



Talbot Underwriting Ltd

DECEMBER, 2013

Talbot Underwriting Ltd

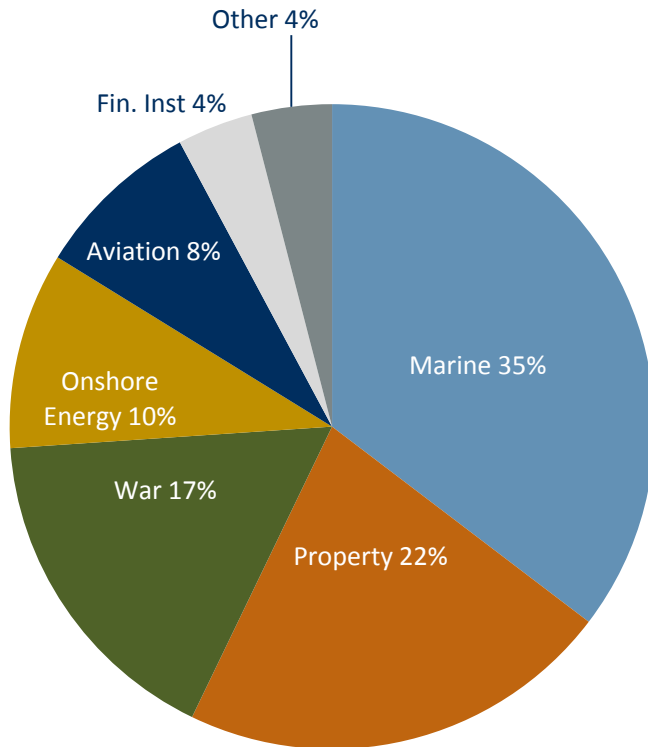
- One of the core operating businesses of Validus Holdings, Ltd
 - Founded in 2002
 - Acquired by Validus in 2007
- Significant competitive position
 - The 10th largest Syndicate at Lloyd's
 - Leadership in non-reinsurance and non-casualty classes of business
- Outstanding management team led by CEO Rupert Atkin
 - 30 years of experience in Lloyd's
 - Chairman of the Lloyd's Market Association, Member of Council of Lloyd's
- Meaningful financial contribution and other benefits to Validus
 - Talbot has provided 22% of Validus net income from 2007-2012
 - Lloyd's platform allows for significant capital leverage
 - Lloyd's provides global licensing for Validus expansion
 - London is a significant location for (re)insurance talent

Talbot Underwriting Ltd – Underwriting Philosophy

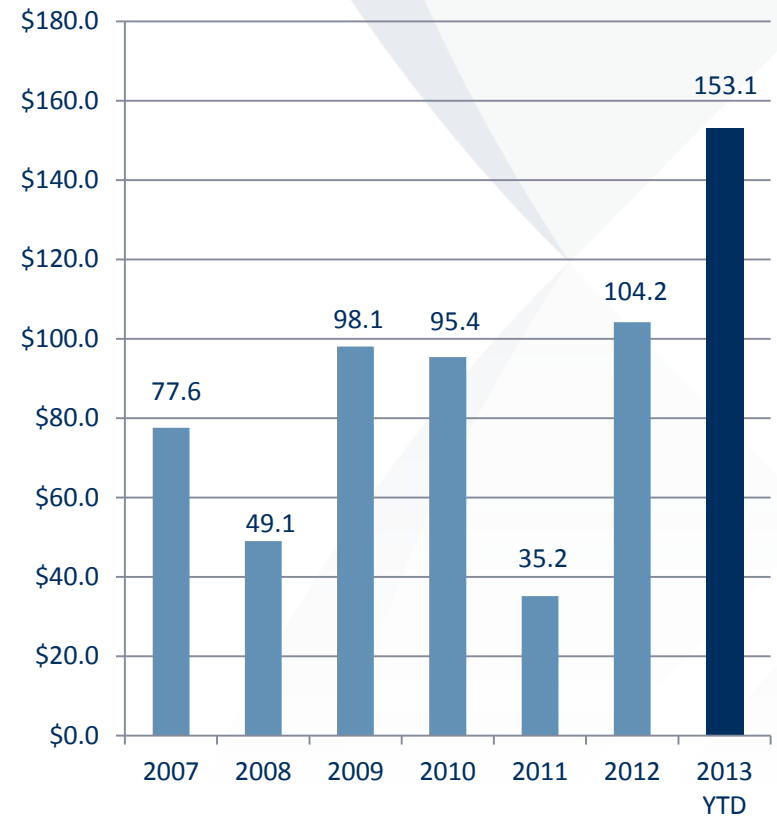
- Focus is on short tail business with significant market position in targeted classes
 - The ability to lead business is important
- Maintain a balanced and diversified portfolio within targeted classes
- Underwriting portfolio protected by a comprehensive reinsurance program
- Talbot is a Lloyd's market leader in the War & Terror, Energy and Marine classes of business
- By design, Talbot is underweight the following classes:
 - Casualty
 - Casualty Treaty
 - Property Treaty
 - Property D&F binder business (both US and non-US)

Talbot Underwriting Ltd - Highlights

**Gross Premium Written - \$1.1 billion
last 12 months through Sept 30, 2013**



Net Operating Income



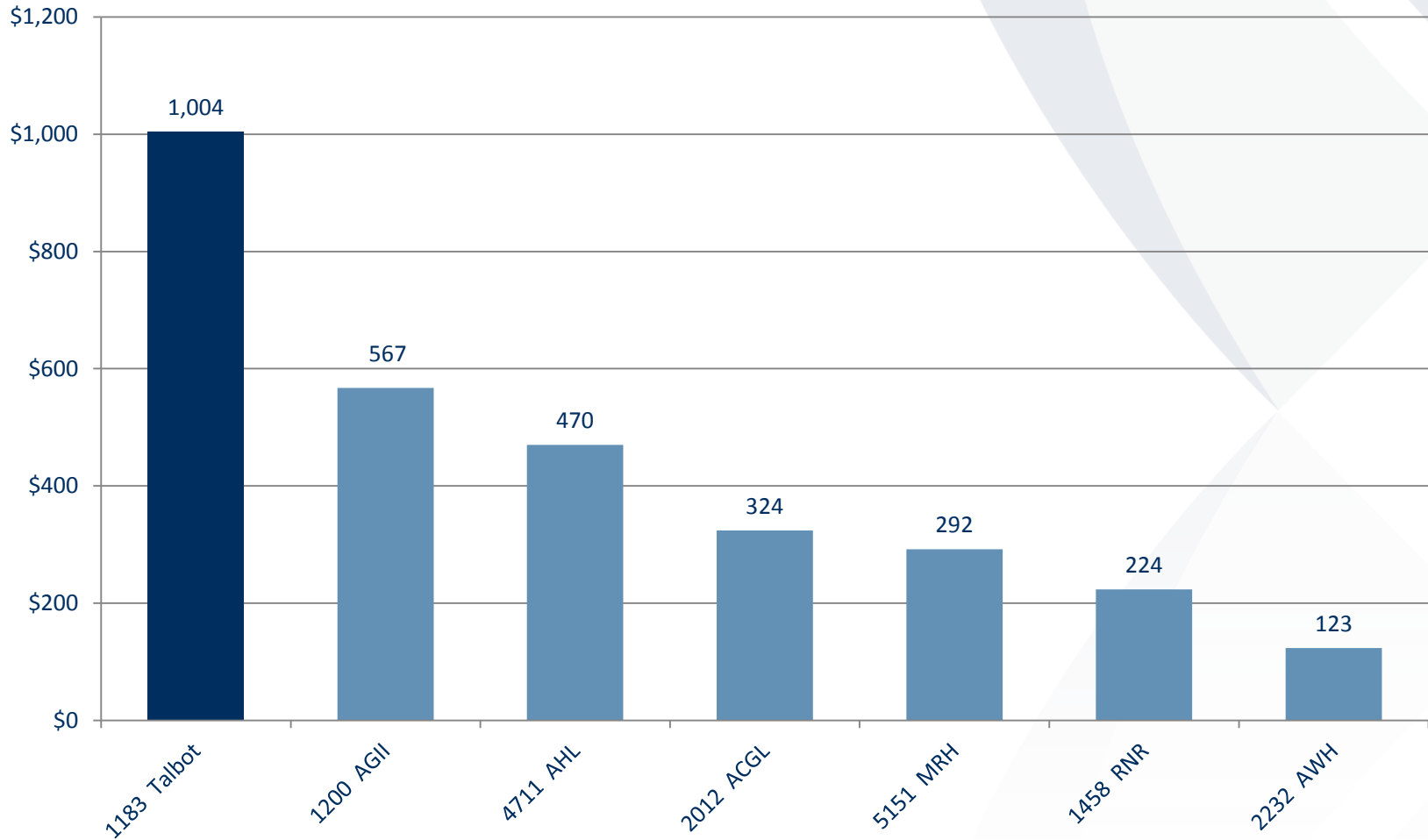
1) Net operating income is expressed in millions of U.S. Dollars.

Talbot Underwriting Ltd – Competitive Position at Lloyd’s

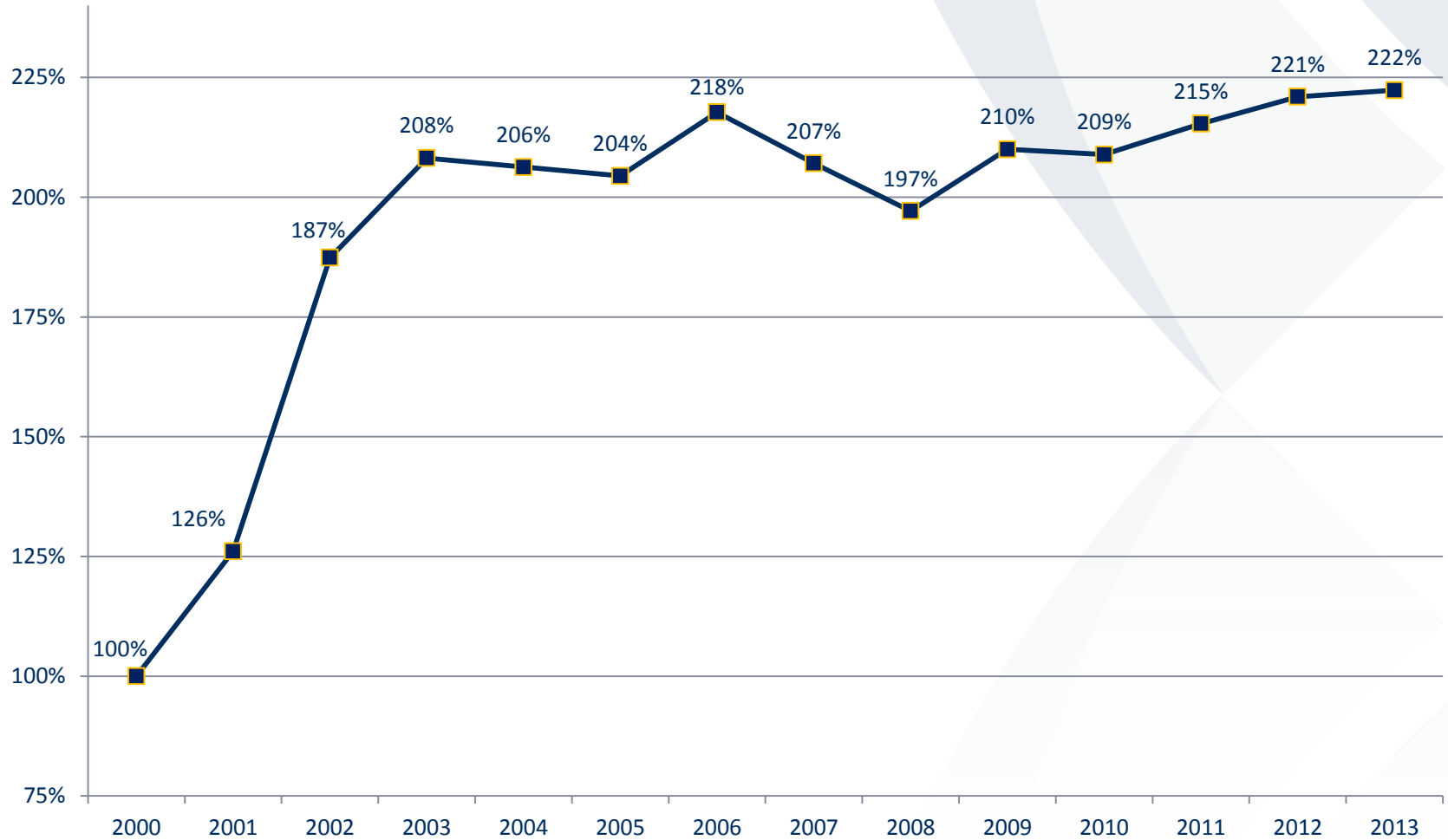
2012 Lloyd's Syndicate Rankings Gross Premium Written in USD Millions

Rank	Syndicate	Managing Agent	GPW
1	2003	Catlin	2,920
2	2623	Amlin	2,330
3	2001	QBE	1,830
4	2999	Kiln	1,827
5	510	Liberty	1,755
6	4472	BRIT	1,726
7	2987	Beazley	1,662
8	1084	Chaucer	1,436
9	33	Hiscox	1,308
10	1183	Talbot	1,079
11	1414	Ascot	1,037
12	4444	Canopus	1,027
13	2007	Novae	970
14	457	Munich Re	783
15	218	Equity	712

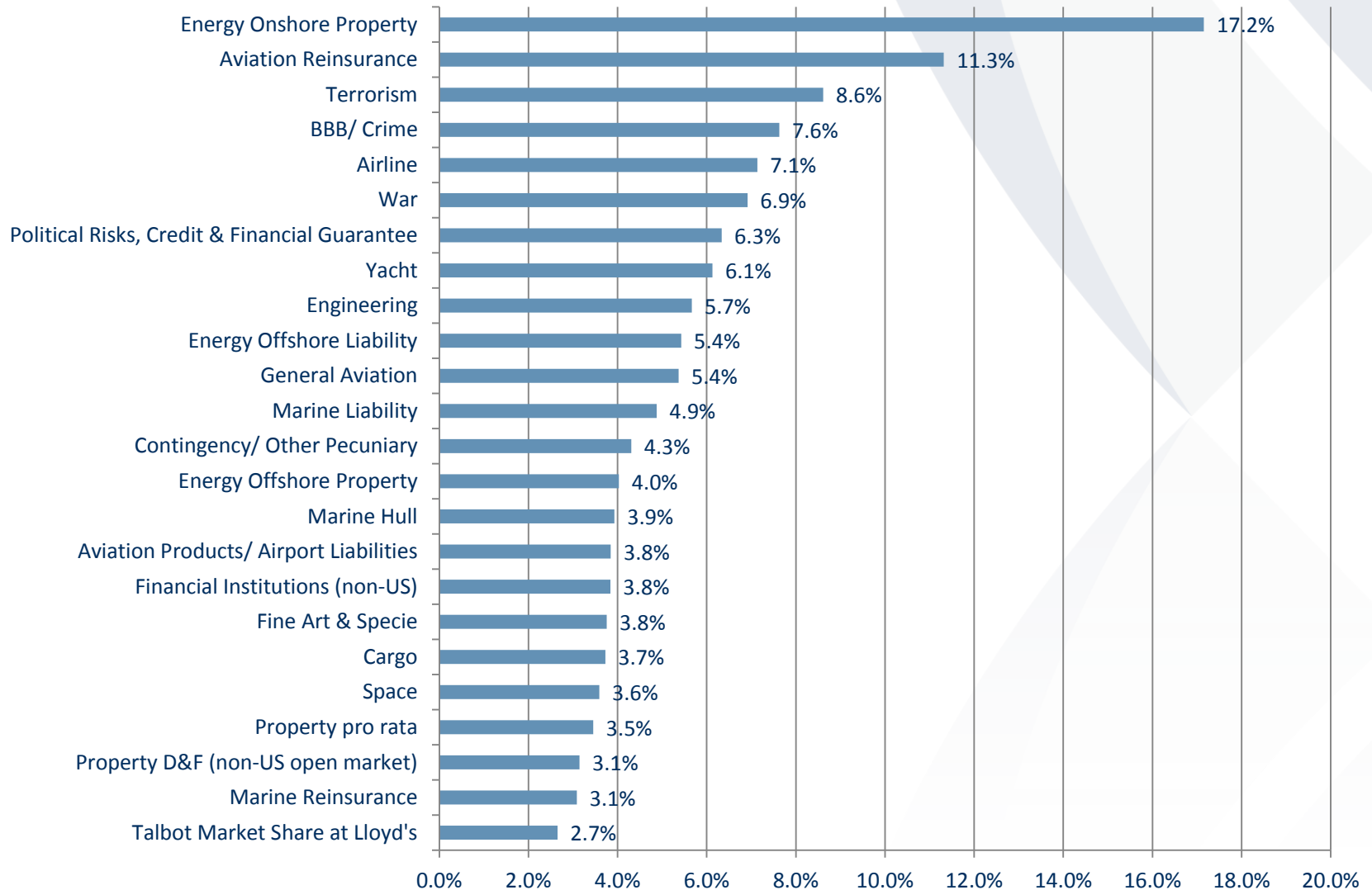
Talbot vs. Bermuda Peers – 2013 Syndicate Capacity of Bermuda Peers



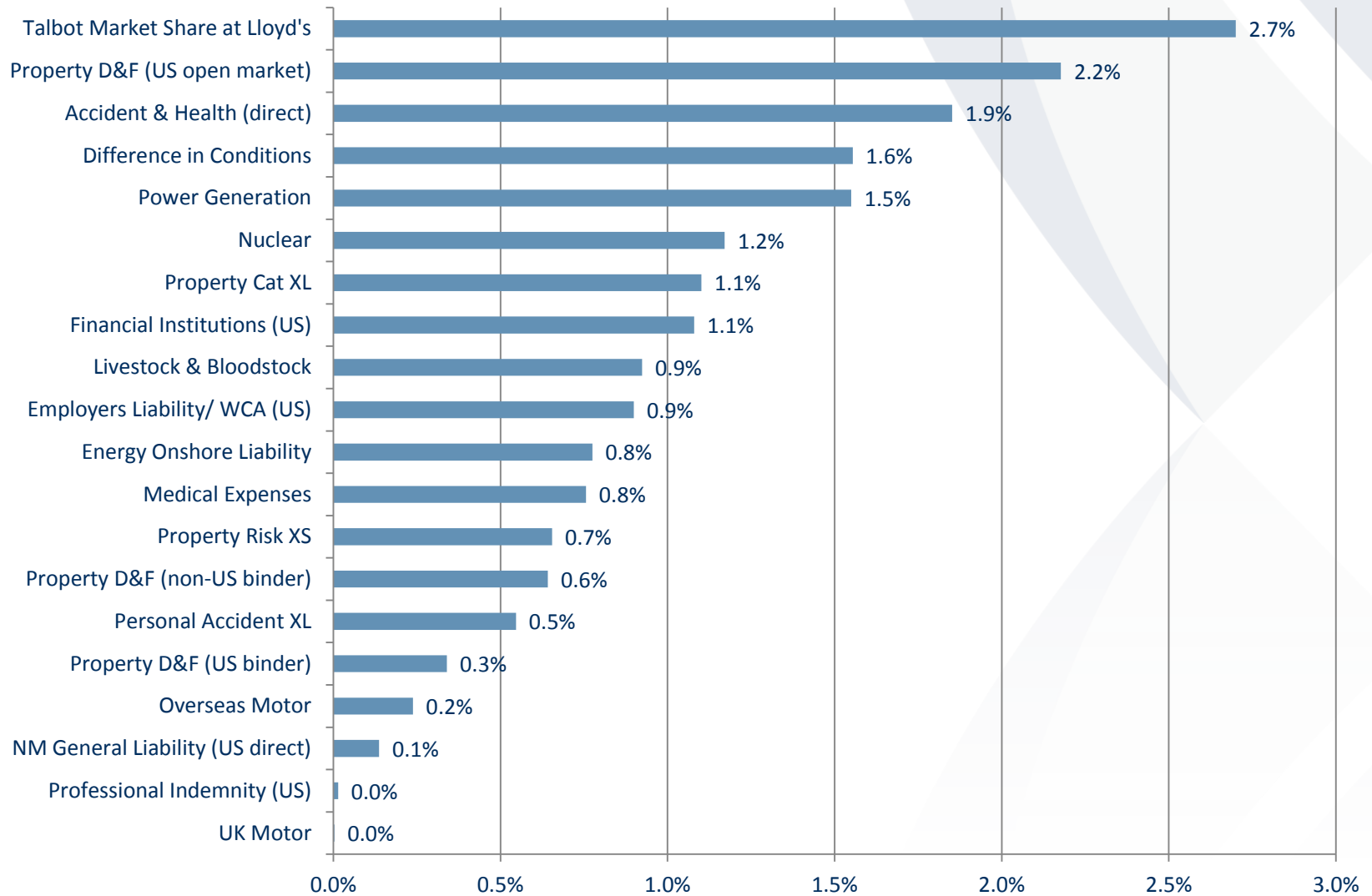
Talbot Rate Index - The Benefits of Cycle Management



Talbot Lloyd's Market Share By Class of Business – 2012 GPW

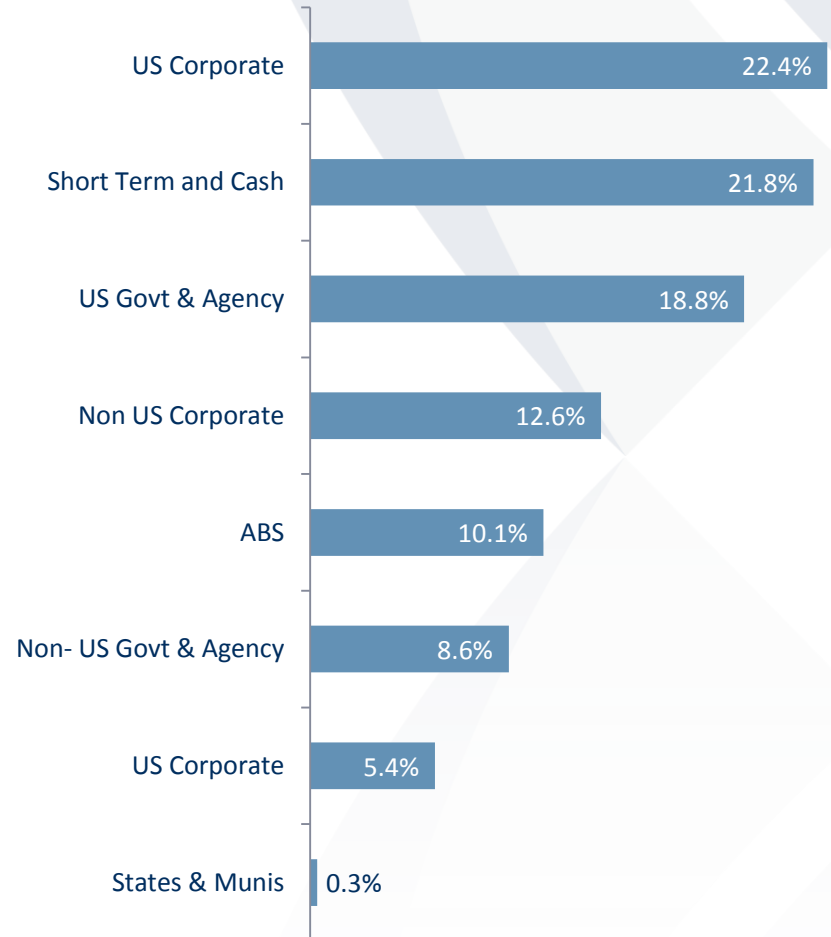


Talbot Lloyd's Market Share By Class of Business – 2012 GPW (2)



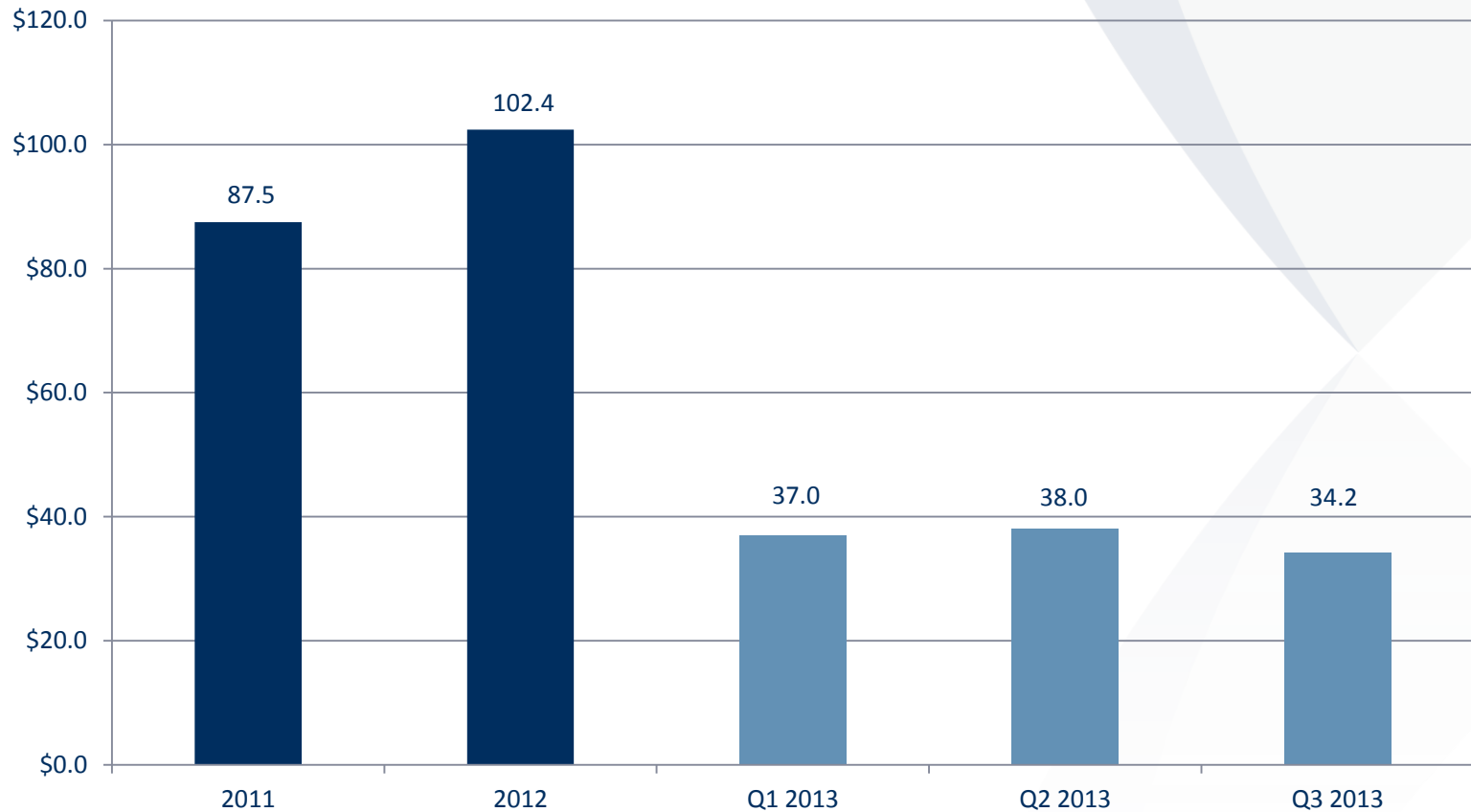
Talbot Investment Portfolio – As of September 30, 2013

- Total cash and invested assets were **\$1.8 billion**
 - Validus total of \$8.01 billion
 - Emphasis on the preservation of invested assets
 - Provision of sufficient liquidity for prompt payment of claims
 - Comprehensive portfolio disclosure
- Average portfolio rating of **AA**
 - Validus rating of AA-
- Duration of **1.95 years**
 - Validus duration is 1.62 years
- Year to date average annualized investment yield: **0.95%**
 - Validus YTD yield of 1.30%



Talbot Underwriting Ltd - Favorable Loss Reserve Development

Talbot Favorable Reserve Development



Talbot Underwriting Ltd – Executive Team

- Executive management team average more than 25 years of market experience
- Rupert Atkin is the Chief Executive Officer of Talbot Underwriting Ltd and was the active underwriter for syndicate 1183 from 1991 until 2007. He is a member of the Council of Lloyd's and was appointed Chairman of the Lloyd's Market Association on 1 February 2012
- Talbot's Executive Management Committee:
 - Rupert Atkin, Chief Executive Officer
 - Peter Bilsby, Managing Director
 - Jane Clouting, Head of Governance
 - Julian Ross, Chief Risk Officer
 - James Skinner, Director of Underwriting and Active Underwriter
 - Nigel Wachman, Chief Financial Officer