



ASPEN INSURANCE HOLDINGS REPORTS RESULTS FOR SECOND QUARTER AND FIRST HALF OF 2010

- Diluted book value per share of \$36.96, up 21.3% over the end of the second quarter of 2009 and up 6.8% from the end of the first quarter in 2010.
- Operating earnings per share of \$1.23 for the quarter, up from \$1.14 for the second quarter of 2009.
- Second quarter net income after tax of \$108.9 million, down marginally from \$110.4 million in the same quarter last year.
- Operating income after tax of \$104.9 million for the second quarter, up marginally from \$103.8 million in the second quarter last year.
- Annualized net income return on equity of 16.4% for the second quarter and 9.0% for the first half of 2010.
- Annualized operating return on equity of 15.6% for the quarter and 7.8% for the first half of 2010.

HAMILTON, BERMUDA, July 28, 2010 — Aspen Insurance Holdings Limited (NYSE: AHL) today reported net income after tax for the second quarter of 2010 of \$108.9 million and operating earnings of \$1.23 per diluted ordinary share. This compares to net income after tax of \$110.4 million and operating earnings of \$1.14 per diluted share for the second quarter last year.

Book value per share on a diluted basis of \$36.96 increased by 21.3% when compared to June 30, 2009 and by 6.8% since the end of March 2010 as a result of \$91.5 million of retained income and a \$77.9 million increase in unrealized gains, net of tax, from the fixed income investment portfolio in the quarter.

Second Quarter 2010 Financial Highlights (\$ in millions, except per share amounts and percentages) (Unaudited)

	Q2 2010	Q2 2009	Change
Gross written premium	\$ 545.4	\$ 534.3	2.1%
Net earned premium	\$ 479.9	\$ 428.6	12.0%
Net investment income	\$ 57.5	\$ 72.2	(20.4%)
Net income after tax	\$ 108.9	\$ 110.4	(1.4%)
Operating income after tax	\$ 104.9	\$103.8	1.1%
Diluted net income per share	\$ 1.28	\$1.22	4.9%
Diluted operating earnings per share	\$ 1.23	\$ 1.14	7.9%
Net income annualized return on equity	16.4%	17.6%	
Annualized operating return on equity	15.6%	16.4%	
Combined ratio	86.9%	87.7%	
Book value per ordinary share	\$ 38.46	\$ 31.54	21.9%
Diluted book value per ordinary share	\$ 36.96	\$ 30.46	21.3%

First Half 2010 Financial Highlights
(\$ in millions, except per share amounts and percentages)
(Unaudited)

	H1 2010	H1 2009	Change
Gross written premium	\$ 1,248.2	\$ 1,171.1	6.6%
Net earned premium	\$ 947.5	\$ 875.9	8.2%
Net investment income	\$ 116.9	\$ 131.4	(11.0%)
Net income after tax	\$ 127.2	\$ 201.8	(37.0%)
Operating income after tax	\$ 111.0	\$ 209.5	(47.0%)
Diluted net income per share	\$ 1.43	\$ 2.61	(45.2%)
Diluted operating earnings per share	\$ 1.24	\$ 2.32	(46.6%)
Net income annualized return on equity	9.0%	16.2%	
Annualized operating return on equity	7.8%	17.0%	
Combined ratio	98.4%	86.0%	

Chris O’Kane, Chief Executive Officer said: "I am pleased to report that our diversified portfolio of insurance and reinsurance business generated an annualized operating return on equity of 15.6% for the second quarter notwithstanding challenging market conditions. We do not expect rating pressure to abate and underwriting discipline remains our watchword."

Second Quarter and First Half 2010 Operating Highlights

- Chilean earthquake losses, net of reinstatement premiums and tax, remained unchanged from the first quarter of 2010 at \$100.3 million.
- Reserves attributable to the Deepwater Horizon loss at \$18.6 million, net of tax and reinstatement premiums, across reinsurance and insurance.
- Cash flows from operating activities were \$147.5 million for the quarter and \$247.9 million for the six months in 2010 compared with \$99.1 million and \$302.3 million respectively in 2009.
- Reserve releases were \$2.1 million for the quarter and \$15.0 million for the six months in 2010, compared with \$16.9 million and \$26.8 million respectively in 2009.
- Unrealized gains in the available-for-sale fixed income portfolio increased by \$77.9 million this quarter to \$255.0 million, net of tax, compared with unrealized gains of \$37.4 million in the second quarter of 2009.
- Completed \$200.0 million accelerated share repurchase entered into in the first quarter of 2010 resulting in the repurchase and cancellation of a total of 7.2 million ordinary shares during the first half of 2010.

Operating Segment Highlights

A summary of the operating highlights for Aspen’s operating segments is presented below.

Insurance Segment

The insurance segment underwriting profit for the quarter, which excludes investment income, was \$6.0 million compared with an underwriting loss of \$14.9 million in the second quarter of 2009. This underwriting result reflects a combined ratio of 96.9% for the second quarter compared with 108.7% in 2009 with the improvement led by the property insurance line of business. There has been net reserve strengthening in the insurance segment of \$9.0 million for the quarter compared with \$15.2 million of strengthening in the second quarter last

year. The reserve strengthening in the current quarter has arisen mainly from the financial and professional line of business. The underwriting profit for the first half of 2010 was \$8.1 million compared with an underwriting loss of \$19.0 million in 2009. This reflects a combined ratio for the first half of 2010 of 97.8% compared with 105.5% for the same period in 2009. Gross written premium for the quarter was \$262.1 million compared with \$276.9 million in the second quarter of 2009. For the first half of 2010, gross written premium was \$474.8 million compared with \$460.9 million for the equivalent period in 2009.

Reinsurance Segment

The reinsurance segment underwriting profit for the quarter, which excludes investment income, was \$67.4 million compared with \$77.8 million last year. This underwriting result reflects a combined ratio of 76.8% compared with 69.5% for the second quarter in 2009. Net favorable reserve development for the current quarter was \$11.1 million compared with \$32.1 million for the second quarter of 2009. Reserve releases were relatively strong in the second quarter of 2009 with the current quarter containing a combination of reserve releases and some reserve strengthening within the segment. Gross written premiums in the reinsurance segment for the quarter were \$283.3 million compared to \$257.4 million in 2009 with the increase from both property catastrophe, where we chose to write more catastrophe business in the beginning of the year ahead of expectations of further declining rates, and new business written in our specialty reinsurance lines. Underwriting profit for the half year was \$26.9 million compared with \$161.1 million in the equivalent period in 2009. The combined ratio for the first half of 2010, which includes 19.8 percentage points of losses from the earthquake in Chile, was 95.4%, compared with 69.6% for the same period in 2009. Gross written premiums for the first half of 2010 were \$773.4 million compared with \$710.2 million in 2009.

Investment Performance

Net investment income for the quarter of \$57.5 million was down from \$72.2 million in the second quarter of 2009, with the latter including \$16.2 million of gains from the investment in the funds of hedge funds which the Company no longer holds. Net realized and unrealized gains included in income for the quarter were \$5.7 million compared with \$4.8 million in the second quarter of 2009. There were no securities selected for other-than-temporary impairment in the quarter compared with \$2.9 million for the same period in 2009.

Unrealized gains on the available-for-sale fixed income portfolio at the end of the second quarter of 2010 were \$293.3 million, pre-tax, an increase of \$82.4 million from the end of the first quarter in 2010. Total investment return for the current quarter was \$145.6 million or 8.7% annualized.

The book yield on the fixed income portfolio of 4.1% decreased from 4.2% at the end of the first quarter of 2010. The average credit quality of the portfolio remains AA+ with an average duration of 3.0 years.

Capital Position

As previously announced in January 2010, the Company entered into an accelerated share repurchase program to repurchase \$200 million of its ordinary shares. This transaction was completed during the second quarter, resulting in the repurchase and cancellation of 7.2 million ordinary shares in the first half of 2010. In February 2010, the board of directors authorized the Company to repurchase up to \$400 million of its ordinary shares over the next two years.

Outlook for 2010

In light of the catastrophe losses associated with the earthquake in Chile, and general market conditions, the Company anticipates the combined ratio for the full year to be in the range of 92%-98% including a catastrophe load of \$110 million for the remainder of the year,

assuming normal loss experience. In light of the market outlook, the Company has reduced its full year gross written premium estimate to approximately \$2.1 billion, from approximately \$2.2 billion, with ceded premium between 8% and 10% of gross earned premium. Due to the continuing low interest rate environment, the Company expects a book yield of between 3.75% to 4.0% on its fixed income portfolio during 2010. The tax rate is expected to be in the range of 9% to 13%.

Earnings conference call

Aspen will hold a conference call to discuss its financial results on Thursday, July 29, 2010 at 8:30 a.m. (Eastern Time).

CONFERENCE CALL PARTICIPATION DETAILS – July 29, 2010 at 8:30 a.m. (ET)

Participant Dial-In Numbers: +1 (888) 459-5609 (US Toll Free)
+1 (404) 665-9920 (International)

Conference ID: 82798733

Please call to register at least 10 minutes before the conference call begins.

The conference call will be webcast live in the ‘presentations’ section of the Investor Relations page of Aspen’s website, which is located at www.aspen.bm. The earnings press release and a detailed financial supplement will be posted to the website, as well as a brief slide presentation which may be used for reference during the earnings call.

REPLAY DETAILS

A replay of the call will be available for 14 days via telephone and internet starting two hours following the end of the live call.

Replay Access: +1 (800) 642-1687 (US Toll Free)
+1 (706) 645-9291 (International)
www.aspen.bm

Replay ID: 82798733

Investor Contact:

Aspen Insurance Holdings Limited

Noah Fields, Head of Investor Relations..... T: +1 441-297-9382

European Press Contact:

Citigate Dewe Rogerson

Justin Griffiths..... T: +44 (0) 20 7282 2920

North American Press Contact:

Abernathy MacGregor

Carina Davidson/Allyson Morris..... T: +1 212-371-5999

Aspen Insurance Holdings Limited
Summary Consolidated Balance Sheet
(\$ in millions, except per share data)
(Unaudited)

(in US\$ millions, except per share data)	As at June 30, 2010	As at December 31, 2009
	<u> </u>	<u> </u>
ASSETS		
Total investments	\$ 6,085.7	\$ 5,997.0
Cash and cash equivalents	726.1	748.4
Reinsurance recoverables	353.8	425.3
Premiums receivable	981.0	708.3
Other assets	435.2	378.2
Total assets	<u>8,581.8</u>	<u>8,257.2</u>
LIABILITIES		
Losses and loss adjustment expenses	3,485.7	3,331.1
Unearned premiums	1,061.2	907.6
Other payables	481.4	463.5
Long-term debt	249.6	249.6
Total liabilities	<u>5,277.9</u>	<u>4,951.8</u>
SHAREHOLDERS' EQUITY		
Total shareholders' equity	<u>3,303.9</u>	<u>3,305.4</u>
Total liabilities and shareholders' equity	<u>8,581.8</u>	<u>8,257.2</u>
Tangible book value per share	38.46	35.42
Diluted book value per share (treasury stock method)	36.96	34.14

Aspen Insurance Holdings Limited
Summary Consolidated Statements of Income
(\$ in millions, except share, per share data and ratios)
(Unaudited)

(in US\$ millions) except share, per share data and ratios	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009
UNDERWRITING REVENUES		
Gross written premiums	\$ 545.4	534.3
Premiums ceded	(6.6)	(49.6)
Net written premiums	<u>538.8</u>	<u>484.7</u>
Change in unearned premiums	(58.9)	(56.1)
Net earned premiums	<u>479.9</u>	<u>428.6</u>
UNDERWRITING EXPENSES		
Losses and loss expenses	276.7	234.7
Acquisition expenses	77.8	80.8
General and administrative expenses	62.6	59.9
Total underwriting expenses	<u>417.1</u>	<u>375.4</u>
Underwriting income	<u>62.8</u>	<u>53.2</u>
OTHER OPERATING REVENUE		
Net investment income	57.5	72.2
Interest expense	(4.0)	(4.0)
Total other operating revenue	<u>53.5</u>	<u>68.2</u>
Other income (expense)	1.6	0.7
OPERATING INCOME BEFORE TAX	<u>117.9</u>	<u>122.1</u>
OTHER		
Net realized and unrealized exchange (losses)/gains	(2.6)	3.1
Net realized and unrealized investment gains/(losses)	5.7	4.8
INCOME BEFORE TAX	<u>121.0</u>	<u>130.0</u>
Income taxes expense	(12.1)	(19.6)
NET INCOME AFTER TAX	<u>108.9</u>	<u>110.4</u>
Dividends paid on ordinary shares	(11.7)	(12.3)
Dividend paid on preference shares	(5.7)	(5.8)
Retained income	<u>91.5</u>	<u>92.3</u>
Components of net income (after tax)		
Operating income	104.9	103.8
Net realized and unrealized exchange gains (losses) after tax	(1.3)	3.1
Net realized and unrealized investment gains (losses) after tax	5.3	3.5
NET INCOME AFTER TAX	<u>108.9</u>	<u>110.4</u>
Loss ratio	57.7%	54.8%
Policy acquisition expense ratio	16.2%	18.9%
General and administrative expense ratio	13.0%	14.0%
Expense ratio	29.2%	32.9%
Combined ratio	86.9%	87.7%

Aspen Insurance Holdings Limited
Summary Consolidated Financial Data
(\$ in millions, except share, per share data and ratios)
(Unaudited)

(in US\$ except for number of shares)	Three Months Ended		Six Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Basic earnings per ordinary share				
Net income adjusted for preference share dividend	\$1.34	\$1.26	\$1.50	\$2.68
Operating income adjusted for preference dividend	\$1.29	\$1.18	\$1.30	\$2.39
Diluted earnings per ordinary share				
Net income adjusted for preference share dividend	\$1.28	\$1.22	\$1.43	\$2.61
Operating income adjusted for preference dividend	\$1.23	\$1.14	\$1.24	\$2.32
Weighted average number of ordinary shares outstanding (in millions)	77.289	82.940	77.342	82.241
Weighted average number of ordinary shares outstanding and dilutive potential ordinary shares (in millions)	80.727	85.645	80.706	84.612
Book value per ordinary share			\$38.46	\$31.54
Diluted book value (treasury stock method)			\$36.96	\$30.46
Ordinary shares outstanding at end of the period (in millions)			76.701	83.022
Ordinary shares outstanding and dilutive potential ordinary shares at end of the period (treasury stock method) (in millions)			79.831	85.985

Aspen Insurance Holdings Limited
Summary Consolidated Segment Information
(\$ in millions except ratios)
(Unaudited)

(in US\$ millions except for ratios)	<u>Three Months Ended June 30, 2010</u>			<u>Three Months Ended June 30, 2009</u>		
	<u>Reinsurance</u>	<u>Insurance</u>	<u>Total</u>	<u>Reinsurance</u>	<u>Insurance</u>	<u>Total</u>
Gross written premiums	\$283.3	\$262.1	\$545.4	\$ 257.4	\$276.9	\$534.3
Net written premiums	279.1	259.7	538.8	255.8	228.9	484.7
Gross earned premiums	302.7	220.8	523.5	268.8	222.5	491.3
Net earned premiums	291.2	188.7	479.9	255.5	173.1	428.6
Losses and loss expenses	146.4	130.3	276.7	102.8	131.9	234.7
Policy acquisition expenses	47.3	30.5	77.8	51.8	29.0	80.8
Operating and administrative expenses	30.1	21.9	52.0	23.1	27.1	50.2
Underwriting (loss)/income	<u>\$67.4</u>	<u>\$ 6.0</u>	<u>\$73.4</u>	<u>\$ 77.8</u>	<u>\$(14.9)</u>	<u>\$ 62.9</u>
Net investment income			57.5			72.2
Net realized gains /(losses)			5.7			4.8
Corporate (expenses)			(10.6)			(9.7)
Other (expenses)			1.6			0.7
Interest (expenses)			(4.0)			(4.0)
Net foreign exchange gains/(losses)			(2.6)			3.1
Income before income taxes			121.0			130.0
Income tax expense			(12.1)			(19.6)
Net income			<u>\$ 108.9</u>			<u>\$ 110.4</u>
Ratios						
Loss ratio	50.3%	69.1%	57.7%	40.2%	76.2%	54.8%
Policy acquisition expense ratio	16.2%	16.5%	16.2%	20.3%	16.8%	18.9%
Operating and administrative expense ratio	10.3%	11.6%	13.0%	9.0%	15.7%	14.0%
Expense ratio	26.5%	28.1%	29.2%	29.3%	32.5%	32.9%
Combined ratio	76.8%	97.2%	86.9%	69.5%	108.7%	87.7%

About Aspen Insurance Holdings Limited

Aspen provides reinsurance and insurance coverage to clients in various domestic and global markets through wholly-owned subsidiaries and offices in Bermuda, France, Ireland, Singapore, the United States, the United Kingdom, and Switzerland. For the three months ended June 30, 2010, Aspen reported gross written premiums of \$545.4 million, net income of \$108.9 million and total assets of \$8.6 billion. Its operating subsidiaries have been assigned a rating of "A" ("Strong") by Standard & Poor's, an "A" ("Excellent") by A.M. Best and an "A2" ("Good") by Moody's Investors Service. For more information about Aspen, please visit www.aspen.bm.

Application of the Safe Harbor of the Private Securities Litigation Reform Act of 1995:

This press release contains, and Aspen's earnings conference call will contain, written or oral "forward-looking statements" within the meaning of the U.S. federal securities laws. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts, and can be identified by the use of words such as "expect," "intend," "plan," "believe," "do not believe," "aim," "project," "anticipate," "seek," "will," "estimate," "may," "continue," "guidance," and similar expressions of a future or forward-looking nature.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements. Aspen believes these factors include, but are not limited to: the possibility of greater frequency or severity of claims and loss activity, including as a result of natural or man-made (including economic and political risks) catastrophic or material loss events, than our underwriting, reserving, reinsurance purchasing or investment practices have anticipated; the reliability of, and changes in assumptions to, natural and man-made catastrophe pricing, accumulation and estimated loss models; evolving issues with respect to interpretation of coverage after major loss events and any intervening legislative or governmental action; the effectiveness of our loss limitation methods; changes in the total industry losses, or our share of total industry losses, resulting from past events and, with respect to such events, our reliance on loss reports received from cedants and loss adjustors, our reliance on industry loss estimates and those generated by modeling techniques, changes in rulings on flood damage or other exclusions as a result of prevailing lawsuits and case law; the impact of acts of terrorism and related legislation and acts of war; decreased demand for our insurance or reinsurance products and cyclical changes in the insurance and reinsurance sectors; any changes in our reinsurers' credit quality and the amount and timing of reinsurance recoverables; changes in the availability, cost or quality of reinsurance or retrocessional coverage; the continuing and uncertain impact of the current depressed economic environment in many of the countries in which we operate; the level of inflation in repair costs due to limited availability of labor and materials after catastrophes; changes in insurance and reinsurance market conditions; increased competition on the basis of pricing, capacity, coverage terms or other factors and the related demand and supply dynamics as contracts come up for renewal; a decline in our operating subsidiaries' ratings with Standard & Poor's ("S&P"), A.M. Best or Moody's Investor Service ("Moody's"); our ability to execute our business plan to enter new markets, introduce new products and develop new distribution channels, including their integration into our existing operations; changes in general economic conditions, including inflation, foreign currency exchange rates, interest rates and other factors that could affect our investment portfolio; the risk of a material decline in the value or liquidity of all or parts of our investment portfolio; changes in our ability to exercise capital management initiatives or to arrange banking facilities as a result of prevailing market changes or changes in our financial position; changes in government regulations or tax laws in jurisdictions where we conduct business; Aspen Holdings or Aspen Bermuda becoming subject to income taxes in the United States or the United Kingdom; loss of key personnel; and increased counterparty risk due to the credit impairment of financial institutions. For a more detailed description of these uncertainties and other factors, please see the "Risk Factors" section in Aspen's Annual Reports on Form 10-K as filed with the U.S. Securities and Exchange Commission on February 26, 2010. Aspen undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they are made.

In addition, any estimates relating to loss events involve the exercise of considerable judgment and reflect a combination of ground-up evaluations, information available to date from brokers and cedants, market intelligence, initial tentative loss reports and other sources. Due to the complexity of factors contributing to the losses and the preliminary nature of the information used to prepare these estimates, there can be no assurance that Aspen's ultimate losses will remain within the stated amount.

Non-GAAP Financial Measures

In presenting Aspen's results, management has included and discussed certain "non-GAAP financial measures" as such term is defined in Regulation G. Management believes that these non-GAAP measures, which may be defined differently by other companies, better explain Aspen's results of operations in a manner that allows for a more complete understanding of the underlying trends in Aspen's business. However, these measures should not be viewed as a substitute for those determined in accordance with GAAP. The reconciliation of such non-GAAP financial measures to their respective most directly comparable GAAP financial measures in accordance with Regulation G is included in the financial supplement, which can be obtained from the Investor Relations section of Aspen's website at www.aspen.bm.

(1) **Annualized Operating Return on Average Equity ("Operating ROE")** is a non-GAAP financial measure. Annualized Operating Return on Average Equity 1) is calculated using operating income, as defined below and 2) excludes from average equity, the average after-tax unrealized appreciation or depreciation on investments and the average after-tax unrealized foreign exchange gains or losses and the aggregate value of the liquidation preferences of our preference shares. Unrealized appreciation (depreciation) on investments is primarily the result of interest rate movements and the resultant impact on fixed income securities, and unrealized appreciation (depreciation) on foreign exchange is the result of exchange rate movements between the U.S. dollar and the British pound. Such appreciation (depreciation) is not related to management actions or operational performance (nor is it likely to be realized). Therefore, Aspen believes that excluding these unrealized appreciations (depreciations) provides a more consistent and useful measurement of operating performance, which supplements GAAP information. Average equity is calculated as the arithmetic average on a monthly basis for the stated periods.

Aspen presents Operating ROE as a measure that is commonly recognized as a standard of performance by investors, analysts, rating agencies and other users of its financial information.

See page 27 of Aspen's financial supplement for a reconciliation of operating income to net income and page 7 for a reconciliation of average equity.

(2) **Operating income** is a non-GAAP financial measure. Operating income is an internal performance measure used by Aspen in the management of its operations and represents after-tax operational results excluding, as applicable, after-tax net realized capital gains or losses and after-tax net foreign exchange gains or losses.

Aspen excludes after-tax net realized capital gains or losses and after-tax net foreign exchange gains or losses from its calculation of operating income because the amount of these gains or losses is heavily influenced by, and fluctuates in part, according to the availability of market opportunities. Aspen believes these amounts are largely independent of its business and underwriting process and including them distorts the analysis of trends in its operations. In addition to presenting net income determined in accordance with GAAP, Aspen believes that showing operating income enables investors, analysts, rating agencies and other users of its financial information to more easily analyze Aspen's results of operations in a manner similar to how management analyzes Aspen's underlying business performance. Operating income should not be viewed as a substitute for GAAP net income. Please see above and page 27 of Aspen's financial supplement for a reconciliation of operating income to net income. Aspen's financial supplement can be obtained from the Investor Relations section of Aspen's website at www.aspen.bm.

(3) **Diluted book value per ordinary share** is a non-GAAP financial measure. Aspen has included diluted book value per ordinary share because it takes into account the effect of dilutive securities; therefore, Aspen believes it is a better measure of calculating shareholder returns than book value per share. Please see page 25 of Aspen's financial supplement for a reconciliation of diluted book value per share to basic book value per share. Aspen's financial supplement can be obtained from the Investor Relations section of Aspen's website at www.aspen.bm.

(4) **Diluted Operating Earnings Per Share and Basic Operating Earnings Per Share** is a non-GAAP financial measure. Aspen believes that the presentation of diluted operating earnings per share and basic operating earnings per share supports meaningful comparison from period to period and the analysis of normal business operations. Diluted operating earnings per share and basic operating earnings per share are calculated by dividing operating income by the diluted or basic weighted average number of shares outstanding for the period. See page 27 for a reconciliation of diluted and basic operating earnings per share to basic earnings per share. Aspen's financial supplement can be obtained from the Investor Relations section of Aspen's website at www.aspen.bm.

-end-