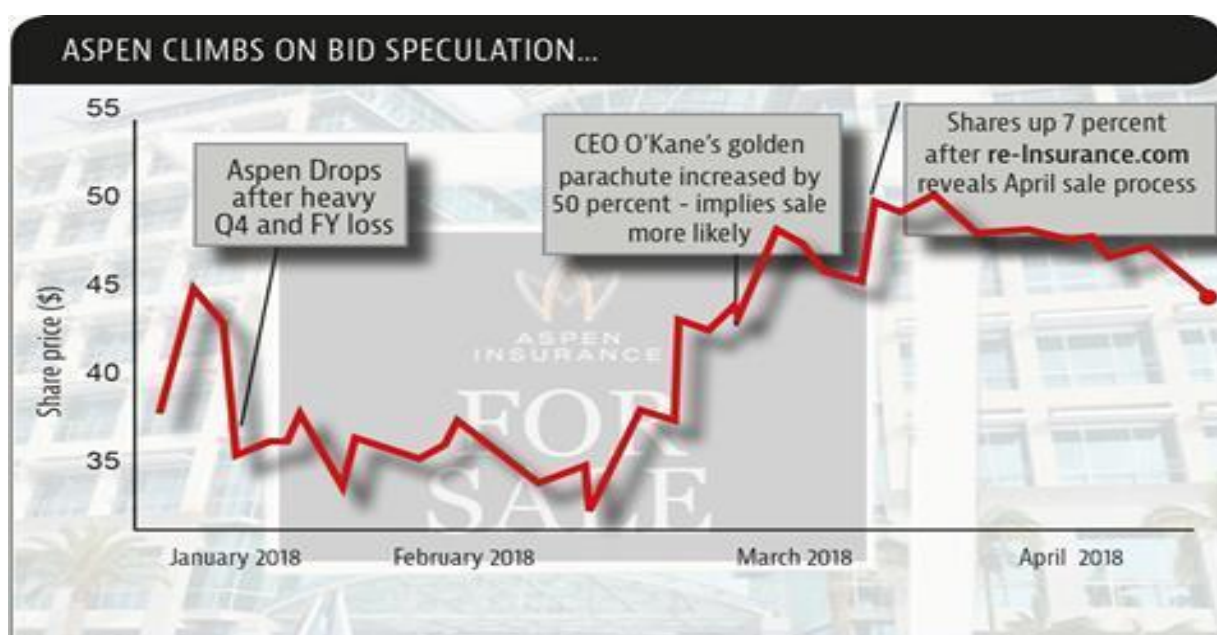


Aspen attracts wide PE and trade interest ahead of today's bid deadline

The bankers for up-for-sale Aspen Insurance are comparing first round indicative interest bids today ahead of a Bermuda board meeting scheduled for next week, *re-Insurance.com* understands.



Goldman Sachs and JP Morgan have been in dialogue with potential bidders throughout this week ahead of today's first round bid deadline to advise on pricing expectations and also to ascertain buyers' intentions in the event of a successful sale, according to US sources.

While interest has been high in the investor memorandum, sources suggest that parties are divided between those who are genuine potential acquirers for the Bermuda-headquartered (re)insurer and those who are less committed and have other motives.

"Some companies are using processes such as Aspen as something of a dry-run. They expect to be acquiring businesses and involved in sector M&A in the future and so they go along even if they're not

committed to the asset”, explained one senior corporate adviser who is involved with a potential acquirer.

Nonetheless, M&A interest is high in the sector if measured by the high valuations recently achieved by XL (\$15.3bn or 1.9x price to tangible book value) and Validus (\$5.6bn or 1.8x price to tangible book value).

XL’s proxy statement revealed that its management or advisers’ Morgan Stanley had discussions with six unsuccessful (re)insurers ahead of agreeing its blockbuster acquisition by Axa that was announced on 5 March.

These six unnamed carriers are thought to have involved entities such as Allianz, Swiss Re and The Hartford.

Aspen’s offering is less compelling to a large strategic bidder than XL’s P&C franchise but - with a well-regarded \$1.81bn reinsurance book - the Chris O’Kane led business is understood to be attracting interest from a number of expansive North American insurers, including **Markel** and **Fairfax Financial**.

Markel’s interest is regarded as serious while there is less clarity on Fairfax’s motives. Other potential bidders include **The Hartford**, **American Financial Group** (AFG) and **Liberty**.

Among private equity bidders, **Apollo Global** - which has a proven track record of turning around underperforming (re)insurance assets - is a firm bidder as are **Blackstone and Centerbridge**, possibly acting as a consortium.

Well-placed sources are divided upon the current appetite and deal-execution ability of Chinese acquirers. There is also the intriguing possibility of whether John Charman, operating through **Sompo International**, would consider a return after Aspen fiercely rebuffed his overtures in 2014.

Aspen has seen a slew of senior departures since it posted a \$355.7mn operating loss and 125.7 percent combined ratio for 2017.

Aspen's CEO of insurance Stephen Postlewhite stepped down in January and he was followed to the door by the CEO of Aspen Re Americas Brian Boornazian whose departure was announced in March.

The company's share price is currently \$44.50, having climbed circa 30 percent in the past two months, valuing the business at \$2.6bn. Net tangible book value is circa \$40 per share.

An Aspen spokesperson said the company does not comment on market rumours or speculation.