for periods of up to one year. Credit Suisse First Boston, an affiliate of Credit Suisse First Boston Private Equity, which is a shareholder of the Company, is a member of the syndicate on terms and conditions similar to other syndicate members.

On October 15, 2003, the Company drew down $90 million on the facility at an initial interest rate of three-month LIBOR plus 42.5 basis points. A facility fee, currently calculated at a rate of 17.5 basis points on the average daily amount of the commitment of each lender, is paid to each lender quarterly in arrears. The interest rate at June 30, 2004 was 1.565%. On December 15, 2003, $50 million of the outstanding loan was repaid following receipt of funds from the initial public offering. The $40 million balance outstanding as at June 30, 2004 is due and payable by August 29, 2006. The terms of the loan restrict the payment of cash dividends during any fiscal year to 50% of consolidated net income.

4. Earnings per ordinary share

Basic earnings per ordinary share are calculated by dividing net income available to holders of Aspen's ordinary shares by the weighted average number of ordinary shares outstanding. Diluted earnings per ordinary share are based on the weighted average number of ordinary shares and dilutive potential ordinary shares outstanding during the period of calculation using the treasury stock method.

The following table sets forth the computation of basic and diluted earnings per share for the three months and six months ended June 30, 2004 and 2003 respectively:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Basic earnings per share				
Net income	$1.17	$0.88	$2.40	$1.14
Diluted earnings per share				
Net income	1.13	0.88	2.31	1.14
Weighted average ordinary shares outstanding	69,174,303	56,919,780	69,176,253	56,919,780
Weighted average ordinary shares outstanding and dilutive potential ordinary shares	71,929,628	56,919,780	71,916,678	56,919,780

5. Stock-based compensation plans

The Company has issued options under three schemes: investor options, employee options and restricted share units.

Investor options. The investor options were issued on June 21, 2002 in consideration for the transfer of an underwriting team from Wellington Underwriting plc ("Wellington"), the right to seek to renew certain business written by Syndicate 2020, an agreement in which Wellington agreed not to compete with Aspen Re through March 31, 2004, the use of the Wellington name and logo and the provision of certain outsourced services to the Company, and confer the option to subscribe for up to 6,787,880 ordinary shares of Aspen to Wellington and Harrington Trust Limited (the "Names' Trustee") on behalf of the members of Syndicate 2020 who are not corporate members of Wellington. The subscription price payable under the options is initially £10 and increases by 5% per annum, less any dividends paid. Option holders are not entitled to participate in any dividends prior to exercise and would not rank as a creditor in the event of liquidation. The options became exercisable on the initial public offering of our ordinary shares. As a result of our initial public offering, the options will expire on June 21, 2012.

In connection with our initial public offering, the Names' Trustee exercised 440,144 investor options on both a cash and cashless basis, pursuant to which 152,583 ordinary shares were issued. The Names' Trustee currently holds 2,566,616 options.

Employee options. On August 20, 2003 the Company granted 3,884,030 options to employees under the Aspen Insurance Holdings Limited 2003 Share Incentive Plan. The initial grant options have a term of ten years and an exercise price of $16.20 per share. Sixty-five percent of the initial grant options are subject to time-based vesting with 20% vesting upon grant and 20% vesting on each December 31 of the calendar years 2003, 2004, 2005 and 2006. The remaining 35% of the initial grant options are subject to performance-based vesting. In addition to the initial grant of 3,884,030 options, 1,840,540 options are reserved for additional grants following the completion of the Company's initial public offering.

The Company follows Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," which establishes a fair value-based method of accounting for share-based compensation plans.

Compensation cost charged against income was $7.5 million for the twelve months ended December 31, 2003 and $1.9 million in the six months ended June 30, 2004. The per share weighted average fair value at grant date of the share options granted under the 2003 Share Incentive Plan is $5.31. This amount was estimated on the date of the grant using a modified Black-Scholes option

pricing model under the following assumptions: risk-free interest rate of 4.70%; dividend yield of 0.6%; expected life of 7 years; share price volatility of zero (as the minimum value method was utilized because the Company was unlisted on the date that the options were issued); and foreign currency volatility of 9.40% (as the initial exercise price was in British Pounds and the share price of the Company is in U.S. Dollars).

Restricted share units. On March 12, 2004, the Board approved, the grant of 37,665 restricted share units under the 2003 Share Incentive Plan to six employees of a subsidiary of the Company. Subject to the participants' continued employment, the units will vest in tranches with one-third of the units vesting on each of December 31, 2004, December 31, 2005 and December 31, 2006. Vesting of a participant's units may be accelerated, however, if the participant's employment with the Company and its subsidiaries is terminated without cause (as defined in such participants' award agreement), on account of the participant's death or disability (as defined in such participants' award agreement), or, with respect to one of the participants, by the participant with good reason (as defined in such participants' award agreement). Compensation cost charged against income was $0.2 million for the six months ended June 30, 2004.

Participants generally will not be entitled to any rights of a holder of ordinary shares, including the right to vote, unless and until their units vest and ordinary shares are issued; provided, however, that participants will be entitled to receive dividend equivalents with respect to their units. Dividend equivalents will be denominated in cash and paid in cash if and when the underlying units vest. Participants will be paid one ordinary share for each unit that vests as soon as practicable following the vesting date. Participants may, however, elect to defer the receipt of any ordinary shares upon the vesting of units, in which case payment will not be made until such time or times as the participant may elect. Payment of deferred share units would be in ordinary shares with any cash dividend equivalents credited with respect to such deferred share units paid in cash.

6. Segment reporting

The Company has two reportable segments, reinsurance operations and insurance operations. The directors have determined these segments by reference to the organization structure of the business and the different services provided by the segments.

The following table provides a summary of the segment revenues and results for the three months and six months ended June 30, 2004 and, 2003 and the reserves for losses and loss adjustment expenses as of June 30, 2004 and June 30, 2003:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
	($ in millions)			
Revenues:				
Underwriting				
Total primary insurance operations	$ 76.8	$ 52.6	$ 153.2	$ 80.5
Total reinsurance operations	250.2	158.1	479.6	251.8
Total underwriting	327.0	210.7	632.8	332.3
Investment operations				
Net investment income	14.9	5.8	26.9	10.7
Realised investment gains/(losses)	(4.0)	0.0	(4.3)	0.0
Total investment operations	10.9	5.8	22.6	10.7

Exchange gains/(losses) and other	0.0	(0.2)	(1.2)	0.0
Total Revenues	$ 337.9	$ 216.3	$ 654.2	$ 343.0
Expenses:				
Underwriting Claims and expenses				
Total primary insurance operations	$ (60.9)	$ (41.1)	$ (122.5)	$ (62.5)
Total reinsurance operations	(169.6)	(106.0)	(308.9)	(189.0)
Total underwriting claims and expenses	(230.5)	(147.1)	(431.4)	(251.5)
Investment Operations				
Investment and investment management expenses	(0.2)	0.0	(0.5)	0.0
Total Expenses	$ (230.7)	$ (147.1)	$ (431.9)	$ (251.5)
Income from operations before income taxes:				
Underwriting				
Total primary insurance operations	$ 15.9	$ 11.5	$ 30.6	$ 18.0
Total reinsurance operations	80.6	52.1	170.8	62.8
Total underwriting	96.5	63.6	201.4	80.8
Interest expense				0.0
Investment operations				
Net investment income	14.9	5.8	26.9	10.7
Realized investments gains/(losses)	(4.0)	0.0	(4.3)	0.0
Investment and investing management expenses	(0.2)	(0.0)	(0.5)	0.0
Total investment operations	10.7	5.8	22.1	10.7
Exchange gains/(losses) and other	0.0	(0.2)	(1.2)	0.0
Total Income before income taxes	$ 107.2	$ 69.2	$ 222.3	$ 91.5

7. Commitments and contingencies

In the normal course of business, letters of credit are issued as collateral on behalf of the business, as required within our reinsurance operations. As of June 30, 2004, letters of credit with an aggregate amount of $56.9 million (December 31, 2003 – $24.6 million) and £47.4 million (December 31, 2003 – £47.4 million) were outstanding respectively. As of June 30, 2004 the Company had funds on deposit of $57.9 million and £50.9 million (December 31, 2003 – $30 million and £47.4 million respectively) as collateral for the letters of credit.

For its U.S. reinsurance activities, Aspen Re has established and must retain a multi-beneficiary U.S. trust fund for the benefit of its U.S. cedents so that they are able to take financial statement credit without the need to post cedent-specific security. The minimum trust fund amount is $20 million plus an amount equal to 100% of Aspen Re's U.S. reinsurance liabilities, which was $191.3 million at June 30, 2004 (December 31, 2003 – $25.6 million). Aspen Re has established a U.S. surplus lines trust fund with a U.S. bank to secure U.S. surplus lines policies. The initial minimum trust fund amount is $5.4 million. The balance held in the trust at June 30, 2004 was $5.4 million. Aspen Re has established a Canadian trust fund with a Canadian bank to secure a Canadian insurance license. The initial minimum trust fund amount and balance at June 30, 2004 was Can$25.0 million. Aspen Specialty has a total of $4.9 million on deposit with seven U.S. States in order to satisfy state regulations for writing business there.

Amounts outstanding under operating leases as of June 30, 2004 were:

	Due in				
	Less than 1 year	**1-2 years**	**3-4 years**	**4 years**	**5 years**
			($ in millions)		
Operating Lease Obligations	5.5	1.4	0.6	0.6	0.6

8. Investments

The following table presents the cost, gross unrealized gains and losses, and estimated fair value of investments in fixed maturities and other investments:

As at June 30, 2004 ($ in millions)			
Cost or Amortized Cost	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**

Investments (excluding cash)				
US government and agencies	$ 582.2	$ 0.2	$ (2.8)	$ 579.6
Corporate securities	381.7	0.2	(4.0)	377.9
Foreign government	174.6	0.0	(1.3)	173.3
Municipals	2.0	0.0	0.0	2.0
Asset backed securities	216.3	0.0	(1.9)	214.4
Mortgage backed securities	169.5	0.7	(2.4)	167.8
Total fixed maturities	1,526.3	1.1	(12.4)	1,515.0
Short – term investments	536.3	0.0	(0.8)	535.5
Total	$ 2,062.6	$ 1.1	$ (13.2)	$ 2,050.5

	As at December 31, 2003 ($ in millions)			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Investments (excluding cash)				
US government and agencies	$ 636.9	$ 1.1	$ (0.1)	$ 637.9
Corporate securities	71.2	0.2	(0.1)	71.3
Foreign government	136.3	0.0	(2.0)	134.3
Municipals	2.0	0.0	0.0	2.0
Asset backed securities	135.9	0.1	(0.6)	135.4
Mortgage backed securities	66.5	0.8	(0.1)	67.2
Total fixed maturities	1,048.8	2.2	(2.9)	1,048.1
Short – term investments	568.1	0.1	—	568.2
Total	$ 1,616.9	$ 2.3	$ (2.9)	$ 1,616.3

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our financial condition and results of operations for the three and six months ended June 30, 2004 and 2003. This discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and related notes contained in this Form 10-Q and the audited consolidated financial statements and related notes for the fiscal period ended December 31, 2003, as well as the discussions of critical accounting policies and qualitative and quantitative disclosure about market risk, contained in our Financial Statements filed in our 2003 Annual Report on Form 10-K with the Securities and Exchange Commission.

Some of the information contained in this discussion and analysis or set forth elsewhere in this Form 10-Q, including information with respect to our plans and strategy for our business, includes forward looking statements that involve risk and uncertainties. Please see the section captioned "Cautionary Statement Regarding Forward-Looking Statements" for more information on factors that could cause actual results to differ materially from the results described in or implied by any forward-looking statements contained in this discussion and analysis.

Overview

Aspen is a Bermuda holding company. Aspen provides, through its operating subsidiaries, property and liability reinsurance in the global markets and property and liability insurance principally in the United Kingdom and the United States. The principal operating subsidiaries are Aspen Re, located in London, Aspen Bermuda, located in Bermuda and Aspen Specialty, located in Boston.

The net income after tax for the second quarter of 2004 was $80.9 million, compared to $49.9 million for the second quarter of 2003.

As in the first quarter, our second quarter operating performance has benefited from the low level of natural catastrophe activity in the quarter. In addition to the benign claims environment, we have experienced favourable development in our prior year loss reserves.

In this quarter we have released $7.9 million of reserves which is equivalent to a reduction of 2.4% in the combined ratio for the quarter. An explanation of this release is given below under the heading "Reserves for losses and loss expenses".

The contribution to our results from investment income continues to increase as a result of positive cash flow. Cash flow from operations was $228.7 million for the second quarter of 2004 compared to $208.6 million in the first quarter of 2004. During the quarter we continued to take a cautious view on interest rates and our portfolio of fixed interest securities was positioned to protect capital from the negative impact of rising rates with an average duration of between 1.5 and 1.6 years.

Outlook and trends

In respect of the current market conditions, including the July 1 renewal season, we have begun to see rate reductions in the property lines and a slowing of rate increases in the casualty lines. Our own experience varies by class of business, and in some cases, by geography within the same class.

In property reinsurance overall pricing remains attractive and we have experienced only modest rate declines in the range of 5% to 10%. Our casualty reinsurance lines continue to enjoy favourable conditions with overall rate increases of approximately 8% on average for the year-to-date, including July 1 renewals. Our overall outlook for the casualty reinsurance book is positive to stable.

In respect of the insurance segment, property rates are declining. We believe that this is due to overcapacity in the market. Although we are not immune from this trend, within our U.K. commercial property book we are somewhat insulated where we have in place various long-term undertakings.

Rates are also declining somewhat in the U.K. commercial liability business with competition coming in the form of "risk bundling" with property exposures.

Aspen Specialty is developing well. We are building the book in a conservative fashion appropriate with market conditions and are pleased with the results of its marketing efforts, as solid

relationships with the broker community are being forged. With respect to the property lines, Aspen Specialty is not immune from downward pressure on rates, but because of its positioning at the small to medium end of the market, we believe that it is experiencing less rate volatility than the higher value end of the market. In casualty lines, we are beginning to see some evidence of renewed competition.

Application of Critical Accounting Estimates

Our condensed consolidated financial statements are based on the selection of accounting policies and the application of significant accounting estimates, which require management to make significant estimates and assumptions. We believe that some of the more critical judgments in the areas of accounting estimates and assumptions that affect our financial condition and results of operations are related to the recognition of premiums written and ceded and reserves for losses and loss adjustment expenses. For a detailed discussion of our critical accounting estimates please refer to our 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission. There were no material changes in the application of our critical accounting estimates subsequent to that report. We have discussed the application of these critical accounting estimates with our Board of Directors and Audit Committee.

Results of Operations for the three months ended June 30, 2004 compared to the three months ended June 30, 2003

The following is a discussion and analysis of the Company's consolidated results of operations for the three months ended June 30, 2004 and 2003.

Gross Premiums Written. For the three months ended June 30, 2004, gross premiums written were $380.4 million, a 50.8% increase over the $252.3 million written for the three months ended June 30, 2003. The main contributions to the increase were the risk excess and catastrophe classes of our property reinsurance business, and our U.K. insurance business.

Reinsurance ceded. Reinsurance premiums ceded for the three months ended June 30, 2004 were $16.8 million compared to a reduction in premiums ceded of $4.6 million for the three months ended June 30, 2003. The low level of expenditure in the second quarter of 2004 is due to the majority of our reinsurance having an inception date of January 1 and hence being recognised in the first quarter of 2004. The premiums which were ceded in the three months ended June 30, 2004 represented quota share premiums payable on our risk excess reinsurance and liability insurance business classes. The reduction in reinsurance ceded in 2003 was due to a change in the estimated premium due on reinsurance contracts protecting the facultative property business in our reinsurance segment.

Net premiums written. Net premiums written for the three months ended June 30, 2004 were $363.6 million. This represents a 41.5% increase over the equivalent period in 2003 and is broadly in line with the increase in gross premiums.

Net premiums earned. Net premiums earned for the three months ended June 30, 2004 were $327.0 million representing an increase of 55.2% over the comparable period in 2003. The increase was due to the effect of premiums written in the second half of 2003 earning through in 2004 being more material than premiums written in 2002 earning through in 2003. The impact of 2002 business is less material as we only commenced operating half way through 2002 and written premiums were therefore significantly lower than in subsequent years.

Insurance losses and loss adjustment expenses. Insurance losses and loss adjustment expenses for the three months ended June 30, 2004 were $139.4 million, an overall increase of $44.2 million compared to the three months ended June 30, 2003 reflecting the increase in earned premiums. As a percentage of net earned premiums, insurance losses and loss adjustment expenses were reduced from 45.2% for the three months ended June 30, 2003 to 42.6% for the three months ended June 30, 2004. The reduction reflected the relatively low level of catastrophe claims environment in 2004 so far and a $7.9 million prior year reserves release following favourable development on estimated losses for property/specialty reinsurance and property insurance classes.

Policy acquisition expenses. Policy acquisition expenses for the three months ended June 30, 2004 were $65.2 million, representing 19.9% of net premiums earned, compared to $44.8 million for the three months ended June 30, 2003 which represented 21.3 % of net premiums earned for that period. This increase was due to an increase in business written. We expect this percentage to decrease during the year as the effect on earnings of our outwards reinsurance program reduces as more inwards premium is earned.

Operating and administrative expenses. Operating and administrative expenses for the three months ended June 30, 2004 were $26.1 million, which was an increase of $19.0 million compared to the three months ended June 30, 2003. The significant increase over the $7.1million charged in 2003 was due to a number of factors the most significant of which was, the growth in the infrastructure of the group reflecting the overall expansion both in terms of premium volumes and operating locations resulting in increased staff costs, increased accommodation and IT costs.

Net investment income. Net investment income of $14.9 million for the three months ended June 30, 2004 represented an increase of 257% over the net investment income of $5.8 million for the three months ended June 30, 2003. The increase was due to favourable movements in interest rates but more significantly a 207% increase in the value of cash and investments as at June 30, 2004 compared to June 30, 2003.

Income before tax. Income before tax for the three months ended June 30, 2004 was $107.2 million, compared to $69.2 million for the three months to June 30, 2003. The 54.9% increase is consistent with the increase in business earned in the period and improvement in loss ratios.

Income tax expense. Income tax expense for the three months ended June 30, 2004 was $26.3 million. Our consolidated tax rate for the three months ended June 30, 2004 was 24.5%, compared to the tax rate of 27.9% for the three months ended June 30, 2003. The higher rate for the three months ended June 30, 2003 reflected the fact that the Bermudian operations, which are not subject to tax, were in their set up phase and were not making a significant contribution at that time. We consider that the tax rate reported for the three months ended June 30, 2004 is more representative of future performance.

Net income. Net income for the three months ended June 30, 2004 was $80.9 million, equivalent to $1.17 earnings per basic share and $1.13 fully diluted earnings per share on the basis of the weighted average number of shares in issue during the three months ended June 30, 2004. Net income for the three months ended June 30, 2003 was $49.9 million.

Underwriting Results by Operating Segments

Our business segments are based on how we monitor the performance of our underwriting operations. Management measures segment results on the basis of the combined ratio, which is obtained by dividing the sum of the losses and loss expenses, acquisition expenses and general and administrative expenses by net premiums earned. As a newly formed company, our historical combined ratio may not be indicative of future underwriting performance. We do not manage our assets by segment, accordingly, investment income and total assets are not allocated to the individual segments. General and administrative expenses are allocated to segments based on each segment's proportional share of gross premiums written.

The following table summarizes gross and net written premium, underwriting results, and combined ratios and reserves for each of our two business segments for the three months ended June 30, 2004 and June 30, 2003.

	Three Months Ended June 30, 2004			Three Months Ended June 30, 2003		
	($ in millions)					
	Reinsurance	Insurance	Total	Reinsurance	Insurance	Total
Gross premiums written	$ 292.5	$ 87.9	$ 380.4	$ 194.1	$ 58.2	$ 252.3
Net premiums written	281.8	81.8	363.6	200.4	56.5	256.9

Gross premiums earned	287.1	87.0	374.1	188.6	56.4	245.0
Net premiums earned	250.2	76.8	327.0	158.1	52.6	210.7
Expenses:						
Losses and loss expenses	(97.4)	(42.0)	(139.4)	(62.8)	(32.4)	(95.2)
Policy acquisition, operating and administrative expenses	(72.3)	(19.0)	(91.3)	(43.2)	(8.7)	(51.9)
Underwriting profit before investment income	80.5	15.8	96.3	52.1	11.5	63.6
Investment income			14.9			5.8
Other net income/(expense)			—			(0.2)
Net realized gains/(losses)			(4.0)			—
Income before income tax			107.2			69.2
Net reserves for loss and loss adjustment expenses	$ 461.4	$ 231.4	$ 692.8	$ 167.2	$ 67.3	$ 234.5
Ratios						
Loss ratio	39%	54%	43%	40%	62%	45%
Expense ratio	29%	25%	28%	27%	16%	25%
Combined ratio	68%	79%	71%	67%	78%	70%

Reinsurance

We write reinsurance for both property and casualty risks. In 2004 our property reinsurance line of business is all written on a treaty basis and includes catastrophe, risk excess and pro rata, including retrocession. In 2003 we also wrote a limited amount of property facultative reinsurance.

In 2004 our casualty reinsurance line of business is written mainly on a treaty basis with a small proportion of facultative risks. The casualty treaty reinsurance is primarily on an excess of loss basis and includes coverage for claims arising from automobile accidents, employers' liability, professional indemnity and other third party liabilities. It is written in respect of cedents located mainly in the United States, the United Kingdom, Europe and Australia. The casualty facultative business covers United States umbrella, workers compensation and general liability business.

Our specialty reinsurance line of business includes aviation and marine reinsurance. In 2003 we also included under this heading our quota share reinsurances of Syndicates 2020 and 3030 in respect of the lines of business that we do not write under our own name, including marine, energy, accident and health and aviation risks. Our quota share reinsurance of Syndicates 2020 did not continue into 2004 and the quota share of Syndicate 3030 was discontinued after 2002.

The following table summarizes gross and net written premiums and underwriting results for each of the lines of business within our reinsurance segment for the three months ended June 30, 2004 and 2003:

	Three Months Ended June 30, 2004				Three Months Ended June 30, 2003			
	($ in millions)							
	Property	Casualty	Specialty	Total	Property	Casualty	Specialty	Total
Gross premiums written	$ 195.2	$ 74.1	$ 23.2	$ 292.5	$ 77.3	$ 59.9	$ 56.9	$ 194.1
Net premiums written	183.7	74.3	23.8	281.8	93.5	59.3	47.6	200.4
Gross premiums earned	167.4	87.9	31.8	287.1	111.9	41.6	35.1	188.6
Net premiums earned	132.7	86.2	31.3	250.2	88.1	39.0	31.0	158.1
Losses and loss expenses	(26.1)	(59.8)	(11.5)	(97.4)	(17.6)	(26.1)	(19.1)	(62.8)
Policy acquisition, operating and administration expenses	(46.4)	(19.0)	(6.9)	(72.3)	(26.8)	(7.8)	(8.6)	(43.2)
Underwriting profit before investment income	$ 60.2	$ 7.4	$ 12.9	$ 80.5	$ 43.7	$ 5.1	$ 3.3	$ 52.1
Ratios								
Loss ratio	20%	69%	37%	39%	20%	67%	62%	40%
Expense ratio	34%	22%	22%	29%	30%	20%	27%	27%
Combined ratio	54%	91%	59%	68%	50%	87%	89%	67%

For the three months ended June 30, 2004 versus the three months ended June 30, 2003

Gross Written Premiums. Gross premiums written for the three months ended June 30, 2004 were $292.5

million, an increase of 50.7% over the equivalent period in 2003. This increase in gross premiums written was driven by a $117.9 million increase in property reinsurance premiums. This increase was derived from a number of different factors:

- new business lines written through Aspen Re America, Inc. in 2004;
- an increase in the business written in Bermuda;
- the growth in premiums incepting in the period under our pro-rata contracts; and
- timing differences due to some clients bringing forward their renewal dates compared to 2003.

Losses and loss adjustment expenses. Losses and loss adjustment expenses were $97.4 million for the three months ended June 30, 2004, representing 38.9% of net earned premiums for the three months ended June 30, 2004. The improvement in loss ratio from the 39.7% for the three months ended June 30, 2003 was due to the absence of any major catastrophe losses in the period and a $5.6 million prior year release in the three months ended June 30, 2004. During the three months ended June 30, 2003 there was a series of tornadoes in the mid-west of the United States that resulted in reported incurred property reinsurance claims of $9.8 million.

Policy acquisition, operating and administration expenses. Total expenses were $72.3 million for the three months ended June 30, 2004, an increase of 67.4% as compared to the three months ended June 30, 2003. This increase reflected the growth in premiums in the period and the subsequent increase in the operational resources of the Company to service this growth.

Insurance

We write both commercial property and commercial liability insurance. Our commercial property line of business is primarily composed of U.K. commercial property insurance. Commercial property also includes our U.S. excess and surplus lines property business written through Aspen Specialty.

The commercial liability line of business consists of U.K. employers' and public liability insurance. Commercial liability also includes our U.S. excess and casualty business written through Aspen Specialty.

The following table summarizes gross and net written premiums and underwriting results for each of the lines of business within our insurance segment for the three months ended June 30, 2004 and 2003:

	Three months ended June 30, 2004			Three months ended June 30, 2003		
	($ in millions)					
	Property	Liability	Total	Property	Liability	Total
Gross premiums written	$ 31.8	$ 56.1	$ 87.9	$ 21.3	$ 36.9	$ 58.2
Net premiums written	31.0	50.8	81.8	22.7	33.8	56.5
Gross premiums earned	24.5	62.5	87.0	11.2	45.2	56.4
Net premiums earned	20.6	56.2	76.8	10.5	42.1	52.6
Losses and loss expenses	(8.2)	(33.8)	(42.0)	(4.9)	(27.5)	(32.4)
Policy acquisition, operating and administration expenses	(6.2)	(12.8)	(19.0)	(2.3)	(6.4)	(8.7)
Underwriting profit before investment income	$ 6.2	$ 9.6	$ 15.8	$ 3.3	$ 8.2	$ 11.5
Ratios						
Loss ratio	40%	60%	54%	47%	65%	62%
Expense ratio	30%	23%	25%	22%	16%	16%
Combined ratio	70%	83%	79%	69%	81%	78%

For the three months ended June 30, 2004 versus the three months ended June 30, 2003

Gross Premiums Written. Gross premiums written for the three months ended June 30, 2004 were $87.9 million, a 51.0% increase from the three months ended June 30, 2003. The growth in the property segment reflected the contribution from our worldwide property insurance team which commenced underwriting at the end of 2003 as well as a contribution from Aspen Specialty. Premiums in our UK commercial property account remained stable. The increase in the liability segment reflected a contribution from Aspen Specialty which commenced operations late in 2003 together with an increase in the UK liability account.

Losses and loss adjustment expenses. Total loss and loss adjustment expenses were $42.0 million and are predominately incurred but not reported ("IBNR") provisions. The reduction in the commercial property loss ratio is due to a $2.3 million favourable development on prior year reserves.

Policy acquisition, operating and administration expenses. Total expenses were $19 million for the three months ended June 30, 2004. The increase over the comparative period is due to the set up costs associated with the establishment of our U.S. insurance operations, Aspen Specialty, and the relatively low contribution to earned premiums from these operations during this early stage of development. Additionally, the worldwide property team's costs are recorded in the quarter to June 30, 2004. Neither of these divisions had costs in the comparative figures.

Results of Operations for the six months ended June 30, 2004 compared to the six months ended June 30, 2003

The following is a discussion and analysis of the Company's consolidated results of operations for the six months ended June 30, 2004 and 2003.

Gross Premiums Written. For the six months ended June 30, 2004, gross premiums written were $1,020.6 million, a 23.0% increase over the $830.0 million written for the six months ended June 30, 2003. This was due to our increase in the casualty reinsurance book, which has expanded by 50% from $206.8 million for the six months ended June 30, 2003 to $309.6 million for the six months ended June 30, 2004, and the development of our U.K. insurance division which has increased by 64% over the corresponding period in 2003. In the quarter ended June 30, 2004 property reinsurance premiums, which increased by 152% over the quarter ended June 30, 2003, have enhanced our gross premium written.

Reinsurance ceded. Reinsurance premiums ceded for the six months ended June 30, 2004 were $147.6 million compared to $164.0 million for the six months ended June 30, 2003 as a result of a reduction in quota share arrangements. In addition the retention on our 2004 program is higher than 2003 thereby reducing the premiums payable.

Net premiums written. Net premiums written for the six months ended June 30, 2004 were $873.0 million. This represents a 31% increase over the equivalent period in 2003 and is a consequence of the increase in gross premiums and reduced reinsurance spend.

Net premiums earned. Net premiums earned for the six months ended June 30, 2004 were $632.8 million, an increase of 90.4% over the comparative period. The increase is due to the earn-out of 2003 premiums in 2004 whereas in 2003 the level of premiums earned from 2002 policies was significantly lower because the Company wrote a significantly lower amount of business in 2002.

Insurance losses and loss adjustment expenses. Insurance losses and loss adjustment expenses for the six months ended June 30, 2004 were $263.5 million, which was an increase of $97.6 million compared to the six months ended June 30, 2003. This increase was due to the requirement to reserve for the new business written which was offset by the cumulative effect of a $23.1 million release from prior year reserves.

Policy acquisition and administrative expenses. Policy acquisition expenses for the six months ended June 30, 2004 were $168.4 million representing 26.6% of net premiums earned. This is relatively consistent with acquisition expenses for the six months ended June 30, 2003 which were $85.6 million representing 25.8% of net premiums earned.

Net investment income. Net investment income of $26.9 million for the six months ended June 30, 2004 represents an increase of 251% over the $10.7million earned in the six months ended June 30, 2003. The increase was due to favourable movements in interest rates, but more significantly a 207% increase in the value of cash and investments held by the group.

Income before tax. Income before tax for the six months ended June 30, 2004 was $222.3 million, compared to $91.5 million for the six months to June 30, 2003. The $130.8 million increase is consistent with the increase in business written in the period.

Income tax expense. Income tax expense for the six months ended June 30, 2004 was $56.4 million. Our consolidated tax rate for the six months ended June 30, 2004 was 25.3%, compared to 28.9% for the six months ended June 30, 2003. The higher rate for the six months ended June 30, 2003 reflected the fact that the Bermudian operations, which are not subject to tax, were not contributing materially to the overall results.

Net income. Net income for the six months ended June 30, 2004 was $165.9 million, equivalent to $2.40 earnings per basic share and $2.31 fully diluted earnings per share on the basis of the weighted average number of shares in issue during the six months ended June 30, 2004.

Underwriting Results by Operating Segments

The following table summarizes gross and net written premium, underwriting results, and combined ratios and reserves for each of our two business segments for the six months to June 30, 2004 and June 30, 2003:

	Six Months Ended June 30, 2004			Six Months Ended June 30, 2003		
	($ in millions, except percentages)					
	Reinsurance	Insurance	Total	Reinsurance	Insurance	Total
Gross premiums written	$ 851.4	$ 169.2	$ 1,020.6	$ 727.0	$ 103.0	$ 830.0
Net premiums written	736.7	136.3	873.0	576.1	89.9	666.0
Gross premiums earned	554.1	178.0	732.1	320.3	86.1	406.4
Net premiums earned	479.6	153.2	632.8	251.8	80.5	332.3
Expenses:						
Losses and loss expenses	(179.0)	(84.5)	(263.5)	(116.6)	(49.3)	(165.9)
Policy acquisition, operating and administrative expenses	(130.1)	(38.3)	(168.4)	(72.4)	(13.2)	(85.6)
Underwriting profit before investment income	170.5	30.4	200.9	62.8	18.0	80.8
Investment income			26.9			10.7
Other net income/(expense)			(0.5)			0.0
Net realized gains / (losses)			(5.0)			0.0
Income before income tax			222.3			91.5
Net reserves for loss and loss adjustment expenses	$ 461.4	$ 231.4	$ 692.8	$ 167.2	$ 67.3	$ 234.5
Ratios						
Loss ratio	37%	55%	42%	46%	61%	50%
Expense ratio	27%	25%	26%	29%	17%	26%
Combined ratio	64%	80%	68%	75%	78%	76%

Reinsurance

The following table summarizes gross and net written premiums and underwriting results for each of the lines of business within our reinsurance segment for the six months ended June 30, 2004:

	Six Months Ended June 30, 2004				Six Months Ended June 30, 2003			
	($ in millions)							
	Property	Casualty	Specialty	Total	Property	Casualty	Specialty	Total
Gross premiums written	$ 479.3	$ 309.6	$ 62.5	$ 851.4	$ 388.1	$ 206.8	$ 132.1	$ 727.0
Net premiums written	373.9	301.3	61.5	736.7	263.9	196.2	116.0	576.1
Gross premiums earned	324.4	163.3	66.4	554.1	183.2	63.8	73.3	320.3
Net premiums earned	255.3	160.4	63.9	479.6	126.6	59.2	66.0	251.8
Losses and loss expenses	(43.3)	(109.7)	(26.0)	(179.0)	(36.8)	(41.0)	(38.8)	(116.6)
Policy acquisition, operating and administration expenses	(82.9)	(35.1)	(12.1)	(130.1)	(43.3)	(12.9)	(16.2)	(72.4)
Underwriting profit before investment income	$ 129.1	$ 15.6	$ 25.8	$ 170.5	$ 46.5	$ 5.3	$ 11.0	$ 62.8
Ratios								
Loss ratio	17%	68%	41%	37%	29%	69%	59%	46%
Expense ratio	32%	22%	19%	27%	34%	22%	24%	29%
Combined ratio	49%	90%	60%	64%	63%	91%	83%	75%

For the six months ended June 30, 2004 versus the six months ended June 30, 2003

Gross Written Premiums. Gross premiums written for the six months ended June 30, 2004 were $851.4 million, an increase of 17.1% over the equivalent period in 2003. In accordance with our strategy, gross premiums written for our casualty reinsurance line of business increased by 49.7% compared to the six months ended June 30, 2003. The decrease in premiums from the specialty class is due to the non renewal of the 2003 quota share contract with Syndicate 2020.

Losses and loss adjustment expenses. Losses and loss adjustment expenses were $179.0 million for the six months ended June 30, 2004, representing 37.3% of net earned premiums. The reduction in a 46.3% loss ratio for the six months ended June 30, 2003 to a loss ratio of 37.3% for the six months ended June 30, 2004 is a result of the relatively low level of claims experienced in 2004 and the release of $14.6 million of prior year reserves in relation to the reinsurance classes.

Policy acquisition, operating and administration expenses. Total expenses were $130.1 million for the six months ended June 30, 2004, equivalent to 27.1% of net earned premiums. The increase from $72.4 million for the six months ended June 30, 2003 was due to the additional operational resources required by the Company to service the growth in premiums.

Insurance

The following table summarizes gross and net written premiums and underwriting results for each of the lines of business within our insurance segment for the six months ended June 30, 2004:

	Six Months Ended June 30, 2004			Six Months Ended June 30, 2003		
	($ in millions)					
	Property	Liability	Total	Property	Liability	Total
Gross premiums written	$ 55.7	$ 113.5	$ 169.2	$ 36.7	$ 66.3	$ 103.0
Net premiums written	37.0	99.3	136.3	34.7	55.2	89.9
Gross premiums earned	45.6	132.4	178.0	17.5	68.6	86.1
Net premiums earned	34.9	118.3	153.2	16.1	64.4	80.5
Losses and loss expenses	(17.4)	(67.1)	(84.5)	(8.8)	(40.5)	(49.3)
Policy acquisition, operating and administration expenses	(10.3)	(28.0)	(38.3)	(3.6)	(9.6)	(13.2)
Underwriting profit before investment income	$ 7.2	$ 23.2	$ 30.4	$ 3.7	$ 14.3	$ 18.0
Ratios						
Loss ratio	50%	57%	55%	55%	63%	61%
Expense ratio	29%	23%	25%	22%	15%	17%
Combined ratio	79%	80%	80%	77%	78%	78%

For the six months ended June 30, 2004 versus the six months ended June 30, 2003

Gross Premiums Written. Gross premiums written for the six months ended June 30, 2004 were $169.2 million, a 64.3% increase from the six months ended June 30, 2003. This increase was due to the commencement of underwriting in Aspen Specialty and increases in our worldwide property account in the property segment and to the acceleration of business written in the UK liability account whilst rates remain very strong.

Losses and loss adjustment expenses. Total loss and loss adjustment expenses were $84.5 million and are predominately IBNR provisions. The reduction in selected loss ratios for 2004 business is a result of the relatively low level of claims experienced in 2004 and the release of $8.5 million of prior year reserves, which are attributed almost equally to property and liability insurance.

Policy acquisition, operating and administration expenses. Total expenses were $38.3 million for the six months ended June 30, 2004, equivalent to 25.0% of net earned premiums. This increase from

$13.2 million for the six months ended June 30 2003 was due to the additional operational resources required by the company to service the growth in premiums, the costs of establishing the infrastructure of Aspen Specialty, and a levy raised in 2004 on all United Kingdom insurance operations which, for the Company, has been assessed at $1.2 million.

Reserves for losses and loss expenses

As of June 30, 2004, the Company had accrued losses and loss adjustment expense reserves of $755.9 million. This amount represented the Company's best estimate of the ultimate liability for payment of losses and loss adjustment expenses. Of the total gross reserves for unpaid losses of $755.9 million at the balance sheet date of June 30, 2004 a total of $493.6 million or 65.3% represented IBNR claims.

	As at June 30, 2004 ($ in millions)		
	Gross	Reinsurance Recoverable	Net
Property Reinsurance	$ 146.3	$ (12.6)	$ 133.7
Casualty Reinsurance	250.3	(13.4)	236.9

Specialty Reinsurance	97.8	(7.0)	90.8
Total Reinsurance	$ 494.4	$ (33.0)	$ 461.4
Commercial Property	54.7	(8.6)	46.1
Commercial Liability	206.8	(21.5)	185.3
Total Insurance	$ 261.5	$ (30.1)	$ 231.4
Total Losses and loss expense reserve	$ 755.9	$ (63.1)	$ 692.8

For the three months ended June 30, 2004, there was a reduction of our estimate of the ultimate claims to be paid in respect of the 2002 accident year of $3.7 million and $4.2 million in respect of the 2003 accident year. An analysis of this reduction by line of business is as follows:

	Three Months Ended June 30, 2004	Six Months Ended June 30, 2004
	($ in millions)	
Property Reinsurance	2.1	8.8
Casualty Reinsurance	0.0	(0.2)
Specialty Reinsurance	3.5	6.0
Total Reinsurance	5.6	14.6
Commercial Property	2.3	2.6
Commercial Liability	0.0	5.9
Total Insurance	2.3	8.5
Total reduction in prior year loss reserves	7.9	23.1

The key elements which gave rise to the favorable development during the three months ended June 30, 2004 were as follows:

Property Reinsurance: The release was due to specific reductions in reserves for losses associated with the Californian brush fires. The reserves established for the Philips factory loss in Normandy, France were reduced by $10.0 million in the quarter to March 31, 2004. No further changes have been made.

Specialty Reinsurance: Favourable incurred claims development and reassessment of loss ratios on Syndicates 2020 and 3030 quota shares as additional information is received from cedents have reduced the projected ultimate loss.

Commercial Property: Better than expected settlement patterns have caused us to adjust our estimate of ultimate claims.

Other than the matters described above, the Company did not make any significant changes in assumptions used in our reserving process. However, because the period of time we have been in

operation is short, our loss experience is limited and reliable evidence of changes in trends of numbers of claims incurred, average settlement amounts, numbers of claims outstanding and average losses per claim will necessarily take years to develop.

For a more detailed description see "Management's Discussion and Analysis — Critical Accounting Policies — Reserves for Losses and Loss Expenses," included in our 2003 Annual Report on Form 10-K for the year ended December 31, 2003 filed with the Securities and Exchange Commission.

Liquidity and capital resources

Aspen is a holding company that does not have any significant operations or assets other than its ownership of the shares of its direct and indirect subsidiaries, including Aspen Re, Aspen Bermuda and Aspen Specialty. Aspen relies primarily on dividends and other permitted distributions from these insurance subsidiaries to pay its operating expenses, interest on debt finance and dividends, if any, on its ordinary shares. There are restrictions on the payment of dividends by Aspen Re, Aspen Bermuda and Aspen Specialty to Aspen, which are described in more detail in the Regulatory Matters section of the 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission.

The ability of Aspen Bermuda to pay dividends is dependent on its ability to meet the requirements of applicable Bermuda law and regulations. Under Bermuda law, Aspen Bermuda may not declare or pay a dividend if there are reasonable grounds for believing that Aspen Bermuda is, or would after the payment be, unable to pay its liabilities as they become due, or the realizable value of Aspen Bermuda's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Further, Aspen Bermuda, as a regulated insurance company in Bermuda, is subject to additional regulatory restrictions on the payment of dividends or distributions. As of June 30, 2004, Aspen Bermuda could pay a dividend or return additional paid-in capital totalling approximately $50 million without prior regulatory approval based upon the Bermuda Insurance Act and the Bermuda Companies Act regulations.

Aspen Re and Aspen Specialty are also subject to regulatory restrictions limiting their ability to pay dividends. As of June 30, 2004, Aspen Re could pay a dividend totalling approximately $36 million without prior regulatory approval based upon the Financial Services Authority ("FSA") and the Companies Act regulations. For the six months to June 30, 2004 a dividend of $15 million has been proposed. Aspen Specialty could pay a dividend without regulatory approval of approximately $3 million.

Our aggregate invested assets as of June 30, 2004 totalled $2.05 billion compared to aggregate invested assets of $1.62 billion as of December 31, 2003. The increase in invested assets since December 31, 2003 resulted from collections of premiums on insurance policies and reinsurance contracts and investment income, offset by policy acquisition expenses paid, reinsurance premiums paid, operating and administrative expenses paid. Total net cash flow from operations from December 31, 2003 through June 30, 2004 was $437 million.

Under our three-year credit facility, $40 million is due and payable by August 29, 2006. The interest rate is three-month LIBOR plus 42.5 basis points. A facility fee, currently calculated at a rate of 17.5 basis points on the average daily amount of the commitment of each lender, is paid to each lender quarterly in arrears.

Our contractual obligations other than our obligations to our policyholders and employees consist mainly of amounts outstanding under our credit facilities, as discussed above, and operating leases.

The following table summarizes amounts outstanding under operating leases as of June 30, 2004:

	Due In				
	Less than 1 year	1-2 years	3-4 years	4 years	5 years
			($ in millions)		
Operating Lease Obligations	5.5	1.4	0.6	0.6	0.6

Currency

The functional currencies of the Company's operations are U.S. Dollars and British Pounds. Other foreign currency amounts are remeasured to the appropriate functional currency and the resulting foreign exchange gains or losses are recorded in the statement of operations. Functional currency amounts of assets and liabilities are then translated into U.S. Dollars. The unrealized gain or loss from this translation, net of tax, is recorded as part of shareholders' equity. The change in unrealized foreign currency translation gain or loss during the period, net of tax, is a component of comprehensive income. Both the remeasurement and translation are calculated using current exchange rates for the balance sheets and average exchange rates for the statement of operations.

Effects of inflation

The effects of inflation could cause the severity of claims from catastrophes or other events to rise in the future. Our calculation of reserves for losses and loss expenses includes assumptions about future payments for settlement of claims and claims-handling expenses, such as medical treatments and litigation costs. We write liability business in the United States, the United Kingdom and Australia, where claims inflation has grown particularly strong in recent years. To the extent inflation causes these costs to increase above reserves established for these claims, we will be required to increase our loss reserves with a corresponding reduction in retained earnings.

Cautionary statement regarding forward-looking statements

This Form 10-Q contains, and the Company may from time to time make other verbal or written, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act") that involve risks and uncertainties, including statements regarding our capital needs, business strategy, expectations and intentions. Statements that use the terms "believe," "do not believe," "anticipate," "expect," "plan," "estimate," "intend" and similar expressions are intended to identify forward-looking statements. These statements reflect our current views with respect to future events and because our business is subject to numerous risks, uncertainties and other factors, our actual results could differ materially from those anticipated in the forward-looking statements, including those set forth below under Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report and the differences could be substantial. The risks, uncertainties and other factors set forth in the Company's 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission and other cautionary statements made in this report should be read and understood as being applicable to all related forward-looking statements wherever they appear in this report.

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. We believe that these factors include, but are not limited to, those set forth under Item 1, "Business-Risk Factors" of the Company's 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission, and the following:

- our short operating history;
- the impact of acts of terrorism and acts of war;
- 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;
- the effectiveness of our loss limitation methods;
- changes in the availability, cost or quality of reinsurance or retrocessional coverage;
- loss of key personnel;
- the inability to maintain financial strength or claims-paying ratings by one or more of our subsidiaries;
- changes in general economic conditions, including inflation, foreign currency exchange rates, interest rates and other factors that could affect our investment portfolio;

- increased competition on the basis of pricing, capacity, coverage terms or other factors;
- the effects of terrorist-related insurance legislation and laws;
- decreased demand for our insurance or reinsurance products and cyclical downturn of the industry;
- changes in regulations or tax laws applicable to us, our subsidiaries, brokers or customers; and
- Aspen Holdings or Aspen Bermuda becomes subject to income taxes in the United States or the United Kingdom.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise or disclose any difference between our actual results and those reflected in such statements.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected. Any forward-looking statements you read in this report reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. All subsequent written and oral forward-looking statements attributable to us or individuals acting on our behalf are expressly qualified in their entirety by the points made above. You should specifically consider the factors identified in this report which could cause actual results to differ before making an investment decision.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in market risk from the information provided in our 2003 Annual Report on Form 10-K. For further information, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Quantitative and Qualitative Information about Market Risk" included in our 2003 Annual Report on Form 10-K filed with the Securities and Exchange Commission**.**

Item 4. Controls and Procedures

The Company, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Office and Chief Financial Officer, has evaluated the design and operation of the Company's disclosure controls and procedures as of the end of the period of this report. Our management does not expect that our disclosure controls or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons or by collusion of two or more people. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

As a result of the inherent limitations in a cost-effective control system, misstatement due to error or fraud may occur and not be detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the disclosure controls and procedures are met. Based on the evaluation of the disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Company in this report is recorded, processed, summarized and reported in a timely fashion.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings

Similar to the rest of the insurance and reinsurance industry, we are subject to litigation and arbitration in the ordinary course of business. We are not currently involved in any material pending litigation or arbitration proceedings.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchase of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submissions of Matters to a Vote of Security Holders

(a) Our 2004 annual general meeting of shareholders was held on June 17, 2004.

(b) Proxies were solicited by our management in connection with our 2004 annual general meeting of shareholders; there were no directors of the Company up for election at this Annual General Meeting.

(c) The following matters were voted upon at the annual general meeting with the voting results indicated. Paragraphs (2) through (6) below relate to matters concerning the Company's subsidiaries. The Company's Bye-law 84 provides that if the Company is required or entitled to vote at a general meeting of any of its subsidiaries organized under the laws of a jurisdiction outside the United States of America (each, a "Non-U.S. Subsidiary") the Board will refer the subject matter of the vote to the Shareholders of the Company in a general meeting of the Company.

(1) Proposal Regarding Appointment of an Independent Auditor

Our shareholders voted to approve the appointment of KPMG Audit Plc ("KPMG") as our independent auditors for the 2004 fiscal year, and have authorized the Company's Board of Directors to set their remuneration.

Votes For	Votes Against	Votes Abstained
48,372,263	8,564	377

(2) Proposals Regarding Various Matters Concerning Aspen Re, a wholly owned insurance company organized under the laws of England and Wales

At the 2004 annual general meeting, the shareholders elected 10 nominees as designated company directors who will serve as Aspen Re directors.

Nominee	Votes For	Votes Against	Votes Abstained
Paul Myners	48,369,960	11,243	0
Christopher O'Kane	48,369,960	11,243	0
Julian Cusack	48,369,960	11,243	0
David May	48,369,960	11,243	0
Ian Cormack	48,369,960	11,243	0
Marek Gumienny	48,369,960	11,243	0
Richard Keeling	48,369,960	11,243	0
Ian Campbell	48,369,960	11,243	0
Sarah Davies	48,369,960	11,243	0
Heidi Hutter	48,369,960	11,243	0

At the 2004 annual general meeting, the Shareholders voted to authorize the increase in the authorized share capital of Aspen Re from £500 million to £1.0 billion by the creation of an additional 500,000,000 ordinary shares at £1 per share.

Votes For	Votes Against	Votes Abstained
48,355,855	22,282	3,066

At the 2004 annual general meeting, the shareholders voted to authorize the directors of Aspen Re to allot shares pursuant to Section 80 of the United Kingdom's Companies Act.

Votes For	Votes Against	Votes Abstained
48,356,781	17,268	7,155

At the 2004 annual general meeting, the shareholders voted to approved the re-appointment of KPMG as the auditor of Aspen Re for the 2004 fiscal year, and have authorized to the board of directors of Aspen Re to set their remuneration.

Votes For	Votes Against	Votes Abstained
48,367,314	13,513	377

(3) Proposals Regarding Various Matters Concerning Aspen Insurance UK Services Limited ("Aspen Services"), a wholly owned insurance company organized under the laws of England and Wales

At the 2004 annual general meeting, the shareholders elected four nominees as designated company directors who will serve as Aspen Services directors.

Nominee	Votes For	Votes Against	Votes Abstained
Christopher O'Kane	48,369,960	11,243	0
Julian Cusack	48,369,960	11,243	0
David May	48,369,960	11,243	0
Sarah Davies	48,369,960	11,243	0

At the 2004 annual general meeting, the shareholders voted to authorize the increase in the authorized share capital of Aspen Services from £100 to £10 million by the creation of an additional 9,999,900 ordinary shares at £1 per share.

Votes For	Votes Against	Votes Abstained
48,355,618	22,174	3,412

At the 2004 annual general meeting, the shareholders voted to authorize the directors of Aspen Services to allot shares pursuant to Section 80 of the United Kingdom's Companies Act.

Votes For	Votes Against	Votes Abstained
48,356,435	18,451	6,317

At the 2004 annual general meeting, the shareholders voted to approve the re-appointment of KPMG as the auditor of Aspen Services for the 2004 fiscal year, and have authorized to the board of directors of Aspen Services to set their remuneration.

Votes For	Votes Against	Votes Abstained
48,366,883	13,944	377

(4) Proposals Regarding Various Matters Concerning Aspen (UK) Holdings Limited ("Aspen (UK) Holdings"), a wholly owned intermediary holding company organized under the laws of England and Wales

At the 2004 annual general meeting, the shareholders elected two nominees as designated company directors who will serve as Aspen (UK) Holdings directors.

Nominee	Votes For	Votes Against	Votes Abstained
Christopher O'Kane	48,369,960	11,243	0
Julian Cusack	48,369,960	11,243	0

At the 2004 annual general meeting, the shareholders voted to authorize the increase in the authorized share capital of Aspen (UK) Holdings from £100 to £1.3 billion by the creation of an additional 1,299,999,900 ordinary shares at £1 per share.

Votes For	Votes Against	Votes Abstained
48,356,693	21,206	3,304

At the 2004 annual general meeting, the shareholders voted to authorize the directors of Aspen (UK) Holdings to allot shares pursuant to Section 80 of the United Kingdom's Companies Act.

Votes For	Votes Against	Votes Abstained
48,358,587	17,376	5,241

At the 2004 annual general meeting, the shareholders voted to approve the re-appointment of KPMG as the auditor of Aspen (UK) Holdings for the 2004 fiscal year, and have authorized to the board of directors of Aspen (UK) Holdings to set their remuneration.

Votes For	Votes Against	Votes Abstained
48,364,731	15,019	1,452

(5) Proposals Regarding Various Matters Concerning Aspen Bermuda, a wholly owned insurance company organized under the laws of Bermuda

At the 2004 annual general meeting, the shareholders elected 11 nominees as designated company directors who will serve as Aspen Bermuda directors for 2003 and voted to authorize the board of directors of Aspen Bermuda to appoint any individual as an alternate director or as a director to fill any casual vacancy created from time to time of Aspen Bermuda for 2003.

Nominee	Votes For	Votes Against	Votes Abstained
Paul Myners	48,369,960	11,243	0
Christopher O'Kane	48,369,960	11,243	0
Julian Cusack	48,369,960	11,243	0
Julian Avery	48,369,960	11,243	0
Marek Gumienny	48,369,960	11,243	0
Prakash Melwani	48,369,960	11,243	0
Bret Pearlman(1)	48,369,960	11,243	0
Norman Rosenthal	48,369,960	11,243	0
Kamil Salame	48,369,960	11,243	0
Anthony Taylor	48,369,960	11,243	0
Heidi Hutter	48,369,960	11,243	0

(1) Bret Pearlman has since resigned from the Company's and Aspen Bermuda's board of directors on July 29, 2004 because he has accepted a position with Elevation Partners.

At the 2004 annual general meeting, the shareholders elected 10 nominees as designated company directors who will serve as Aspen Bermuda directors for 2004 and voted to authorize the board of directors of Aspen Bermuda to appoint any individual as an alternate director or as a director to fill any casual vacancy created from time to time of Aspen Bermuda for 2004.

Nominee	Votes For	Votes Against	Votes Abstained
Paul Myners	48,369,960	11,243	0
Christopher O'Kane	48,369,960	11,243	0
Julian Cusack	48,369,960	11,243	0
Julian Avery	48,369,960	11,243	0
Ian Cormack	48,369,960	11,243	0
Prakash Melwani	48,369,960	11,243	0
Bret Pearlman (1)	48,369,960	11,243	0
Norman Rosenthal	48,369,960	11,243	0
Kamil Salame	48,369,960	11,243	0
Heidi Hutter	48,369,960	11,243	0

(1) Bret Pearlman has since resigned from the Company's and Aspen Bermuda's board of directors on July 29, 2004 because he has accepted a position with Elevation Partners.

At the 2004 Annual General Meeting, the Shareholders voted to approve the appointment of KPMG as the auditor of Aspen Bermuda for the 2003 and 2004 fiscal years, and have authorized the board of directors of Aspen Bermuda to set their remuneration.

Votes For	Votes Against	Votes Abstained
48,365,807	15,019	377

(6) Proposals Regarding Election of Designated Company Directors for any New Non-U.S Subsidiaries

At the 2004 Annual General Meeting, the Shareholders elected two nominees as designated company directors who will serve as directors of any new Non-U.S. Subsidiary.

Nominee	Votes For	Votes Against	Votes Abstained
Christopher O'Kane	48,369,960	11,243	0
Julian Cusack	48,369,960	11,243	0

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) The following sets forth those exhibits filed pursuant to Item 601 of Regulation S-K:

Exhibit Number	Description
3.1	Certificate of Incorporation and Memorandum of Association (incorporated herein by reference to Exhibit 3.1 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).
3.2	Amended and Restated Bye-laws (incorporated herein by reference to Exhibit 3.2 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).
4.1	Specimen Ordinary Share Certificate (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).
4.2	Amended and Restated Instrument Constituting Options to Subscribe for Shares in Aspen Insurance Holdings Limited (incorporated herein by reference to Exhibit 4.2 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).
10.1	Amended and Restated Shareholders' Agreement, dated as of September 30, 2003 among the Company and each of the persons listed on Schedule A thereto (incorporated herein by reference to Exhibit 10.1 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).

10.2	Third Amended and Restated Registration Rights Agreement dated as of November 14, 2003 among the Company and each of the persons listed on Schedule 1 thereto (incorporated herein by reference to Exhibit 10.2 to the Company's Registration Statement on Form F-1 (Registration No. 333- 110435)).
10.3	Service Agreement dated June 21, 2002 between Christopher O'Kane and Aspen Insurance U.K. Services Limited (incorporated herein by reference to Exhibit 10.3 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).
10.4	Service Agreement dated June 21, 2002 between Julian Cusack and the Company Limited (incorporated herein by reference to Exhibit 10.4 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).
10.5	Service Agreement dated June 21, 2002 between Sarah Davies and Aspen Insurance UK Services Limited (incorporated herein by reference to Exhibit 10.5 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).
10.6	Service Agreement dated June 21, 2002 between David May and Aspen Insurance UK Services Limited (incorporated herein by reference to Exhibit 10.6 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).
10.7	Aspen Insurance Holdings Limited 2003 Share Incentive Plan (incorporated herein by reference to Exhibit 10.7 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).
10.8	Three-Year Credit Agreement dated as of August 26, 2003 among the Company, Barclays Bank plc and the Lenders named therein (incorporated herein by reference to Exhibit 10.8 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)), as amended by the First Amendment dated January 22, 2004, the Second Amendment dated May 17, 2004 and the Third Amendment dated August 2, 2004, filed with this report.
10.9	364-Day Credit Agreement dated as of August 26, 2003 among the Company, Barclays Bank plc and the Lenders named therein (incorporated herein by reference to Exhibit 10.9 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)), as amended by the First Amendment dated January 22, 2004, the Second Amendment dated May 17, 2004 and the Third Amendment dated August 2, 2004, filed with this report.

Exhibit Number	Description
10.10	Quota Share Agreement between Syndicate 3030 and Aspen Insurance UK Limited, dated October 21, 2003 reflecting the slip agreement entered into on June 12, 2002 therein (incorporated herein by reference to Exhibit 10.10 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).
10.11	Slip agreement for quota share entered into June 6, 2002 between National Indemnity Company and Aspen Insurance UK Limited (incorporated herein by reference to Exhibit 10.11 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).
10.12	Qualifying Quota Share Agreement between Wellington Underwriting, Syndicate 2020 and Aspen Insurance UK Limited dated April 15, 2003 (incorporated herein by reference to Exhibit 10.12 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).
10.13	Slip Agreement for Property Risk Excess of Loss Reinsurance Quota Share Treaty between Aspen Insurance UK Limited and Montpelier Reinsurance Ltd., dated June 20, 2002 (incorporated herein by reference to Exhibit 10.13 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).
10.14	Slip Agreement for Quota Share Treaty of Wellington Underwriting Inc. Property Business between Aspen Insurance UK Limited and Montpelier Reinsurance Ltd., dated June 20, 2002 (incorporated herein by reference to Exhibit 10.14 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).
10.15	Slip Agreement for Quota Share Treaty of Wellington Underwriting Inc. Auto Liability Business between Aspen Insurance UK Limited and Montpelier Reinsurance Ltd., dated June 20, 2002 (incorporated herein by reference to Exhibit 10.15 to the Company's Registration Statement on Form F-1 (Registration No. 333-110435)).

10.16 Service Agreement dated June 21, 2003 between Peter Coghlan and Aspen Insurance U.S. Services Inc. (incorporated herein by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003).

31.1 Officer Certification of Christopher O'Kane, Chief Executive Officer of Aspen Insurance Holdings Limited, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed with this report.

31.2 Officer Certification of Julian Cusack, Chief Financial Officer of Aspen Insurance Holdings Limited, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed with this report.

32.1 Officer Certification of Christopher O'Kane, Chief Executive Officer of Aspen Insurance Holdings Limited, and Julian Cusack, Chief Financial Officer of Aspen Insurance Holdings Limited, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, submitted with this report.

(b) Reports on Form 8-K

(1) Current Report on Form 8-K filed on May 6, 2004, under Items 7, 9 and 12 thereof, announcing the Company's results for the first quarter ended March 31, 2004.

(2) Current Report on Form 8-K filed on May 7, 2004 under Item 9 furnishing the Company's proxy statements to its shareholders for the Annual General Meeting held on June 17, 2004.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 9, 2004 By: /s/ Christopher O'Kane
Christopher O'Kane
Chief Executive Officer

Date: August 9, 2004 By: /s/ Julian Cusack
Julian Cusack
Chief Financial Officer

EXECUTION COPY

FIRST AMENDMENT TO CREDIT AGREEMENT

FIRST AMENDMENT, dated as of January 22, 2004 (this "Amendment"), to the 3-Year Credit Agreement, dated as of August 26, 2003 (the "Credit Agreement"), among ASPEN INSURANCE HOLDINGS LIMITED (the "Company"), the Subsidiary Borrowers from time to time parties thereto, the Several Lenders from time to time parties thereto (the "Lenders"), CREDIT LYONNAIS NEW YORK BRANCH, as documentation agent (in such capacity, the "Documentation Agent"), and BARCLAYS BANK PLC, as administrative agent (in such capacity, the "Administrative Agent") and collateral agent (in such capacity, the "Collateral Agent").

W I T N E S S E T H :

WHEREAS, the parties hereto desire to amend the Credit Agreement on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein which are defined in the Credit Agreement are used herein as therein defined.

2. Amendment to Section 1.1 of the Credit Agreement.

(a) The definition of "Consolidated Leverage Ratio" in Section 1.1 of the Credit Agreement is hereby amended by (i) deleting the period at the end of such definition and (ii) inserting the phrase "provided, that for the purposes of this definition, Consolidated Total Debt shall be reduced by the then aggregate amount of Collateralized Letters of Credit, and Consolidated Tangible Net Worth shall be reduced by the aggregate amount of cash then securing reimbursement obligations of the Company in respect of those Collateralized Letters of Credit under which demand for payment has been made by the beneficiary."

(b) Section 1.1 of the Credit Agreement is hereby amended by adding the following new definition in the appropriate alphabetical order:

> "Collateralized Letters of Credit": at any date, all then outstanding letters of credit issued on behalf of the Company the reimbursement obligations of the Company in respect of which are fully secured by cash and that are identified as Collateralized Letters of Credit in the most recent Compliance Certificate provided to the Lenders under Section 5.2(b)."

3. Amendment to Section 5.2 of the Credit Agreement. Paragraph (b) of Section 5.2 of the Credit Agreement is hereby amended by inserting the phrase "(including a summary listing of all outstanding Collateralized Letters of Credit)" after the word "information" in the seventh line thereof.

4. Conditions to Effectiveness. This Amendment shall become effective as of the date set forth above upon satisfaction of the following conditions precedent:

(a) The Administrative Agent shall have received counterparts of this Amendment executed by the Company and the Required Lenders; and

(b) The Administrative Agent shall have received counterparts of the First Amendment to the Other Credit Agreement executed and delivered by the Company and the Required Lenders (as defined therein), which shall amend the Other Credit Agreement in substantially the same manner as the Credit Agreement is being amended hereby.

5. Limited Effect. From and after the date hereof, each reference to the

Credit Agreement (or the 3-Year Credit Agreement) that appears in a Loan Document shall be deemed to be a reference to the Credit Agreement (or the 3-Year Credit Agreement) as amended hereby. Except as expressly amended hereby, all of the provisions, covenants, terms and conditions of the Credit Agreement are and shall continue to be in full force and effect.

6. Representations and Warranties. The representations and warranties made by the Company contained in the Credit Agreement are true and correct on and as of the date hereof after giving effect to this Amendment (except where such representation and warranty speaks of a specific date in which case such representation and warranty shall be true and correct as of such date).

7. Counterparts. This Amendment may be executed in counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

8. GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first written above.

ASPEN INSURANCE HOLDINGS LIMITED

By:

Name:
Title:

BARCLAYS BANK PLC,
as Administrative Agent, Collateral
Agent and as a Lender

By:

Name:
Title:

CREDIT LYONNAIS NEW YORK BRANCH, as
a Lender

By:

Name:
Title:

CREDIT SUISSE FIRST BOSTON, ACTING
THROUGH ITS CAYMAN ISLANDS BRANCH,
as a Lender

By:

Name:
Title:

By:

Name:
Title:

ABN AMRO BANK N.V., as a Lender

By:

Name:
Title:

By:

Name:
Title:

DEUTSCHE BANK AG, NEW YORK BRANCH,
as a Lender

By:

Name:
Title:

By:

Name:
Title:

LLOYDS TSB BANK PLC, as a Lender

By:

Name:
Title:

By:

Name:
Title:

THE BANK OF BERMUDA, as a Lender

By:

Name:
Title:

THE BANK OF N.T. BUTTERFIELD & SON LTD.,
as a Lender

By:

Name:
Title:

FLEET NATIONAL BANK, as a Lender

By:

Name:
Title:

UBS AG, CAYMAN ISLANDS BRANCH, as a Lender

By:

Name:
Title:

By:

Name:
Title:

EXECUTION COPY

SECOND AMENDMENT TO CREDIT AGREEMENT

SECOND AMENDMENT, dated as of May 17, 2004 (this "Amendment"), to the 3-Year Credit Agreement, dated as of August 26, 2003 (as amended, modified or supplemented from time to time, the "Credit Agreement"), among ASPEN INSURANCE HOLDINGS LIMITED (the "Company"), the Subsidiary Borrowers from time to time parties thereto, the Several Lenders from time to time parties thereto (the "Lenders"), CREDIT LYONNAIS NEW YORK BRANCH, as documentation agent (in such capacity, the "Documentation Agent"), and BARCLAYS BANK PLC, as administrative agent (in such capacity, the "Administrative Agent") and collateral agent (in such capacity, the "Collateral Agent").

W I T N E S S E T H :

WHEREAS, the parties hereto desire to amend the Credit Agreement on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein which are defined in the Credit Agreement are used herein as therein defined.

2. Amendment to Section 5.2 of the Credit Agreement. Paragraph (a) of Section 5.2 of the Credit Agreement is hereby deleted and replaced with the words "Intentionally Omitted" in lieu thereof.

3. Conditions to Effectiveness. This Amendment shall become effective as of the date set forth above upon satisfaction of the following conditions precedent:

(a) The Administrative Agent shall have received counterparts of this Amendment executed by the Company and the Required Lenders; and

(b) The Administrative Agent shall have received counterparts of the Second Amendment to the Other Credit Agreement executed and delivered by the Company and the Required Lenders (as defined therein), which shall amend the Other Credit Agreement in substantially the same manner as the Credit Agreement is being amended hereby.

4. Limited Effect. From and after the date hereof, each reference to the Credit Agreement (or the 3-Year Credit Agreement) that appears in a Loan Document shall be deemed to be a reference to the Credit Agreement (or the 3-Year Credit Agreement) as amended hereby. Except as expressly amended hereby, all of the provisions, covenants, terms and conditions of the Credit Agreement are and shall continue to be in full force and effect.

5. Representations and Warranties. The representations and warranties made by the Company contained in the Credit Agreement are true and correct on and as of the date hereof after giving effect to this Amendment (except where such representation and warranty speaks of a specific date in which case such representation and warranty shall be true and correct as of such date).

6. Payment of Expenses. The Borrower agrees to pay or reimburse the Administrative Agent for all of its out-of-pocket costs and expenses incurred in connection with this Amendment and any other document prepared in connection herewith, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

7. Counterparts. This Amendment may be executed in counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

8. GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first written above.

ASPEN INSURANCE HOLDINGS LIMITED

By:

Name:
Title:

BARCLAYS BANK PLC,
as Administrative Agent, Collateral Agent and as a Lender

By:

Name:
Title:

CREDIT LYONNAIS NEW YORK BRANCH,
as a Lender

By:

Name:
Title:

CREDIT SUISSE FIRST BOSTON, ACTING THROUGH ITS CAYMAN ISLANDS BRANCH,
as a Lender

By:

Name:
Title:

By:

Name:
Title:

ABN AMRO BANK N.V., as a Lender

By:

Name:
Title:

By:

Name:
Title:

DEUTSCHE BANK AG, NEW YORK BRANCH,
as a Lender

By:

Name:
Title:

By:

Name:
Title:

LLOYDS TSB BANK PLC, as a Lender

By:

Name:
Title:

By:_____________________________
Name:
Title:

THE BANK OF BERMUDA, as a Lender

By:

Name:
Title:

THE BANK OF N.T. BUTTERFIELD & SON LTD.,
as a Lender

By:

Name:
Title:

FLEET NATIONAL BANK, as a Lender

By:

Name:
Title:

UBS AG, CAYMAN ISLANDS BRANCH,
as a Lender

By:

Name:
Title:

By:

Name:
Title:

EXECUTION COPY

THIRD AMENDMENT TO CREDIT AGREEMENT

THIRD AMENDMENT, dated as of August 2, 2004 (this "Amendment"), to the 3-Year Credit Agreement, dated as of August 26, 2003 (as amended, modified or supplemented from time to time, the "Credit Agreement"), among ASPEN INSURANCE HOLDINGS LIMITED (the "Company"), the Subsidiary Borrowers from time to time parties thereto, the Several Lenders from time to time parties thereto (the "Lenders"), CREDIT LYONNAIS NEW YORK BRANCH, as documentation agent (in such capacity, the "Documentation Agent"), and BARCLAYS BANK PLC, as administrative agent (in such capacity, the "Administrative Agent") and collateral agent (in such capacity, the "Collateral Agent").

W I T N E S S E T H :

WHEREAS, the Company has informed the Lenders of its intent to issue $200,000,000 aggregate principal amount of its senior unsecured notes, and the Lenders have agreed to permit such issuance; and

WHEREAS, the parties hereto desire to amend the Credit Agreement to permit such transaction, and to make certain other changes to the Loan Documents, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein which are defined in the Credit Agreement are used herein as therein defined.

2. Deletions from the Credit Agreement.

(a) Sections 3.17, 5.4 and 5.10 of the Credit Agreement are hereby deleted and replaced with the words "Intentionally Omitted" in lieu thereof.

(b) Subsection 7(i) of the Credit Agreement is hereby deleted and replaced with the words "Intentionally Omitted" in lieu thereof.

3. Amendments to Section 6.2 of the Credit Agreement. Section 6.2 of the Credit Agreement is hereby amended by:

(a) deleting the word "and" from the end of paragraph (g) thereof; and

(b) deleting paragraph (h) therefrom and inserting the following in its place:

> (h) Indebtedness of the Company in the aggregate principal amount of up to $200,000,000 outstanding under senior unsecured notes issued by the Company; and

> (i) additional Indebtedness of the Company or any of its Subsidiaries in an aggregate principal amount (for the Company and its Subsidiaries) not to exceed $10,000,000 at any one time outstanding.

4. Amendments to Section 6.5 of the Credit Agreement. Section 6.5 of the Credit Agreement is hereby amended by deleting the sentence immediately following paragraph (g) thereof.

5. Amendments to Section 7 of the Credit Agreement. Section 7 of the Credit Agreement is hereby amended by:

(a) deleting paragraph (c) in its entirety and inserting in lieu thereof the following:

(c) any Loan Party shall default in the observance or performance of any agreement contained in clause (i) or (ii) of Section 5.5(a) (with respect to the Borrowers only), Section 5.8(a), Section 5.11 or Section 6 of this Agreement; or

(b) deleting the word "or" from paragraph (k) thereof;

(c) inserting the word "or" after the semi-colon in paragraph (l) thereof; and

(d) inserting the following new paragraph (m) after paragraph (l) thereof:

(m) the rating of any Relevant Subsidiary falls below AM Best financial strength rating B++ and/or S&P financial strength rating A-. For purposes herein, a "Relevant Subsidiary" is any Subsidiary the total consolidated assets or total consolidated revenues of which and its Subsidiaries exceed 10% of the total consolidated assets or gross consolidated revenues, respectively, of the Company and its Subsidiaries on a consolidated basis at the end of or for, respectively, the then most recently completed fiscal quarter of the Company for which financial statements shall have been delivered to the Lenders as required herein;

6. Termination and Release. The Lenders hereby agree that on the Amendment Effectiveness Date (as defined in Section 7 hereof), (i) Section 3 of the Guarantee and Collateral Agreement and all other Security Documents are hereby terminated, (ii) anything in the Guarantee and Collateral Agreement to the contrary notwithstanding, the only Guarantor under the Guarantee and Collateral Agreement shall be the Company, and the guarantee of each other Person which, but for this Section 6, would be a Guarantor under the Guarantee and Collateral Agreement is hereby terminated, (iii) all provisions of the Loan Documents which

relate to the terms and conditions of the Guarantee and Collateral Agreement and the other Security Documents that are terminated pursuant to this Section 6 (including all related defined terms) shall be deemed to no longer have any force or effect, (iv) all security interests in Collateral created by the Guarantee and Collateral Agreement and all other Security Documents shall be released and (v) the Administrative Agent is hereby authorized, and agrees, to execute, deliver and record all documents necessary to give effect to the terminations and other matters covered by this Section 6 and to do such other acts or things as may be reasonably requested by the Company to give effect to the provisions of this Section 6.

7. Conditions to Effectiveness. This Amendment shall become effective as of the date set forth above upon satisfaction of the following conditions precedent (the "Amendment Effectiveness Date"):

(a) The Administrative Agent shall have received counterparts of this Amendment executed by the Company and each of the Lenders;

(b) The Administrative Agent shall have received counterparts of the Third Amendment to the Other Credit Agreement executed and delivered by the Company and each of the Lenders (as defined therein), which shall amend the Other Credit Agreement in substantially the same manner as the Credit Agreement is being amended hereby, and the Third Amendment to the Other Credit Agreement shall have become effective; and

(c) The Administrative Agent shall have received the fee set out in the email dated July 13, 2004, from the Company to the Administrative Agent.

8. Limited Effect. From and after the date hereof, each reference to the Credit Agreement (or the 3-Year Credit Agreement) that appears in a Loan Document shall be deemed to be a reference to the Credit Agreement (or the 3-Year Credit Agreement) as amended hereby. Except as expressly amended hereby, all of the provisions, covenants, terms and conditions of the Credit Agreement are and shall continue to be in full force and effect; provided the foregoing shall not be deemed to in any way limit the effectiveness or intent of Section 6 hereof.

9. Representations and Warranties. The representations and warranties made by the Company contained in the Credit Agreement are true and correct on and as of the date hereof after giving effect to this Amendment (except where such representation and warranty speaks of a specific date in which case such representation and warranty shall be true and correct as of such date).

10. Further Assurances. The Administrative Agent is hereby authorized, and agrees, to execute, deliver and record all documents necessary, and to do such other acts or things as may be reasonably requested by the Company, to give effect to the provisions of this Amendment.

11. Payment of Expenses. The Borrower agrees to pay or reimburse the

Administrative Agent for all of its out-of-pocket costs and expenses incurred in connection with this Amendment and any other document prepared in connection herewith (including, without limitation, those prepared in accordance with Sections 6 and 10), including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

12. Counterparts. This Amendment may be executed in counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

13. GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first written above.

ASPEN INSURANCE HOLDINGS LIMITED

By:

Name:
Title:

BARCLAYS BANK PLC,
as Administrative Agent, Collateral
Agent and as a Lender

By:

Name:
Title:

CALYON NEW YORK BRANCH, as a Lender

By:

Name:
Title:

CREDIT SUISSE FIRST BOSTON, ACTING
THROUGH ITS CAYMAN ISLANDS BRANCH,
as a Lender

By:

Name:
Title:

By:

Name:
Title:

ABN AMRO BANK N.V., as a Lender

By:

Name:
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By:

Name:
Title:

DEUTSCHE BANK AG, NEW YORK BRANCH,
as a Lender

By:

Name:
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By:

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Title:

LLOYDS TSB BANK PLC, as a Lender

By:

Name:
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By:

Name:

Title:

THE BANK OF BERMUDA, as a Lender

By:

Name:
Title:

THE BANK OF N.T. BUTTERFIELD & SON LTD.,
as a Lender

By:

Name:
Title:

FLEET NATIONAL BANK, as a Lender

By:

Name:
Title:

UBS AG, CAYMAN ISLANDS BRANCH,
as a Lender

By:

Name:
Title:

By:

Name:
Title:

EXECUTION COPY

FIRST AMENDMENT TO CREDIT AGREEMENT

FIRST AMENDMENT, dated as of January 22, 2004 (this "Amendment"), to the 364-Day Credit Agreement, dated as of August 26, 2003 (the "Credit Agreement"), among ASPEN INSURANCE HOLDINGS LIMITED (the "Company"), the Subsidiary Borrowers from time to time parties thereto, the Several Lenders from time to time parties thereto (the "Lenders"), CREDIT LYONNAIS NEW YORK BRANCH, as documentation agent (in such capacity, the "Documentation Agent"), and BARCLAYS BANK PLC, as administrative agent (in such capacity, the "Administrative Agent") and collateral agent (in such capacity, the "Collateral Agent").

W I T N E S S E T H :

WHEREAS, the parties hereto desire to amend the Credit Agreement on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein which are defined in the Credit Agreement are used herein as therein defined.

2. Amendment to Section 1.1 of the Credit Agreement.

(a) The definition of "Consolidated Leverage Ratio" in Section 1.1 of the Credit Agreement is hereby amended by (i) deleting the period at the end of such definition and (ii) inserting the phrase "provided, that for the purposes of this definition, Consolidated Total Debt shall be reduced by the then aggregate amount of Collateralized Letters of Credit, and Consolidated Tangible Net Worth shall be reduced by the aggregate amount of cash then securing reimbursement obligations of the Company in respect of those Collateralized Letters of Credit under which demand for payment has been made by the beneficiary."

(b) Section 1.1 of the Credit Agreement is hereby amended by adding the following new definition in the appropriate alphabetical order:

"Collateralized Letters of Credit": at any date, all then outstanding letters of credit issued on behalf of the Company the reimbursement obligations of the Company in respect of which are fully secured by cash and that are identified as Collateralized Letters of Credit in the most recent Compliance Certificate provided to the Lenders under Section 5.2(b)."

3. Amendment to Section 5.2 of the Credit Agreement. Paragraph (b) of Section 5.2 of the Credit Agreement is hereby amended by inserting the phrase "(including a

summary listing of all outstanding Collateralized Letters of Credit)" after the word "information" in the seventh line thereof.

4. Conditions to Effectiveness. This Amendment shall become effective as of the date set forth above upon satisfaction of the following conditions precedent:

(a) The Administrative Agent shall have received counterparts of this Amendment executed by the Company and the Required Lenders; and

(b) The Administrative Agent shall have received counterparts of the First Amendment to the Other Credit Agreement executed and delivered by the Company and the Required Lenders (as defined therein), which shall amend the Other Credit Agreement in substantially the same manner as the Credit Agreement is being amended hereby.

5. Limited Effect. From and after the date hereof, each reference to the Credit Agreement (or the 364-Day Credit Agreement) that appears in a Loan Document shall be deemed to be a reference to the Credit Agreement (or the 364-Day Credit Agreement) as amended hereby. Except as expressly amended hereby, all of the provisions, covenants, terms and conditions of the Credit Agreement are and shall continue to be in full force and effect.

6. Representations and Warranties. The representations and warranties made by the Company contained in the Credit Agreement are true and correct on and as of the date hereof after giving effect to this Amendment (except where such representation and warranty speaks of a specific date in which case such representation and warranty shall be true and correct as of such date).

7. Counterparts. This Amendment may be executed in counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

8. GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first written above.

ASPEN INSURANCE HOLDINGS LIMITED

By:

Name:
Title:

BARCLAYS BANK PLC,
as Administrative Agent, Collateral Agent and as a Lender

By:

Name:
Title:

CREDIT LYONNAIS NEW YORK BRANCH,
as a Lender

By:

Name:
Title:

CREDIT SUISSE FIRST BOSTON, ACTING THROUGH ITS CAYMAN ISLANDS BRANCH,
as a Lender

By:

Name:
Title:

By:

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ABN AMRO BANK N.V., as a Lender

By:

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By:

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Title:

DEUTSCHE BANK AG, NEW YORK BRANCH,
as a Lender

By:

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By:

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LLOYDS TSB BANK PLC, as a Lender

By:

Name:
Title:

By:

Name:
Title:

THE BANK OF BERMUDA, as a Lender

By:

Name:
Title:

THE BANK OF N.T. BUTTERFIELD & SON LTD.,
as a Lender

By:

Name:
Title:

FLEET NATIONAL BANK, as a Lender

By:

Name:
Title:

UBS AG, CAYMAN ISLANDS BRANCH,
as a Lender

By:

Name:
Title:

By:

Name:
Title:

EXECUTION COPY

SECOND AMENDMENT TO CREDIT AGREEMENT

SECOND AMENDMENT, dated as of May 17, 2004 (this "Amendment"), to the 364-Day Credit Agreement, dated as of August 26, 2003 (as amended, modified or supplemented from time to time, the "Credit Agreement"), among ASPEN INSURANCE HOLDINGS LIMITED (the "Company"), the Subsidiary Borrowers from time to time parties thereto, the Several Lenders from time to time parties thereto (the "Lenders"), CREDIT LYONNAIS NEW YORK BRANCH, as documentation agent (in such capacity, the "Documentation Agent"), and BARCLAYS BANK PLC, as administrative agent (in such capacity, the "Administrative Agent") and collateral agent (in such capacity, the "Collateral Agent").

W I T N E S S E T H :

WHEREAS, the parties hereto desire to amend the Credit Agreement on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein which are defined in the Credit Agreement are used herein as therein defined.

2. Amendment to Section 5.2 of the Credit Agreement. Paragraph (a) of Section 5.2 of the Credit Agreement is hereby deleted and replaced with the words "Intentionally Omitted" in lieu thereof.

3. Conditions to Effectiveness. This Amendment shall become effective as of the date set forth above upon satisfaction of the following conditions precedent:

(a) The Administrative Agent shall have received counterparts of this Amendment executed by the Company and the Required Lenders; and

(b) The Administrative Agent shall have received counterparts of the Second Amendment to the Other Credit Agreement executed and delivered by the Company and the Required Lenders (as defined therein), which shall amend the Other Credit Agreement in substantially the same manner as the Credit Agreement is being amended hereby.

4. Limited Effect. From and after the date hereof, each reference to the Credit Agreement (or the 364-Day Credit Agreement) that appears in a Loan Document shall be deemed to be a reference to the Credit Agreement (or the 364-Day Credit Agreement) as amended hereby. Except as expressly amended hereby, all of the provisions, covenants, terms and conditions of the Credit Agreement are and shall continue to be in full force and effect.

5. Representations and Warranties. The representations and warranties made by the Company contained in the Credit Agreement are true and correct on and as of the date hereof after giving effect to this Amendment (except where such representation and warranty speaks of a specific date in which case such representation and warranty shall be true and correct as of such date).

6. Payment of Expenses. The Borrower agrees to pay or reimburse the Administrative Agent for all of its out-of-pocket costs and expenses incurred in connection with this Amendment and any other document prepared in connection herewith, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

7. Counterparts. This Amendment may be executed in counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

8. GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first written above.

ASPEN INSURANCE HOLDINGS LIMITED

By:

Name:
Title:

BARCLAYS BANK PLC,
as Administrative Agent, Collateral
Agent and as a Lender

By:

Name:
Title:

CREDIT LYONNAIS NEW YORK BRANCH,
as a Lender

By:

Name:
Title:

CREDIT SUISSE FIRST BOSTON, ACTING
THROUGH ITS CAYMAN ISLANDS BRANCH,
as a Lender

By:

Name:
Title:

By:

Name:
Title:

ABN AMRO BANK N.V., as a Lender

By: -------------------------------------
Name:
Title:

By: -------------------------------------
Name:
Title:

DEUTSCHE BANK AG, NEW YORK BRANCH,
as a Lender

By: -------------------------------------
Name:
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By: -------------------------------------
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LLOYDS TSB BANK PLC, as a Lender

By: -------------------------------------
Name:
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By: -------------------------------------
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Title:

THE BANK OF BERMUDA, as a Lender

By: -------------------------------------
Name:
Title:

THE BANK OF N.T. BUTTERFIELD & SON LTD.,
as a Lender

By: -------------------------------------
Name:

Title:

FLEET NATIONAL BANK, as a Lender

By:

Name:
Title:

UBS AG, CAYMAN ISLANDS BRANCH,
as a Lender

By:

Name:
Title:

By:

Name:
Title:

EXECUTION COPY

THIRD AMENDMENT TO CREDIT AGREEMENT

THIRD AMENDMENT, dated as of August 2, 2004 (this "Amendment"), to the 364-Day Credit Agreement, dated as of August 26, 2003 (as amended, modified or supplemented from time to time, the "Credit Agreement"), among ASPEN INSURANCE HOLDINGS LIMITED (the "Company"), the Subsidiary Borrowers from time to time parties thereto, the Several Lenders from time to time parties thereto (the "Lenders"), CREDIT LYONNAIS NEW YORK BRANCH, as documentation agent (in such capacity, the "Documentation Agent"), and BARCLAYS BANK PLC, as administrative agent (in such capacity, the "Administrative Agent") and collateral agent (in such capacity, the "Collateral Agent").

W I T N E S S E T H :

WHEREAS, the Company has informed the Lenders of its intent to issue $200,000,000 aggregate principal amount of its senior unsecured notes, and the Lenders have agreed to permit such issuance; and

WHEREAS, the parties hereto desire to amend the Credit Agreement to permit such transaction, and to make certain other changes to the Loan Documents, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein which are defined in the Credit Agreement are used herein as therein defined.

2. Deletions from the Credit Agreement.

(a) Sections 3.17, 5.4 and 5.10 of the Credit Agreement are hereby deleted and replaced with the words "Intentionally Omitted" in lieu thereof.

(b) Subsection 7(i) of the Credit Agreement is hereby deleted and replaced with the words "Intentionally Omitted" in lieu thereof.

3. Amendments to Section 6.2 of the Credit Agreement. Section 6.2 of the Credit Agreement is hereby amended by:

(a) deleting the word "and" from the end of paragraph (g) thereof;

(b) deleting paragraph (h) therefrom and inserting the following in its place:

> (h) Indebtedness of the Company in the aggregate principal amount of up to $200,000,000 outstanding under senior unsecured notes issued by the Company; and

> (i) additional Indebtedness of the Company or any of its Subsidiaries in an aggregate principal amount (for the Company and its Subsidiaries) not to exceed $10,000,000 at any one time outstanding.

4. Amendments to Section 6.5 of the Credit Agreement. Section 6.5 of the Credit Agreement is hereby amended by deleting the sentence immediately following paragraph (g) thereof.

5. Amendments to Section 7 of the Credit Agreement. Section 7 of the Credit Agreement is hereby amended by:

(a) deleting paragraph (c) in its entirety and inserting in lieu thereof the following:

(c) any Loan Party shall default in the observance or performance of any agreement contained in clause (i) or (ii) of Section 5.5(a) (with respect to the Borrowers only), Section 5.8(a), Section 5.11 or Section 6 of this Agreement; or

(b) deleting the word "or" from paragraph (k) thereof;

(c) inserting the word "or" after the semi-colon in paragraph (l) thereof; and

(d) inserting the following new paragraph (m) after paragraph (l) thereof:

(m) the rating of any Relevant Subsidiary falls below AM Best financial strength rating B++ and/or S&P financial strength rating A-. For purposes herein, a "Relevant Subsidiary" is any Subsidiary the total consolidated assets or total consolidated revenues of which and its Subsidiaries exceed 10% of the total consolidated assets or gross consolidated revenues, respectively, of the Company and its Subsidiaries on a consolidated basis at the end of or for, respectively, the then most recently completed fiscal quarter of the Company for which financial statements shall have been delivered to the Lenders as required herein;

6. Termination and Release. The Lenders hereby agree that on the Amendment Effectiveness Date (as defined in Section 7 hereof), (i) Section 3 of the Guarantee and Collateral Agreement and all other Security Documents are hereby terminated, (ii) anything in the Guarantee and Collateral Agreement to the contrary notwithstanding, the only Guarantor under the Guarantee and Collateral Agreement shall be the Company, and the guarantee of each other Person which, but for this Section 6, would be a Guarantor under the Guarantee and Collateral Agreement is hereby terminated, (iii) all provisions of the Loan Documents which

relate to the terms and conditions of the Guarantee and Collateral Agreement and the other Security Documents that are terminated pursuant to this Section 6 (including all related defined terms) shall be deemed to no longer have any force or effect, (iv) all security interests in Collateral created by the Guarantee and Collateral Agreement and all other Security Documents shall be released and (v) the Administrative Agent is hereby authorized, and agrees, to execute, deliver and record all documents necessary to give effect to the terminations and other matters covered by this Section 6 and to do such other acts or things as may be reasonably requested by the Company to give effect to the provisions of this Section 6.

7. Conditions to Effectiveness. This Amendment shall become effective as of the date set forth above upon satisfaction of the following conditions precedent (the "Amendment Effectiveness Date"):

(a) The Administrative Agent shall have received counterparts of this Amendment executed by the Company and each of the Lenders;

(b) The Administrative Agent shall have received counterparts of the Third Amendment to the Other Credit Agreement executed and delivered by the Company and each of the Lenders (as defined therein), which shall amend the Other Credit Agreement in substantially the same manner as the Credit Agreement is being amended hereby;

(c) The Administrative Agent shall have received, on behalf of each Lender, a fee from the Company in the amount of $10,000; and

(d) The Administrative Agent shall have received the fee set out in the email dated July 13, 2004, from the Company to the Administrative Agent.

8. Limited Effect. From and after the date hereof, each reference to the Credit Agreement (or the 364-Day Credit Agreement) that appears in a Loan Document shall be deemed to be a reference to the Credit Agreement (or the 364-Day Credit Agreement) as amended hereby. Except as expressly amended hereby, all of the provisions, covenants, terms and conditions of the Credit Agreement are and shall continue to be in full force and effect; provided the foregoing shall not be deemed to in any way limit the effectiveness or intent of Section 6

hereof.

9. Representations and Warranties. The representations and warranties made by the Company contained in the Credit Agreement are true and correct on and as of the date hereof after giving effect to this Amendment (except where such representation and warranty speaks of a specific date in which case such representation and warranty shall be true and correct as of such date).

10. Further Assurances. The Administrative Agent is hereby authorized, and agrees, to execute, deliver and record all documents necessary, and to do such other acts or things as may be reasonably requested by the Company, to give effect to the provisions of this Amendment.

11. Payment of Expenses. The Borrower agrees to pay or reimburse the Administrative Agent for all of its out-of-pocket costs and expenses incurred in connection with this Amendment and any other document prepared in connection herewith (including, without limitation, those prepared in accordance with Sections 6 and 10), including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

12. Counterparts. This Amendment may be executed in counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

13. GOVERNING LAW. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first written above.

ASPEN INSURANCE HOLDINGS LIMITED

By: -------------------------------------
Name:
Title:

BARCLAYS BANK PLC,
as Administrative Agent, Collateral Agent and as a Lender

By: -------------------------------------
Name:
Title:

CALYON NEW YORK BRANCH, as a Lender

By: -------------------------------------
Name:
Title:

CREDIT SUISSE FIRST BOSTON, ACTING
THROUGH ITS CAYMAN ISLANDS BRANCH,
as a Lender

By:

Name:
Title:

By:

Name:
Title:

ABN AMRO BANK N.V., as a Lender

By:

Name:
Title:

By:

Name:
Title:

DEUTSCHE BANK AG, NEW YORK BRANCH,
as a Lender

By:

Name:
Title:

By:

Name:
Title:

LLOYDS TSB BANK PLC, as a Lender

By:

Name:
Title:

By:

Name:

Title:

THE BANK OF BERMUDA, as a Lender

By: -------------------------------------
Name:
Title:

THE BANK OF N.T. BUTTERFIELD & SON LTD., as a Lender

By: -------------------------------------
Name:
Title:

FLEET NATIONAL BANK, as a Lender

By: -------------------------------------
Name:
Title:

UBS AG, CAYMAN ISLANDS BRANCH, as a Lender

By: -------------------------------------
Name:
Title:

By: -------------------------------------
Name:
Title:

Exhibit 31.1

CERTIFICATIONS

I, Christopher O'Kane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aspen Insurance Holdings Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

    c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2004	By: /s/ Christopher O'Kane Name: Christopher O'Kane Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Julian Cusack, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aspen Insurance Holdings Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control.

Date: August 9, 2004

By: /s/ Julian Cusack
Name: Julian Cusack
Title: Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Aspen Insurance Holdings Limited (the "Company") for the three months ended June 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Christopher O'Kane as Chief Executive Officer of the Company and Julian Cusack as Chief Financial Officer, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Christopher O'Kane
Name: Christopher O'Kane
Title: Chief Executive Officer
Date: August 9, 2004

By: /s/ Julian Cusack
Name: Julian Cusack
Title: Chief Financial Officer
Date: August 9, 2004

This certification accompanies the Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.