



Talbot Holdings Ltd

Talbot announces sale to Validus

Talbot Holdings Ltd ("Talbot") is pleased to announce that agreement has been reached with Validus Holdings, Ltd. ("Validus") on the terms of the sale of 100% of the share capital of Talbot. The sale is conditional on regulatory approvals from the FSA, the Corporation of Lloyd's and the Bermuda Monetary Authority.

Talbot is the Bermudian parent of the specialty insurance group operating within the Lloyd's insurance market through Syndicate 1183 and through Underwriting Risk Services Ltd ("URSL"). It writes a balanced and diversified portfolio of largely short-tail business, with a marine bias. The group is led by Michael Carpenter, Chief Executive, and Rupert Atkin, Director of Underwriting. Syndicate 1183 has capacity of £325 million for the 2007 year of account.

Validus, which is also based in Bermuda, is a global provider of property catastrophe and other, primarily short-tail, lines of reinsurance through its wholly-owned subsidiary Validus Reinsurance, Ltd. ("Validus Re"), which is rated A- (Excellent) by A.M. Best. It was formed in December 2005 with over \$1.0 billion of capital from institutional investors led by Aquiline Capital Partners LLC.

Talbot will be the Validus group's principal operation in the direct insurance market and Talbot's Syndicate 1183 will form its primary point of access to the London Market. It is intended that the business should continue trading in the Lloyd's market through Talbot Underwriting and through URSL, and no significant change is envisaged in the scope or scale of its activities, or to its underwriting and administrative teams. As part of the transaction, Talbot's employees will be acquiring significant holdings of Validus shares.

Lexicon Partners acted as financial adviser to Talbot's shareholders in relation to the sale.

Commenting on the sale, Michael Carpenter, Talbot's Chief Executive, said:

"From the outset of our discussions with Validus, it has been clear that the two organisations have highly complementary business models and compatible underwriting philosophies. We both focus on short-tail business, with a disciplined approach to individual risk selection and cycle management. We are looking forward to joining forces with Ed Noonan and his senior team in creating an even stronger business with an excellent balance between the core Bermudian and Lloyd's operations."

Rupert Atkin, Talbot's Director of Underwriting, added:

"In choosing a partner for Talbot going forward, ideally we were looking for an organisation of real quality and financial strength which wanted to retain and enhance the franchise we have built. In Validus, we have found that partner. We are excited about the prospects for our combined operations and delighted that we are

going to continue to operate in the Lloyd's market on very much the same basis as we do now. Following the sale to Validus, our brokers and clients can be assured of the same high level of service and underwriting expertise that they have come to expect from Talbot Underwriting."

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Talbot

Talbot Holdings Ltd was established in November 2001 through a management buyout led by Chief Executive, Michael Carpenter, and Director of Underwriting, Rupert Atkin. In November 2003, it raised additional capital from a group of international investors led by Olympus Partners of Stamford, Connecticut, and including New York-based Reservoir Capital Group and Intermediate Capital Group plc of London.

Talbot's Syndicate 1183 is managed by the group's wholly-owned managing agency, Talbot Underwriting Ltd, and focuses on underwriting a number of specialty risks, with particularly strong franchises in marine and energy lines, war, terrorism and political risks, direct property, financial institutions, contingency and treaty underwriting. The group also owns URSL, a specialist worldwide multi-line underwriting agency.

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