

**VALIDUS RE** **Validus Holdings, Ltd.**  
**Investor Financial Supplement - Fourth Quarter 2007**

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# VALIDUS RE

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## Validus Holdings, Ltd. Explanatory Notes

### Basis of Presentation

- All financial information contained herein is unaudited, however, certain information contained herein relating to the years ended December 31, 2006 and 2005 is derived from or agrees to audited financial information.
- Unless otherwise noted, dollar amounts are in thousands of US dollars, except for share and per share amounts and ratio information.
- Certain amounts in prior periods have been reclassified to conform to current period presentation. These reclassifications include the inclusion of share based compensation expense in general and administrative expenses and the corresponding expense ratios, and the combination of fees relating to our credit facility (previously included in general and administrative expenses) with interest expense to comprise finance fees. In addition, Aerospace, Life and A&H, Terrorism, Workers' Compensation lines of business have been combined into one reporting line, 'Specialty'.
- A reverse stock split of the outstanding shares of Validus Holdings, Ltd., was approved by a vote by the shareholders, effective immediately following resolution at the Company's Annual General Meeting on March 1, 2007, whereby each 1.75 outstanding shares was consolidated into 1 share, and the par value of the Company's shares was increased to US \$0.175 per share. This share consolidation has been reflected retroactively in this financial supplement.
- On July 30, 2007, Validus completed its initial public offering. The net proceeds to the Company from this Offering were approximately \$319,935, after deducting the underwriters' discount and fees and expenses of the Offering.
- The Company entered into an advisory agreement on December 7, 2005 with Aquiline for the provision of advisory and consulting services in relation to the affairs of the Company. Under the terms of this agreement, the Company paid an annual advisory fee of \$1,000 payable in advance for a period of five years from the date of initial funding until the termination date. As outlined in the agreement, the Advisory Agreement was terminated with the first public offering and the Company paid in full to Aquiline the remaining unpaid advisory fees of \$3,000.
- "NA" = Not applicable
- "NM" = Not meaningful
- On July 2, 2007, Validus announced it completed its acquisition of Talbot Holdings Ltd. ("Talbot"). Operating results of Talbot have been included in the consolidated financial statements from the acquisition date of July 2, 2007. The Validus data for 2006 and first six months of 2007 refer only to the company prior to its acquisition of Talbot.

### Financial Measures

In presenting our results, we include certain financial measures which are important for an understanding of our overall results of operations. We believe that these measures are important to investors and other interested parties, and that such persons benefit from having a consistent basis for comparison with other companies within the industry. However, these measures may not be comparable to similarly titled measures used by companies either inside or outside of the insurance industry.

- Diluted book value per share is calculated based on total shareholders' equity plus the assumed proceeds from the exercise of outstanding options and warrants, divided by the sum of shares, options, warrants and share equivalents outstanding (assuming their exercise).
- Net operating income is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses) on investments, gains (losses) arising from translation of non-US\$ denominated balances and non-recurring items. Net operating income is the most directly comparable GAAP measure as it focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-US\$ currencies and non-recurring items. In the third quarter of 2007, Validus incurred a \$3,000 non-recurring expense to terminate an advisory agreement with its founding investor in conjunction with its IPO. In the third quarter of 2007, Validus further incurred a \$2,893 non-recurring expense arising from the issuance of additional warrants pursuant to the anti-dilution provisions of the warrants triggered by the Talbot acquisition. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-US\$ denominated balances are unrelated to our underlying business.
- Underwriting income (loss) is a measure of profitability that takes into account net premiums earned and other insurance related income as revenue and net loss and loss expenses, acquisition costs and underwriting related general and administrative expenses as expenses. Underwriting income (loss) is the difference between revenues and expense items.
- Annualized effective investment yield is calculated by dividing the investment income generated from invested assets and other investments by the average balance of the assets managed by our portfolio managers and our other investments.

## Validus Holdings, Ltd.

### Consolidated Financial Highlights

(US Dollars in thousands, except share and per share information)

		At or for the three months ended					At or for the year ended	
		December 31,	September 30,	June 30,	March 31,	December 31,	December 31,	December 31,
		2007	2007	2007	2007	2006	2007	2006
Highlights	Net income	\$ 138,969	\$ 136,525	\$ 70,754	\$ 56,748	\$ 69,052	\$ 402,996	\$ 183,097
	Net operating income (a)	131,471	127,909	75,172	53,670	68,164	388,221	182,119
	Gross premiums written	190,996	245,271	174,300	378,070	65,505	988,637	540,789
	Net premiums earned	318,031	295,526	133,030	111,492	105,153	858,079	306,514
	Total assets	4,144,224	4,126,602	2,364,911	2,012,485	1,646,423	4,144,224	1,646,423
	Total shareholders' equity	1,934,800	1,789,360	1,323,947	1,251,216	1,192,523	1,934,800	1,192,523
Per share data	<u>Earnings per basic share</u>							
	Net income (loss)	\$ 1.87	\$ 1.98	\$ 1.21	\$ 0.97	\$ 1.18	\$ 6.19	\$ 3.13
	Net operating income (loss)	1.77	1.85	1.29	0.92	1.17	5.97	3.11
	<u>Earnings per diluted share</u>							
	Net income (loss)	\$ 1.77	\$ 1.90	\$ 1.17	\$ 0.94	\$ 1.16	\$ 5.95	\$ 3.11
	Net operating income (loss)	1.68	1.78	1.24	0.89	1.14	5.73	3.09
	<u>Book value per share</u>							
	Reported	\$ 26.08	\$ 24.12	\$ 22.64	\$ 21.39	\$ 20.39	\$ 26.08	\$ 20.39
	With investments at amortized cost	25.90	24.06	22.70	21.35	20.38	25.90	20.38
	<u>Diluted book value per share (b)</u>							
	Reported	\$ 24.00	\$ 22.37	\$ 21.59	\$ 20.56	\$ 19.73	\$ 24.00	\$ 19.73
	With investments at amortized cost	23.85	22.32	21.64	20.52	19.71	23.85	19.71
Financial ratios	Losses and loss expenses ratio	33.8%	29.5%	32.1%	41.7%	23.1%	33.1%	29.8%
	Policy acquisition costs ratio	16.8%	17.2%	13.4%	11.0%	10.9%	15.6%	11.8%
	General and administrative expenses ratio	12.5%	16.2%	9.8%	11.8%	14.5%	13.3%	15.1%
	Expense ratio	29.3%	33.4%	23.2%	22.8%	25.4%	28.9%	26.9%
	Combined ratio	63.1%	63.0%	55.3%	64.5%	48.5%	62.0%	56.7%
	Annualized return on average equity (c)	29.9%	35.1%	22.0%	18.6%	23.9%	26.9%	17.0%
	Annualized operating return on average equity (d)	28.2%	32.9%	23.4%	17.6%	23.6%	25.9%	17.0%

#### Notes:

(a) Net operating income is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-US\$ denominated balances and excluding the fair value of warrants issued and the termination fee paid to Aquiline under the Advisory Agreement. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-US\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-US\$ denominated balances are unrelated to our underlying business.

(b) Diluted book value per share is calculated based on total shareholders' equity plus the assumed proceeds from the exercise of outstanding options and warrants, divided by the sum of shares, options, warrants and share equivalents outstanding (assuming their exercise).

(c) Annualized return on average equity is calculated by dividing the net income for the period by the average shareholders' equity during the period. Average shareholders' equity is the average of the beginning, ending and intervening quarter end shareholders' equity balances.

(d) Annualized operating return on average equity is calculated by dividing the operating income for the period by the average shareholders' equity during the period. Average shareholders' equity is the average of the beginning, ending and intervening quarter end shareholders' equity balances.

## Validus Holdings, Ltd.

### Summary Consolidated Balance Sheets

(US Dollars in thousands, except share and per share information)

	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	December 31, 2005
<b>Assets</b>						
Fixed maturities, at fair value	\$ 2,411,398	\$ 1,772,121	\$ 1,127,591	\$ 1,089,167	\$ 844,857	\$ 236,748
Short-term investments, at fair value	250,623	580,765	371,767	350,136	531,530	374,052
Cash and cash equivalents	444,698	651,428	314,955	88,317	63,643	398,488
Total investments and cash	3,106,719	3,004,314	1,814,313	1,527,620	1,440,030	1,009,288
Premiums receivable	401,241	505,001	376,814	356,294	142,408	-
Deferred acquisition costs	105,562	122,572	72,518	66,694	28,203	-
Prepaid reinsurance premiums	22,817	59,623	40,747	27,064	8,245	-
Securities lending collateral	164,324	60,018	35,194	16,258	12,327	-
Loss reserves recoverable	134,404	165,115	158	450	-	-
Paid losses recoverable	7,810	8,174	-	-	-	-
Net receivable for investments sold	-	-	1,862	-	-	-
Taxes recoverable	3,325	6,283	-	-	-	-
Goodwill and other intangible assets	151,772	152,812	-	-	-	-
Accrued investment income	19,960	15,476	9,355	7,683	6,456	3,233
Other assets	26,290	27,214	13,950	10,422	8,754	1,932
<b>Total assets</b>	<b>\$ 4,144,224</b>	<b>\$ 4,126,602</b>	<b>\$ 2,364,911</b>	<b>\$ 2,012,485</b>	<b>\$ 1,646,423</b>	<b>\$ 1,014,453</b>
<b>Liabilities</b>						
Reserve for losses and loss expense	\$ 926,117	\$ 924,531	\$ 138,132	\$ 111,555	\$ 77,363	-
Unearned premiums	557,344	727,293	461,437	433,263	178,824	\$ -
Reinsurance balances payable	36,848	56,553	45,927	25,708	7,438	-
Securities lending payable	164,324	60,018	35,194	16,258	12,327	-
Deferred taxation	16,663	20,260	-	-	-	-
Net payable for investments purchased	31,426	88,072	-	17,209	12,850	-
Accounts payable and accrued expenses	126,702	110,515	10,274	7,276	15,098	14,647
Debentures payable	350,000	350,000	350,000	150,000	150,000	-
<b>Total liabilities</b>	<b>2,209,424</b>	<b>2,337,242</b>	<b>1,040,964</b>	<b>761,269</b>	<b>453,900</b>	<b>14,647</b>
<b>Shareholders' equity</b>						
Ordinary shares	\$ 12,985	\$ 12,985	\$ 10,234	\$ 10,234	\$ 10,234	\$ 10,224
Additional paid-in capital	1,384,604	1,378,724	1,051,947	1,049,970	1,048,025	1,039,185
Accumulated other comprehensive (loss) income	(49)	(640)	-	-	875	105
Retained earnings	537,260	398,291	261,766	191,012	133,389	(49,708)
<b>Total shareholders' equity</b>	<b>1,934,800</b>	<b>1,789,360</b>	<b>1,323,947</b>	<b>1,251,216</b>	<b>1,192,523</b>	<b>999,806</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 4,144,224</b>	<b>\$ 4,126,602</b>	<b>\$ 2,364,911</b>	<b>\$ 2,012,485</b>	<b>\$ 1,646,423</b>	<b>\$ 1,014,453</b>
<b>Book value per common share</b>	<b>\$ 26.08</b>	<b>\$ 24.12</b>	<b>\$ 22.64</b>	<b>\$ 21.39</b>	<b>\$ 20.39</b>	<b>\$ 17.11</b>
<b>Diluted book value per common share</b>	<b>\$ 24.00</b>	<b>\$ 22.37</b>	<b>\$ 21.59</b>	<b>\$ 20.56</b>	<b>\$ 19.73</b>	<b>\$ 16.93</b>

## Validus Holdings, Ltd.

### Computation of Book Value per Common Share and Diluted Book Value per Common Share

(US Dollars in thousands, except share and per share information)

	At December 31, 2007				At December 31, 2006			
	Equity Amount	Shares	Exercise Price (a)	Book Value per Share	Equity Amount	Shares	Exercise Price (a)	Book Value per Share
<i>Book Value per Common Share, Reported</i>								
<i>Book Value per Common Share</i>								
Total shareholders' equity	\$ 1,934,800	74,199,836		\$ 26.08	\$ 1,192,523	58,482,601		\$ 20.39
<i>Diluted Book Value per Common Share</i>								
Total shareholders' equity	\$ 1,934,800	74,199,836	-		\$ 1,192,523	58,482,601	-	
Assumed exercise of outstanding warrants (b)	152,869	8,711,729	\$ 17.55		147,968	8,455,320	\$ 17.50	
Assumed exercise of outstanding stock options (b)	49,196	2,761,176	\$ 17.82		45,046	2,568,894	\$ 17.54	
Unvested restricted shares	-	3,367,961	-		-	733,964	-	
Diluted book value per common share	\$ 2,136,865	89,040,702		\$ 24.00	\$ 1,385,537	70,240,779		\$ 19.73
<i>Book Value per Common Share, with Investments at Amortized Cost</i>								
<i>Book Value per Common Share</i>								
Total shareholders' equity	\$ 1,934,800				\$ 1,192,523			
Unrealized (gain) loss on investments	(13,239)				(875)			
Total shareholders' equity, as adjusted	\$ 1,921,561	74,199,836		\$ 25.90	\$ 1,191,648	58,482,601		\$ 20.38
<i>Diluted Book Value per Common Share</i>								
Total shareholders' equity	\$ 1,921,561	74,199,836	-		\$ 1,191,648	58,482,601	-	
Assumed exercise of outstanding warrants (b)	152,869	8,711,729	\$ 17.55		147,968	8,455,320	\$ 17.50	
Assumed exercise of outstanding stock options (b)	49,196	2,761,176	\$ 17.82		45,046	2,568,894	\$ 17.54	
Unvested restricted shares	-	3,367,961	-		-	733,964	-	
Diluted book value per common share, as adjusted	\$ 2,123,626	89,040,702		\$ 23.85	\$ 1,384,662	70,240,779		\$ 19.71

#### Notes:

(a) Weighted average exercise price for those warrants and stock options which have exercise price lower than book value per share.

(b) Using the "as-if-converted" method, assuming all proceeds received upon exercise of warrants and stock options will be retained by the Company and the resulting common shares from exercise remain outstanding.

## Validus Holdings, Ltd.

### Consolidated Statements of Cash Flows

(US Dollars in thousands, except share and per share information)

	Three Months Ended				Year Ended	
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,
	2007	2007	2007	2007	2006	2006
<b>Cash flows provided by operating activities</b>						
Net income for the period	\$ 138,969	\$ 136,525	\$ 70,754	\$ 56,748	\$ 69,052	\$ 402,996
Adjustments to reconcile net income to net cash provided by operating activities:						
Stock compensation expense	6,135	6,132	1,977	1,945	2,223	16,189
Net realized losses (gains) on sales of investments	(785)	(1,009)	232	(46)	208	(1,608)
Net unrealized losses (gains) on investments	(9,228)	(7,682)	6,189	(1,643)	-	(12,364)
Fair value of warrants expensed	-	2,893	-	-	-	2,893
Amortization of goodwill and other intangible assets	1,041	1,040	-	-	-	2,081
Foreign exchange gains on cash and cash equivalents included in net income	1,739	(3,116)	(1,357)	(3,241)	(1,632)	(5,975)
Amortization of discounts on fixed maturities	(1,571)	(5,428)	(1,113)	(2,627)	(3,343)	(10,739)
Change in:						
Premiums receivable	102,641	124,730	(20,520)	(213,886)	35,226	(7,035)
Deferred acquisition costs	16,659	16,756	(5,824)	(38,491)	2,408	(10,900)
Prepaid reinsurance premiums	36,454	32,738	(13,683)	(18,819)	26,055	36,690
Loss reserves recoverable	30,200	2,477	292	(450)	1,936	32,519
Paid losses recoverable	340	16,480	-	-	-	16,820
Taxes recoverable	2,963	(525)	-	-	-	2,438
Accrued investment income	(4,507)	1,593	(1,671)	(1,227)	(885)	(5,812)
Other assets	258	6,893	(1,528)	(1,668)	(988)	3,955
Unearned premiums	(168,046)	(90,909)	28,173	254,439	(65,348)	23,657
Reserve for losses and loss expense	6,030	27,514	26,577	34,192	14,152	94,313
Reinsurance balances payable	(19,555)	(56,599)	20,219	18,270	(14,860)	(37,665)
Deferred taxation	(3,123)	2,096	-	-	-	(1,027)
Accounts payable and accrued expenses	18,665	8,111	2,998	(7,822)	4,541	21,952
<b>Net cash provided by operating activities</b>	<b>155,279</b>	<b>220,710</b>	<b>111,715</b>	<b>75,674</b>	<b>68,745</b>	<b>563,378</b>
<b>Cash flows used in investing activities</b>						
Proceeds on sales and maturity of investments	523,322	470,580	256,864	163,758	119,410	1,414,524
Purchases of fixed maturities	(1,207,618)	(615,481)	(320,733)	(401,955)	(166,148)	(2,545,787)
Net Maturities (purchases) of short-term investments, net	326,183	(48,026)	(20,565)	183,956	(47,308)	441,548
Increase in securities lending collateral	(104,307)	(24,824)	(18,935)	(3,932)	(12,327)	(151,998)
Purchase of subsidiary, net of cash acquired	-	(18,809)	-	-	-	(18,809)
<b>Net cash used in investing activities</b>	<b>(462,420)</b>	<b>(236,560)</b>	<b>(103,369)</b>	<b>(58,173)</b>	<b>(106,373)</b>	<b>(860,522)</b>
<b>Cash flows provided by (used in) provided by financing activities</b>						
Net proceeds on issuance of debentures payable	-	-	198,000	-	-	198,000
Issue of common shares, net	(256)	320,504	-	-	(145)	320,248
Increase in securities lending payable	104,307	24,824	18,935	3,932	12,327	151,998
<b>Net cash provided by financing activities</b>	<b>104,051</b>	<b>345,328</b>	<b>216,935</b>	<b>3,932</b>	<b>12,182</b>	<b>670,246</b>
Effect of foreign current rate changes on cash and cash equivalents	(3,640)	6,995	1,357	3,241	1,632	7,953
Net increase (decrease) in cash	(206,730)	336,473	226,638	24,674	(23,814)	381,055
<b>Cash and cash equivalents - Beginning of period</b>	<b>651,428</b>	<b>314,955</b>	<b>88,317</b>	<b>63,643</b>	<b>87,457</b>	<b>63,643</b>
<b>Cash and cash equivalents - End of period</b>	<b>\$ 444,698</b>	<b>\$ 651,428</b>	<b>\$ 314,955</b>	<b>\$ 88,317</b>	<b>\$ 63,643</b>	<b>\$ 444,698</b>
<b>Taxes paid during the period</b>	<b>\$ 20</b>	<b>\$ 37</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57</b>
<b>Interest paid during the period</b>	<b>\$ 7,446</b>	<b>\$ 8,329</b>	<b>\$ 3,401</b>	<b>\$ 3,401</b>	<b>\$ 3,401</b>	<b>\$ 22,577</b>
<b>Losses paid during the period</b>	<b>\$ 71,256</b>	<b>\$ 57,064</b>	<b>\$ 15,806</b>	<b>\$ 12,746</b>	<b>\$ 8,178</b>	<b>\$ 156,872</b>

## Validus Holdings, Ltd.

### Consolidated Statements of Operations and Comprehensive Income (Loss)

(US Dollars in thousands, except share and per share information)

	Three Months Ended				Year Ended	
	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	December 31, 2006
<b>Revenues</b>						
Gross premiums written	\$ 190,996	\$ 245,271	\$ 174,300	\$ 378,070	\$ 65,505	\$ 988,637
Reinsurance premiums ceded	(4,566)	(7,906)	(26,780)	(30,958)	355	(70,210)
Net premiums written	186,430	237,365	147,520	347,112	65,860	918,427
Change in unearned premiums	131,601	58,161	(14,490)	(235,620)	39,293	(60,348)
Net premiums earned	318,031	295,526	133,030	111,492	105,153	858,079
Net investment income	37,525	36,560	19,742	18,497	17,652	112,324
Net realized gains (losses) on investments	784	1,010	(232)	46	(208)	1,608
Net unrealized gains (losses) on investments	9,229	7,681	(6,189)	1,643	-	12,364
Other income	1,971	1,330	-	-	-	3,301
Foreign exchange (losses) gains	(2,515)	5,818	2,003	1,389	1,096	6,696
<b>Total revenues</b>	<b>365,025</b>	<b>347,925</b>	<b>148,354</b>	<b>133,067</b>	<b>123,693</b>	<b>994,372</b>
<b>Expenses</b>						
Losses and loss expense	107,567	87,263	42,675	46,487	24,265	283,993
Policy acquisition costs	53,277	50,945	17,837	12,219	11,498	134,277
General and administrative expenses	33,676	44,793	11,107	11,227	13,002	100,765
Share compensation expense	6,135	6,132	1,978	1,945	2,223	16,189
Finance expenses	25,423	17,886	4,003	4,441	3,653	51,754
Fair value of warrants issued	-	2,893	-	-	-	2,893
<b>Total expenses</b>	<b>226,078</b>	<b>209,912</b>	<b>77,600</b>	<b>76,319</b>	<b>54,641</b>	<b>589,871</b>
<b>Net income before taxes</b>	<b>138,947</b>	<b>138,013</b>	<b>70,754</b>	<b>56,748</b>	<b>69,052</b>	<b>404,501</b>
Taxes	(22)	1,488	-	-	-	1,505
<b>Net income</b>	<b>\$ 138,969</b>	<b>\$ 136,525</b>	<b>\$ 70,754</b>	<b>\$ 56,748</b>	<b>\$ 69,052</b>	<b>\$ 402,996</b>
<b>Comprehensive income</b>						
Unrealized gains arising during period	-	-	-	-	(522)	-
Foreign currency translation adjustments	49	(640)	-	-	-	(591)
Adjustment for reclassification of (losses) realized in income	-	-	-	-	208	-
<b>Comprehensive income</b>	<b>\$ 139,018</b>	<b>\$ 135,885</b>	<b>\$ 70,754</b>	<b>\$ 56,748</b>	<b>\$ 68,738</b>	<b>\$ 402,405</b>
<b>Earnings per share</b>						
Weighted average number of common shares and share equivalents outstanding:						
Basic	74,199,836	69,107,336	58,482,600	58,482,601	58,482,601	65,068,093
Diluted	78,415,109	71,868,835	60,647,354	60,215,392	59,745,784	67,786,673
<b>Basic earnings per share</b>	<b>\$ 1.87</b>	<b>\$ 1.98</b>	<b>\$ 1.21</b>	<b>\$ 0.97</b>	<b>\$ 1.18</b>	<b>\$ 6.19</b>
<b>Diluted earnings per share</b>	<b>\$ 1.77</b>	<b>\$ 1.90</b>	<b>\$ 1.17</b>	<b>\$ 0.94</b>	<b>\$ 1.16</b>	<b>\$ 5.95</b>



## Validus Holdings, Ltd.

### Consolidated Statements of Operations - Underwriting Income Format

(US Dollars in thousands, except share and per share information)

	Three Months Ended				Year Ended		
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,	December 31,
	2007	2007	2007	2007	2006	2007	2006
Gross premiums written	\$ 190,996	\$ 245,271	\$ 174,300	\$ 378,070	\$ 65,505	\$ 988,637	\$ 540,789
Reinsurance premiums ceded	(4,566)	(7,906)	(26,780)	(30,958)	355	(70,210)	(63,696)
Net premiums written	186,430	237,365	147,520	347,112	65,860	918,427	477,093
Change in unearned premiums	131,601	58,161	(14,490)	(235,620)	39,293	(60,348)	(170,579)
Net premiums earned	318,031	295,526	133,030	111,492	105,153	858,079	306,514
Losses and loss expenses	107,567	87,263	42,675	46,487	24,265	283,993	91,323
Policy acquisition costs	53,277	50,945	17,837	12,219	11,498	134,277	36,072
General and administrative expenses	33,676	41,793	11,107	11,227	13,002	97,765	38,352
Share compensation expense	6,135	6,132	1,978	1,945	2,223	16,189	7,880
Total underwriting deductions	200,655	186,133	73,597	71,878	50,988	532,224	173,627
Underwriting income	117,376	109,393	59,433	39,614	54,165	325,855	132,887
Net investment income	37,525	36,560	19,742	18,497	17,652	112,324	58,021
Other income	1,971	1,330	-	-	-	3,301	-
Finance expenses	(25,423)	(17,886)	(4,003)	(4,441)	(3,653)	(51,754)	(8,789)
<b>Operating income before tax</b>	131,449	129,397	75,172	53,670	68,164	389,726	182,119
Taxes	(22)	1,488	-	-	-	1,505	-
<b>Net operating income</b>	<b>\$ 131,471</b>	<b>\$ 127,909</b>	<b>\$ 75,172</b>	<b>\$ 53,670</b>	<b>\$ 68,164</b>	<b>\$ 388,221</b>	<b>\$ 182,119</b>
Net realized gains (losses) on investments	784	1,010	(232)	46	(208)	1,608	(1,102)
Net unrealized gains (losses) on investments	9,229	7,681	(6,189)	1,643	-	12,364	-
Foreign exchange (losses) gains	(2,515)	5,818	2,003	1,389	1,096	6,696	2,157
Fair value of warrants issued	-	(2,893)	-	-	-	(2,893)	(77)
Aquiline termination fee	-	(3,000)	-	-	-	(3,000)	-
<b>Net income</b>	<b>\$ 138,969</b>	<b>\$ 136,525</b>	<b>\$ 70,754</b>	<b>\$ 56,748</b>	<b>\$ 69,052</b>	<b>\$ 402,996</b>	<b>\$ 183,097</b>
<b>Selected Ratios</b>							
Net premiums written/Gross premiums written	97.6%	96.8%	84.6%	91.8%	100.5%	92.9%	88.2%
Losses and loss expenses	33.8%	29.5%	32.1%	41.7%	23.1%	33.1%	29.8%
Policy acquisition costs	16.8%	17.2%	13.4%	11.0%	10.9%	15.6%	11.8%
General and administrative expenses	12.5%	16.2%	9.8%	11.8%	14.5%	13.3%	15.1%
Expense ratio	29.3%	33.4%	23.2%	22.8%	25.4%	28.9%	26.9%
Combined ratio	63.1%	63.0%	55.3%	64.5%	48.5%	62.0%	56.7%

#### Notes:

(a) Net operating income is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-US\$ denominated balances the fair value of warrants issued and excluding the Aquiline termination fee. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-US\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-US\$ denominated balances are unrelated to our underlying business.

## Validus Holdings, Ltd.

### Computation of Earnings Per Share Data

(US Dollars in thousands, except share and per share information)

	Three Months Ended					
	December 31, 2007			December 31, 2006		
	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehensive income
Numerator	\$ 131,471	\$ 138,969	\$ 139,018	\$ 68,164	\$ 69,052	\$ 68,738
<i>Basic EPS calculation:</i>						
Weighted average number of common shares outstanding:	74,199,836	74,199,836	74,199,836	58,482,601	58,482,601	58,482,601
<b>Basic earnings per share</b>	<b>\$ 1.77</b>	<b>\$ 1.87</b>	<b>\$ 1.87</b>	<b>\$ 1.17</b>	<b>\$ 1.18</b>	<b>\$ 1.18</b>
<i>Diluted EPS calculation:</i>						
Weighted average number of common shares outstanding:	74,199,836	74,199,836	74,199,836	58,482,601	58,482,601	58,482,601
<i>Share equivalents:</i>						
Warrants	2,734,928	2,734,928	2,734,928	976,721	976,721	976,721
Stock options	354,290	354,290	354,290	-	-	-
Unvested restricted shares	1,126,055	1,126,055	1,126,055	286,463	286,463	286,463
Weighted average number of diluted common shares outstanding:	78,415,109	78,415,109	78,415,109	59,745,785	59,745,785	59,745,785
<b>Diluted earnings per share</b>	<b>\$ 1.68</b>	<b>\$ 1.77</b>	<b>\$ 1.77</b>	<b>\$ 1.14</b>	<b>\$ 1.16</b>	<b>\$ 1.15</b>

	Year ended					
	December 31, 2007			December 31, 2006		
	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehensive income
Numerator	\$ 388,221	\$ 402,996	\$ 402,405	\$ 182,119	\$ 183,097	\$ 183,867
<i>Basic EPS calculation:</i>						
Weighted average number of common shares outstanding:	65,068,093	65,068,093	65,068,093	58,477,130	58,477,130	58,477,130
<b>Basic earnings per share</b>	<b>\$ 5.97</b>	<b>\$ 6.19</b>	<b>\$ 6.18</b>	<b>\$ 3.11</b>	<b>\$ 3.13</b>	<b>\$ 3.14</b>
<i>Diluted EPS calculation:</i>						
Weighted average number of common shares outstanding:	65,068,093	65,068,093	65,068,093	58,477,130	58,477,130	58,477,130
<i>Share equivalents:</i>						
Warrants	1,973,983	1,973,983	1,973,983	244,180	244,180	244,180
Stock options	97,039	97,039	97,039	-	-	-
Unvested restricted shares	647,558	647,558	647,558	153,257	153,257	153,257
Weighted average number of diluted common shares outstanding:	67,786,673	67,786,673	67,786,673	58,874,567	58,874,567	58,874,567
<b>Diluted earnings per share</b>	<b>\$ 5.73</b>	<b>\$ 5.95</b>	<b>\$ 5.94</b>	<b>\$ 3.09</b>	<b>\$ 3.11</b>	<b>\$ 3.12</b>

#### Notes:

SFAS No. 123 requires that any unrecognized stock based compensation expense that will be recorded in future periods be included as proceeds for purposes of treasury stock repurchases, which is applied against the unvested restricted shares balance

# VALIDUS RE

## Validus Holdings, Ltd.

### Dilutive Shares for Earnings Per Share Calculation

(US Dollars in thousands, except share and per share information)

	Three months ended		Year ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
Average fair value per share	\$ 25.58	\$ 19.79	\$ 22.87	\$ 18.08
Basic weighted average common shares outstanding	74,199,836	58,482,601	65,068,093	58,477,130
Add: weighted average unvested restricted shares	3,367,961	728,655	2,006,561	702,793
Proceeds from unrecognized restricted share expense	\$ 57,348	\$ 8,751	\$ 31,080	\$ 9,936
Less: restricted shares bought back via treasury method	(2,241,906)	(442,192)	(1,359,003)	(549,536)
Add: weighted average dilutive warrants outstanding	8,711,729	8,455,319	8,567,305	8,454,543
Weighted average exercise price per share	\$ 17.55	\$ 17.50	\$ 17.52	\$ 17.50
Less: warrants bought back via treasury method	(5,976,801)	(7,478,598)	(6,593,322)	(8,210,363)
Add: weighted average dilutive options outstanding	2,761,176	2,550,308	2,685,694	2,459,786
Weighted average exercise price per share	\$ 17.82	\$ 17.52	\$ 17.70	\$ 17.52
Proceeds from unrecognized option expense	\$ 12,372	\$ 15,333	\$ 14,116	\$ 16,297
Less: options bought back via treasury method	(2,406,886)	(2,550,308)	(2,588,655)	(2,459,786)
<b>Weighted average dilutive shares outstanding</b>	<b>78,415,109</b>	<b>59,745,784</b>	<b>67,786,673</b>	<b>58,874,567</b>

## Validus Holdings, Ltd.

### Consolidated Segment Income Data for Quarter

(US Dollars in thousands, except share and per share information)

	Three Months Ended December 31, 2007				Three Months Ended December 31, 2006			
	Validus Re	Talbot	Corporate	Total	Validus Re	Talbot	Corporate	Total
Gross premiums written	\$ 47,499	\$ 143,497	\$ -	\$ 190,996	\$ 65,505	\$ -	\$ -	\$ 65,505
Reinsurance premiums ceded	(3,813)	(753)	-	(4,566)	355	-	-	355
Net premiums written	43,686	142,744	-	186,430	65,860	-	-	65,860
Change in unearned premiums	118,828	12,773	-	131,601	39,293	-	-	39,293
<b>Net premiums earned</b>	<b>162,514</b>	<b>155,517</b>	<b>-</b>	<b>318,031</b>	<b>105,153</b>	<b>-</b>	<b>-</b>	<b>105,153</b>
Losses and loss expenses	48,244	59,323	-	107,567	24,265	-	-	24,265
Policy acquisition costs	22,107	31,170	-	53,277	11,498	-	-	11,498
General and administrative expenses	7,858	23,628	2,190	33,676	11,474	-	1,528	13,002
Share compensation expense	1,189	978	3,968	6,135	1,544	-	679	2,223
<b>Total underwriting deductions</b>	<b>79,398</b>	<b>115,099</b>	<b>6,158</b>	<b>200,655</b>	<b>48,781</b>	<b>-</b>	<b>2,207</b>	<b>50,988</b>
<b>Underwriting income (loss)</b>	<b>\$ 83,116</b>	<b>\$ 40,418</b>	<b>\$ (6,158)</b>	<b>\$ 117,376</b>	<b>\$ 56,372</b>	<b>\$ -</b>	<b>\$ (2,207)</b>	<b>\$ 54,165</b>
Net investment income	25,039	12,446	40	37,525	17,652	-	-	17,652
Other income	-	1,971	-	1,971	-	-	-	-
Finance expenses	(236)	(17,228)	(7,959)	(25,423)	(92)	-	(3,561)	(3,653)
Operating income (loss) before tax	107,919	37,607	(14,077)	131,449	73,932	-	(5,768)	68,164
Taxes	14	(36)	-	(22)	-	-	-	-
<b>Net operating income (loss)</b>	<b>\$ 107,905</b>	<b>\$ 37,643</b>	<b>\$ (14,077)</b>	<b>\$ 131,471</b>	<b>\$ 73,932</b>	<b>\$ -</b>	<b>\$ (5,768)</b>	<b>\$ 68,164</b>
Net realized gains (losses) on investments	(493)	1,277	-	784	(208)	-	-	(208)
Net unrealized (losses) gains on investments	7,221	2,008	-	9,229	-	-	-	-
Foreign exchange gains (losses)	(269)	(2,246)	-	(2,515)	1,096	-	-	1,096
Fair value of warrants issued	-	-	-	-	-	-	-	-
Aquiline termination fee	-	-	-	-	-	-	-	-
<b>Net income (loss)</b>	<b>\$ 114,364</b>	<b>\$ 38,682</b>	<b>\$ (14,077)</b>	<b>\$ 138,969</b>	<b>\$ 74,820</b>	<b>\$ -</b>	<b>\$ (5,768)</b>	<b>\$ 69,052</b>
<b>Selected Ratios</b>								
Net premiums written/Gross premiums written	92.0%	99.5%		97.6%	100.5%	0.0%		100.5%
Losses and loss expenses	29.7%	38.1%		33.8%	23.1%	0.0%		23.1%
Policy acquisition costs	13.6%	20.1%		16.8%	10.9%	0.0%		10.9%
General and administrative expenses	5.6%	15.8%		12.5%	12.4%	0.0%		14.5%
Expense ratio	19.2%	35.9%		29.3%	23.3%	0.0%		25.4%
Combined ratio	48.9%	74.0%		63.1%	46.4%	0.0%		48.5%

#### Notes:

(a) Net operating income is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-US\$ denominated balances, the fair value of warrants issued and excluding the Aquiline termination fee. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-US\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-US\$ denominated balances are unrelated to our underlying business.

(b) Operating results of Talbot have been included from July 2, 2007, the date of acquisition.

## Validus Holdings, Ltd.

### Consolidated Segment Income Data for Year

(US Dollars in thousands, except share and per share information)

	Year Ended December 31, 2007 (a)				Year ended December 31, 2006			
	Validus Re	Talbot	Corporate	Total	Validus Re	Talbot	Corporate	Total
Gross premiums written	\$ 702,098	\$ 286,539	\$ -	\$ 988,637	\$ 540,789	\$ -	\$ -	\$ 540,789
Reinsurance premiums ceded	(68,842)	(1,368)	-	(70,210)	(63,696)	-	-	(63,696)
Net premiums written	633,256	285,171	-	918,427	477,093	-	-	477,093
Change in unearned premiums	(74,227)	13,879	-	(60,348)	(170,579)	-	-	(170,579)
<b>Net premiums earned</b>	<b>559,029</b>	<b>299,050</b>	<b>-</b>	<b>858,079</b>	<b>306,514</b>	<b>-</b>	<b>-</b>	<b>306,514</b>
Losses and loss expenses	175,538	108,455	-	283,993	91,323	-	-	91,323
Policy acquisition costs	70,323	63,954	-	134,277	36,072	-	-	36,072
General and administrative expenses	31,412	48,886	17,467	97,765	24,565	-	13,787	38,352
Share compensation expense	4,013	1,709	10,467	16,189	3,105	-	4,775	7,880
<b>Total underwriting deductions</b>	<b>281,286</b>	<b>223,004</b>	<b>27,934</b>	<b>532,224</b>	<b>155,065</b>	<b>-</b>	<b>18,562</b>	<b>173,627</b>
<b>Underwriting income (loss)</b>	<b>\$ 277,743</b>	<b>\$ 76,046</b>	<b>\$ (27,934)</b>	<b>\$ 325,855</b>	<b>\$ 151,449</b>	<b>\$ -</b>	<b>\$ (18,562)</b>	<b>\$ 132,887</b>
Net investment income	85,981	25,805	538	112,324	57,996	-	25	58,021
Other income	-	3,301	-	3,301	-	-	-	-
Finance expenses	(1,378)	(26,086)	(24,290)	(51,754)	(97)	-	(8,692)	(8,789)
Operating income (loss) before tax	\$ 362,346	\$ 79,066	\$ (51,686)	\$ 389,726	\$ 209,348	\$ -	\$ (27,229)	\$ 182,119
Taxes	61	1,444	-	1,505	-	-	-	-
<b>Net operating income (loss)</b>	<b>\$ 362,285</b>	<b>\$ 77,622</b>	<b>\$ (51,686)</b>	<b>\$ 388,221</b>	<b>\$ 209,348</b>	<b>\$ -</b>	<b>\$ (27,229)</b>	<b>\$ 182,119</b>
Net realized gains (losses) on investments	443	1,165	-	1,608	(1,102)	-	-	(1,102)
Net unrealized (losses) gains on investments	8,556	3,808	-	12,364	-	-	-	-
Foreign exchange gains (losses)	7,495	(799)	-	6,696	2,157	-	-	2,157
Fair value of warrants issued	-	-	(2,893)	(2,893)	-	-	(77)	(77)
Aquiline termination fee	-	-	(3,000)	(3,000)	-	-	-	-
<b>Net income (loss)</b>	<b>\$ 378,779</b>	<b>\$ 81,796</b>	<b>\$ (57,579)</b>	<b>\$ 402,996</b>	<b>\$ 210,403</b>	<b>\$ -</b>	<b>\$ (27,306)</b>	<b>\$ 183,097</b>
<b>Selected Ratios</b>								
Net premiums written/Gross premiums written	90.2%	99.5%		92.9%	88.2%	0.0%		88.2%
Losses and loss expenses	31.4%	36.3%		33.1%	29.8%	0.0%		29.8%
Policy acquisition costs	12.6%	21.4%		15.6%	11.8%	0.0%		11.8%
General and administrative expenses	6.3%	16.9%		13.3%	9.0%	0.0%		15.1%
Expense ratio	18.9%	38.3%		28.9%	20.8%	0.0%		26.9%
Combined ratio	50.3%	74.6%		62.0%	50.6%	0.0%		56.7%

#### Notes:

(a) Net operating income is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-US\$ denominated balances, the fair value of warrants issued and excluding the Aquiline termination fee. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-US\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-US\$ denominated balances are unrelated to our underlying business.

(b) Operating results of Talbot have been included from July 2, 2007, the date of acquisition.

## Validus Holdings, Ltd.

### Underwriting Results by Class of Business - Quarter - Validus Re

(US Dollars in thousands, except share and per share information)

	Three Months Ended December 31, 2007				Three Months Ended December 31, 2006			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
<b>Validus Re Segment</b>								
Gross premiums written	\$ 16,282	\$ 18,067	\$ 13,150	\$ 47,499	\$ 41,915	\$ 6,604	\$ 16,986	\$ 65,505
Reinsurance premiums ceded	(3,213)	440	(1,040)	(3,813)	382	573	(600)	355
<b>Net premiums written</b>	<b>13,069</b>	<b>18,507</b>	<b>12,110</b>	<b>43,686</b>	<b>42,297</b>	<b>7,177</b>	<b>16,386</b>	<b>65,860</b>
Change in unearned premiums	111,450	4,426	2,952	118,828	32,258	10,331	(3,296)	39,293
Net premiums earned	124,519	22,933	15,062	162,514	74,555	17,508	13,090	105,153
Losses and loss expenses	31,186	7,589	9,469	48,244	21,139	(348)	3,474	24,265
Policy acquisition costs	17,223	2,634	2,250	22,107	9,948	361	1,189	11,498
Total underwriting deductions before G&A	48,409	10,223	11,719	70,351	31,087	13	4,663	35,763
<b>Underwriting income before G&amp;A</b>	<b>76,110</b>	<b>12,710</b>	<b>3,343</b>	<b>92,163</b>	<b>43,468</b>	<b>17,495</b>	<b>8,427</b>	<b>69,390</b>
General and administrative expenses				7,858				11,474
Share compensation expense				1,189				1,544
Total underwriting deductions				79,398				48,781
<b>Underwriting income</b>				<b>83,116</b>				<b>56,372</b>
Net investment income				25,039				17,652
Finance expenses				(236)				(92)
Operating income before tax (a)				107,919				73,932
Taxes				14				-
<b>Net operating income (a)</b>				<b>\$ 107,905</b>				<b>\$ 73,932</b>
Fair value of warrants issued				-				-
Net realized losses on investments				(493)				(208)
Net unrealized gains (losses) on investments				7,221				-
Foreign exchange (losses) gains				(269)				1,096
<b>Net income</b>				<b>\$ 114,364</b>				<b>\$ 74,820</b>
<b>Selected Ratios</b>								
Net premiums written/Gross premiums written	80.3%	102.4%	92.1%	92.0%	100.9%	108.7%	96.5%	100.5%
Losses and loss expenses	25.0%	33.1%	62.9%	29.7%	28.4%	-2.0%	26.5%	23.1%
Policy acquisition costs	13.8%	11.5%	14.9%	13.6%	13.3%	2.1%	9.1%	10.9%
General and administrative expenses				5.6%				12.4%
Expense ratio				19.2%				23.3%
Combined ratio				48.8%				46.4%

#### Notes:

(a) Net operating income is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-US\$ denominated balances, the fair value of warrants issued and excluding the Aquiline termination fee. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-US\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-US\$ denominated balances are unrelated to our underlying business.

(b) Specialty includes aviation, workers' compensation, terrorism, life and A&H, and financial lines of business.

## Validus Holdings, Ltd.

### Underwriting Results by Class of Business - Quarter - Talbot

(US Dollars in thousands, except share and per share information)

	Three Months Ended December 31, 2007				Three months ended December 31, 2006			
	Property	Marine	Specialty (c)	Total	Property	Marine	Specialty (c)	Total
<b>Talbot Segment</b>								
Gross premiums written	\$ 20,626	\$ 59,006	\$ 63,865	\$ 143,497	\$ -	\$ -	\$ -	\$ -
Reinsurance premiums ceded	(1,095)	(1,080)	1,422	(753)	-	-	-	-
<b>Net premiums written</b>	<b>19,531</b>	<b>57,926</b>	<b>65,287</b>	<b>142,744</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Change in unearned premiums	12,774	7,997	(7,998)	12,773	-	-	-	-
Net premiums earned	32,305	65,923	57,289	155,517	-	-	-	-
Losses and loss expenses	13,665	39,964	5,694	59,323	-	-	-	-
Policy acquisition costs	6,469	13,938	10,763	31,170	-	-	-	-
Total underwriting deductions before G&A	20,134	53,902	16,457	90,493	-	-	-	-
<b>Underwriting income before G&amp;A</b>	<b>12,171</b>	<b>12,021</b>	<b>40,832</b>	<b>65,024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
General and administrative expenses				23,628				-
Share compensation expense				978				-
Total underwriting deductions				24,606				-
<b>Underwriting income</b>				40,418				-
Net investment income				12,446				-
Other income				1,971				-
Finance expenses				(17,228)				-
Operating income before tax (b)				37,607				-
Taxes				(36)				\$ -
<b>Net operating income (b)</b>				<b>\$ 37,643</b>				-
Net realized gains on investments				1,277				-
Net unrealized gains on investments				2,008				-
Foreign exchange loss				(2,246)				\$ -
<b>Net income</b>				<b>\$ 38,682</b>				-
<b>Selected Ratios</b>								
Net premiums written/Gross premiums written	94.7%	98.2%	102.2%	99.5%	0.0%	0.0%	0.0%	0.0%
Losses and loss expenses	42.3%	60.6%	9.9%	38.1%	0.0%	0.0%	0.0%	0.0%
Policy acquisition costs	20.0%	21.1%	18.8%	20.1%	0.0%	0.0%	0.0%	0.0%
General and administrative expenses				15.8%				0.0%
Expense ratio				35.9%				0.0%
Combined ratio				74.0%				0.0%

#### Notes:

(a) Operating results of Talbot have been included from July 2, 2007, the date of acquisition.

(b) Net operating income is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-US\$ denominated balances, the fair value of warrants issued and excluding the Aquiline termination fee. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-US\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-US\$ denominated balances are unrelated to our underlying business.

(c) Specialty class includes war, political violence and political risks, financial institutions, treaty and other classes.

## Validus Holdings, Ltd.

### Underwriting Results by Class of Business - Year - Validus Re

(US Dollars in thousands, except share and per share information)

	Year Ended December 31, 2007 (a)				Year ended December 31, 2006			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
<b>Validus Re Segment</b>								
Gross premiums written	\$ 498,375	\$ 136,710	\$ 67,013	\$ 702,098	\$ 370,958	\$ 104,584	\$ 65,247	\$ 540,789
Reinsurance premiums ceded	(34,609)	(31,768)	(2,465)	(68,842)	(32,808)	(30,288)	(600)	(63,696)
Net premiums written	463,766	104,942	64,548	633,256	338,150	74,296	64,647	477,093
Change in unearned premiums	(39,789)	(26,258)	(8,180)	(74,227)	(124,066)	(17,542)	(28,971)	(170,579)
<b>Net premiums earned</b>	423,977	78,684	56,368	559,029	214,084	56,754	35,676	306,514
Losses and loss expenses	124,778	26,284	24,476	175,538	69,100	10,352	11,871	91,323
Policy acquisition costs	55,472	7,410	7,441	70,323	28,590	3,785	3,697	36,072
Total underwriting deductions before G&A	180,250	33,694	31,917	245,861	97,690	14,137	15,568	127,395
<b>Underwriting income before G&amp;A</b>	243,727	44,990	24,451	313,168	116,394	42,617	20,108	179,119
General and administrative expenses				31,412				24,565
Share compensation expense				4,013				3,105
Total underwriting deductions				281,286				155,065
<b>Underwriting income</b>				277,743				151,449
Net investment income				85,981				57,996
Finance expenses				(1,378)				(97)
Operating income before tax				362,346				209,348
Taxes				61				-
<b>Net operating income (a)</b>				<b>\$ 362,285</b>				<b>\$ 209,348</b>
Fair value of warrants issued				-				-
Net realized (losses) gains on investments				443				(1,102)
Net unrealized gains on investments				8,556				-
Foreign exchange gain				7,495				2,157
<b>Net income</b>				<b>\$ 378,779</b>				<b>\$ 210,403</b>
<b>Selected Ratios</b>								
Net premiums written/Gross premiums written	93.1%	76.8%	96.3%	90.2%	91.2%	71.0%	99.1%	88.2%
Losses and loss expenses	29.4%	33.4%	43.4%	31.4%	32.3%	18.2%	33.3%	29.8%
Policy acquisition costs	13.1%	9.4%	13.2%	12.6%	13.4%	6.7%	10.4%	11.8%
General and administrative expenses				6.3%				9.0%
Expense ratio				18.9%				20.8%
Combined ratio				50.3%				50.6%

#### Notes:

(a) Net operating income is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-US\$ denominated balances, the fair value of warrants issued and excluding the Aquiline termination fee. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-US\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-US\$ denominated balances are unrelated to our underlying business.

(b) Specialty includes aviation, workers' compensation, terrorism, life and A&H, and financial lines of business.



## Validus Holdings, Ltd.

### Underwriting Results by Class of Business - Year - Talbot

(US Dollars in thousands, except share and per share information)

	Year Ended December 31, 2007 (a)				Year ended December 31, 2006			
	Property	Marine	Specialty (c)	Total	Property	Marine	Specialty (c)	Total
<b>Talbot Segment</b>								
Gross premiums written	\$ 49,177	\$ 114,022	\$ 123,340	\$ 286,539	\$ -	\$ -	\$ -	\$ -
Reinsurance premiums ceded	(1,080)	(1,040)	752	(1,368)	-	-	-	-
Net premiums written	48,097	112,982	124,092	285,171	-	-	-	-
Change in unearned premiums	16,517	7,905	(10,543)	13,879	-	-	-	-
<b>Net premiums earned</b>	64,614	120,887	113,549	299,050	-	-	-	-
Losses and loss expenses	28,544	64,503	15,408	108,455	-	-	-	-
Policy acquisition costs	13,173	25,981	24,800	63,954	-	-	-	-
Total underwriting deductions before G&A	41,717	90,484	40,208	172,409	-	-	-	-
<b>Underwriting income before G&amp;A</b>	22,897	30,403	73,341	126,641	-	-	-	-
General and administrative expenses				48,886				-
Share compensation expense				1,709				-
Total underwriting deductions				223,004				-
<b>Underwriting income</b>				76,046				-
Net investment income				25,805				-
Other income				3,301				-
Finance expenses				(26,086)				-
Operating income before tax (b)				79,066				-
Taxes				1,444				\$ -
<b>Net operating income (b)</b>				\$ 77,622				-
Net realized (losses) gains on investments				1,165				-
Net unrealized gains on investments				3,808				-
Foreign exchange loss				(799)				\$ -
<b>Net income</b>				\$ 81,796				-
<b>Selected Ratios</b>								
Net premiums written/Gross premiums written	97.8%	99.1%	100.6%	99.5%	0.0%	0.0%	0.0%	0.0%
Losses and loss expenses	44.2%	53.4%	13.6%	36.3%	0.0%	0.0%	0.0%	0.0%
Policy acquisition costs	20.4%	21.5%	21.8%	21.4%	0.0%	0.0%	0.0%	0.0%
General and administrative expenses				16.9%				0.0%
Expense ratio				38.3%				0.0%
Combined ratio				74.6%				0.0%

#### Notes:

(a) Operating results of Talbot have been included from July 2, 2007, the date of acquisition.

(b) Net operating income is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-US\$ denominated balances, the fair value of warrants issued and excluding the Aquiline termination fee. This measure focuses on the underlying fundamentals of our operations without the influence realized gains (losses) from the sale of investments, translation of non-US\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-US\$ denominated balances are unrelated to our underlying business.

(c) Specialty class includes war, political violence and political risks, financial institutions, treaty and other classes.

# VALIDUS RE

## Validus Holdings, Ltd.

### Line of Business Treaty Type Detail (Gross Premium Written) - Validus Re

(US Dollars in thousands, except share and per share information)

<u>Validus Re Segment</u>		<u>Three Months Ended</u>				<u>Year Ended</u>			
		<u>December 31, 2007</u>		<u>December 31, 2006</u>		<u>December 31, 2007</u>		<u>December 31, 2006</u>	
		<u>GPW</u>	<u>%</u>	<u>GPW</u>	<u>%</u>	<u>GPW</u>	<u>%</u>	<u>GPW</u>	<u>%</u>
<u>Line of Business</u>	<u>Treaty Type</u>								
<b>Property</b>	Cat XOL (b)	\$ 1,711	3.6%	\$ 4,639	7.1%	\$ 351,968	50.1%	\$ 234,850	43.4%
	Per Risk XOL (c)	2,762	5.8%	734	1.1%	47,641	6.8%	41,908	7.7%
	Proportional (d)	11,809	24.9%	36,542	55.8%	98,766	14.1%	94,200	17.4%
		16,282	34.3%	41,915	64.0%	498,375	71.0%	370,958	68.6%
<b>Marine</b>	Cat XOL (b)	-	0.0%	(287)	-0.4%	287	0.0%	6,960	1.3%
	Per Risk XOL (c)	1,967	4.1%	891	1.3%	92,991	13.2%	83,144	15.4%
	Proportional (d)	16,100	33.9%	6,000	9.2%	43,432	6.2%	14,480	2.7%
		18,067	38.0%	6,604	10.0%	136,710	19.5%	104,584	19.3%
<b>Specialty (a)</b>	Cat XOL (b)	6,099	12.8%	7,059	10.8%	33,114	4.7%	33,376	6.2%
	Per Risk XOL (c)	601	1.3%	-	0.0%	1,295	0.2%	600	0.1%
	Proportional (d)	6,450	13.6%	9,927	15.2%	32,604	4.6%	31,271	5.8%
		13,150	27.7%	16,986	25.9%	67,013	9.5%	65,247	12.1%
<b>Total</b>		<b>\$ 47,499</b>	<b>100.0%</b>	<b>\$ 65,505</b>	<b>100.0%</b>	<b>\$ 702,098</b>	<b>100.0%</b>	<b>\$ 540,789</b>	<b>100.0%</b>

#### Notes:

(a) Specialty includes Aviation, Workers' Compensation, Terrorism, Life and A&H, and Financial lines of business.

(b) Cat XOL is comprised of Catastrophe XOL, Aggregate XOL, RPP, Second Event and Third Event covers.

(c) Per Risk XOL is comprised of Per Event XOL and Per Risk XOL.

(d) Proportional is comprised of Quota Share and Surplus Share.

# VALIDUS RE

## Validus Holdings, Ltd.

### Consolidated Line of Business Policy Type Detail (Gross Premium Written)

(US Dollars in thousands, except share and per share information)

Line of business	Treaty Type	Three Months Ended				Year Ended			
		December 31, 2007		December 31, 2006		December 31, 2007		December 31, 2006	
		GPW	%	GPW	%	GPW	%	GPW	%
Property	Treaty Reinsurance	\$ 18,010	9.4%	\$ 41,915	64.0%	\$ 504,098	51.0%	\$ 370,958	68.6%
	Facultative Reinsurance	6,199	3.2%	-	0.0%	17,524	1.8%	-	0.0%
	Direct Insurance	<u>12,699</u>	<u>6.6%</u>	<u>-</u>	<u>0.0%</u>	<u>25,930</u>	<u>2.6%</u>	<u>-</u>	<u>0.0%</u>
		36,908	19.3%	41,915	64.0%	547,552	55.4%	370,958	68.6%
Marine	Treaty Reinsurance	21,262	11.1%	6,604	10.1%	141,537	14.3%	104,584	19.3%
	Facultative Reinsurance	7,186	3.8%	-	0.0%	22,005	2.2%	-	0.0%
	Direct Insurance	<u>48,625</u>	<u>25.5%</u>	<u>-</u>	<u>0.0%</u>	<u>87,190</u>	<u>8.8%</u>	<u>-</u>	<u>0.0%</u>
		77,073	40.4%	6,604	10.1%	250,732	25.4%	104,584	19.3%
Specialty	Treaty Reinsurance	18,164	9.5%	16,986	25.9%	79,492	8.0%	65,247	12.1%
	Facultative Reinsurance	18,270	9.6%	-	0.0%	31,795	3.2%	-	0.0%
	Direct Insurance	<u>40,581</u>	<u>21.2%</u>	<u>-</u>	<u>0.0%</u>	<u>79,066</u>	<u>8.0%</u>	<u>-</u>	<u>0.0%</u>
		<u>77,015</u>	<u>40.3%</u>	<u>16,986</u>	<u>25.9%</u>	<u>190,353</u>	<u>19.3%</u>	<u>65,247</u>	<u>12.1%</u>
<b>Total</b>	Treaty Reinsurance	57,436	30.1%	65,505	100.0%	725,127	73.3%	540,789	100.0%
	Facultative Reinsurance	31,655	16.6%	-	0.0%	71,324	7.2%	-	0.0%
	Direct Insurance	<u>101,905</u>	<u>53.4%</u>	<u>-</u>	<u>0.0%</u>	<u>192,186</u>	<u>19.4%</u>	<u>-</u>	<u>0.0%</u>
	<b>Total</b>	<b>\$ 190,996</b>	<b>100.0%</b>	<b>\$ 65,505</b>	<b>100.0%</b>	<b>\$ 988,637</b>	<b>100.0%</b>	<b>\$ 540,789</b>	<b>100.0%</b>

Notes:

#### Validus Re

Specialty includes aviation, workers' compensation, terrorism, life and A&H, and financial lines of business.

#### Talbot

Operating results of Talbot have been included from July 2, 2007, the date of acquisition. Comparative figures do not include Talbot results.

Specialty class includes war, political violence and political risks, financial institutions, treaty and other classes.

# VALIDUS RE

## Validus Holdings, Ltd.

### Gross Premiums Written by Segment by Line of Business

(US Dollars in thousands, except share and per share information)

	Three Months Ended (1)				Year Ended (1)		
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,	
	2007	2007	2007	2007	2006	2006	
<b>Validus Re</b>							
Property	\$ 16,282	\$ 86,623	\$ 156,681	\$ 238,789	\$ 41,915	\$ 498,375	\$ 370,958
Marine	18,067	8,345	9,148	101,150	6,604	136,710	104,584
Aerospace	7,616	5,373	3,797	19,573	11,877	36,359	40,977
Life and A&H	-	-	-	345	-	345	1,729
Financial Institutions	138	-	3,437	-	\$ -	3,575	-
Terrorism	4,738	727	713	15,453	4,496	21,631	18,525
Workers' Comp	658	1,161	524	2,760	613	5,103	4,016
<b>Total Validus Re Segment</b>	<b>47,499</b>	<b>102,229</b>	<b>174,300</b>	<b>378,070</b>	<b>65,505</b>	<b>702,098</b>	<b>540,789</b>
<b>Talbot</b>							
Property	20,627	28,549	62,475	39,594	27,102	151,245	159,374
Marine	59,006	55,016	72,180	77,806	66,703	264,008	244,535
Aviation & Other	7,991	3,810	4,577	28,914	17,219	45,292	52,239
Accident & Heath	6,095	2,558	3,623	1,945	-	14,221	-
Financial Institutions	9,396	11,618	10,931	11,858	13,913	43,803	44,666
War	30,599	29,249	36,784	32,249	42,127	128,881	129,965
Contingency	6,028	6,300	7,964	4,387	4,760	24,679	17,873
Bloodstock	3,755	5,942	3,847	2,052	-	15,596	-
<b>Total Talbot Segment</b>	<b>143,497</b>	<b>143,042</b>	<b>202,381</b>	<b>198,805</b>	<b>171,824</b>	<b>687,725</b>	<b>648,652</b>
<b>Total</b>	<b>\$ 190,996</b>	<b>\$ 245,271</b>	<b>\$ 376,681</b>	<b>\$ 576,875</b>	<b>\$ 237,329</b>	<b>\$ 1,389,823</b>	<b>\$ 1,189,441</b>

#### Notes:

(1) - Talbot was acquired on July 2, 2007. Data for quarters before that period has been presented above for informational purposes only and is not included within the consolidated results.

# VALIDUS RE

## Validus Holdings, Ltd.

### Validus Re Segment - Underwriting Income

(US Dollars in thousands, except share and per share information)

	Three Months Ended				
	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
<b>Underwriting revenues</b>					
Gross premiums written	\$ 47,499	\$ 102,229	\$ 174,300	\$ 378,070	\$ 65,505
Reinsurance premiums ceded	(3,813)	(7,291)	(26,780)	(30,958)	355
Net premiums written	43,686	94,938	147,520	347,112	65,860
Change in unearned premiums	118,828	57,055	(14,490)	(235,620)	39,293
Net premiums earned	162,514	151,993	133,030	111,492	105,153
<b>Underwriting deductions</b>					
Losses and loss expenses	48,244	38,131	42,675	46,487	24,265
Policy acquisition costs	22,107	18,161	17,837	12,219	11,498
General and administrative expenses	9,047	10,808	13,085	13,172	13,018
Total underwriting deductions	79,398	67,100	73,597	71,878	48,781
<b>Underwriting income</b>	<b>\$ 83,116</b>	<b>\$ 84,893</b>	<b>\$ 59,433</b>	<b>\$ 39,614</b>	<b>\$ 56,372</b>
<b>Selected Ratios</b>					
Losses and loss expenses	29.7%	25.1%	32.1%	41.7%	23.1%
Policy acquisition costs	13.6%	11.9%	13.4%	11.0%	10.9%
General and administrative expenses	5.6%	7.1%	9.8%	11.8%	12.4%
Expense ratio	19.2%	19.1%	23.2%	22.8%	23.3%
Combined ratio	48.9%	44.1%	55.3%	64.5%	46.4%

# VALIDUS RE

## Validus Holdings, Ltd.

### Talbot Segment - Underwriting Income

(US Dollars in thousands, except share and per share information)

	Three Months Ended (1)				
	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
<b>Underwriting revenues</b>					
Gross premiums written	\$ 143,497	\$ 143,042	\$ -	\$ -	\$ -
Reinsurance premiums ceded	(753)	(615)	-	-	-
Net premiums written	142,744	142,427	-	-	-
Change in unearned premiums	12,773	1,106	-	-	-
Net premiums earned	<u>155,517</u>	<u>143,533</u>	-	-	-
<b>Underwriting deductions</b>					
Losses and loss expenses	59,323	49,132	-	-	-
Policy acquisition costs	31,170	32,784	-	-	-
General and administrative expenses	24,606	25,989	-	-	-
Total underwriting deductions	<u>115,099</u>	<u>107,905</u>	-	-	-
<b>Underwriting income</b>	<b><u>\$ 40,418</u></b>	<b><u>\$ 35,628</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Selected Ratios</b>					
Losses and loss expenses	38.1%	34.2%	n/a	n/a	n/a
Policy acquisition costs	20.1%	22.8%	n/a	n/a	n/a
General and administrative expenses	15.8%	18.1%	n/a	n/a	n/a
Expense ratio	<u>35.9%</u>	<u>40.9%</u>	n/a	n/a	n/a
Combined ratio	<u>74.0%</u>	<u>75.2%</u>	n/a	n/a	n/a

Notes:

(1) Excludes Talbot prior to acquisition on July 2, 2007.

# VALIDUS RE

## Validus Holdings, Ltd.

### Class of Business - Property - Underwriting Income

(US Dollars in thousands, except share and per share information)

	Three Months Ended (2)				
	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
<b>Underwriting revenues</b>					
Net premiums written	\$ 32,600	\$ 107,907	\$ 133,007	\$ 238,790	\$ 42,297
Net premiums earned	<u>156,824</u>	<u>149,294</u>	<u>97,762</u>	<u>85,152</u>	<u>74,555</u>
<b>Underwriting deductions</b>					
Losses and loss expenses	44,851	41,801	36,736	29,935	21,139
Policy acquisition costs	<u>23,692</u>	<u>21,503</u>	<u>13,874</u>	<u>9,575</u>	<u>9,948</u>
Total underwriting deductions	<u>68,543</u>	<u>63,304</u>	<u>50,610</u>	<u>39,510</u>	<u>31,087</u>
<b>Underwriting income before G&amp;A</b>	<b><u>\$ 88,281</u></b>	<b><u>\$ 85,990</u></b>	<b><u>\$ 47,152</u></b>	<b><u>\$ 45,642</u></b>	<b><u>\$ 43,468</u></b>
<b>Selected underwriting ratios (1)</b>					
Losses and loss expenses	28.6%	28.0%	37.6%	35.2%	28.4%
Policy acquisition costs	<u>15.1%</u>	<u>14.4%</u>	<u>14.2%</u>	<u>11.2%</u>	<u>13.3%</u>
Combined ratio before G&A	<u>43.7%</u>	<u>42.4%</u>	<u>51.8%</u>	<u>46.4%</u>	<u>41.7%</u>

Notes:

(1) The selected underwriting ratios are calculated by dividing each item by net premiums earned.

(2) Excludes Talbot prior to acquisition on July 2, 2007.

# VALIDUS RE

## Validus Holdings, Ltd.

### Class of Business - Marine - Underwriting Income

(US Dollars in thousands, except share and per share information)

	Three Months Ended (2)				
	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
<b>Underwriting revenues</b>					
Net premiums written	\$ 76,433	\$ 63,391	\$ 6,041	\$ 71,617	\$ 7,177
Net premiums earned	<u>88,856</u>	<u>75,338</u>	<u>19,823</u>	<u>15,111</u>	<u>17,508</u>
<b>Underwriting deductions</b>					
Losses and loss expenses	47,553	31,883	3,535	7,816	(349)
Policy acquisition costs	<u>16,572</u>	<u>13,349</u>	<u>2,349</u>	<u>1,121</u>	<u>362</u>
Total underwriting deductions	<u>64,125</u>	<u>45,232</u>	<u>5,884</u>	<u>8,937</u>	<u>13</u>
<b>Underwriting income before G&amp;A</b>	<b><u>\$ 24,731</u></b>	<b><u>\$ 30,106</u></b>	<b><u>\$ 13,939</u></b>	<b><u>\$ 6,174</u></b>	<b><u>\$ 17,495</u></b>
<b>Selected underwriting ratios (1)</b>					
Losses and loss expenses	53.5%	42.3%	17.8%	51.7%	-2.0%
Policy acquisition costs	<u>18.7%</u>	<u>17.7%</u>	<u>11.8%</u>	<u>7.4%</u>	<u>2.1%</u>
Combined ratio before G&A	<u>72.2%</u>	<u>60.0%</u>	<u>29.7%</u>	<u>59.1%</u>	<u>0.1%</u>

#### Notes:

(1) The selected underwriting ratios are calculated by dividing each item by net premiums earned.

(2) Excludes Talbot prior to acquisition on July 2, 2007



# VALIDUS RE

## Validus Holdings, Ltd.

### Class of Business - Specialty - Underwriting Income

(US Dollars in thousands, except share and per share information)

	Three Months Ended (2)				
	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
<b>Underwriting revenues</b>					
Net premiums written	\$ 77,397	\$ 66,067	\$ 8,472	\$ 36,706	\$ 16,387
Net premiums earned	<u>72,351</u>	<u>70,894</u>	<u>15,445</u>	<u>11,229</u>	<u>13,091</u>
<b>Underwriting deductions</b>					
Losses and loss expenses	15,163	13,579	2,404	8,736	3,475
Policy acquisition costs	<u>13,013</u>	<u>16,093</u>	<u>1,614</u>	<u>1,522</u>	<u>1,189</u>
Total underwriting deductions	<u>28,176</u>	<u>29,672</u>	<u>4,018</u>	<u>10,258</u>	<u>4,664</u>
<b>Underwriting income before G&amp;A</b>	<b><u>\$ 44,175</u></b>	<b><u>\$ 41,222</u></b>	<b><u>\$ 11,427</u></b>	<b><u>\$ 971</u></b>	<b><u>\$ 8,427</u></b>
<b>Selected underwriting ratios (1)</b>					
Losses and loss expenses	21.0%	19.2%	15.6%	77.8%	26.5%
Policy acquisition costs	<u>18.0%</u>	<u>22.7%</u>	<u>10.4%</u>	<u>13.6%</u>	<u>9.1%</u>
Combined ratio before G&A	<u>38.9%</u>	<u>41.9%</u>	<u>26.0%</u>	<u>91.4%</u>	<u>35.6%</u>

#### Notes:

(1) The selected underwriting ratios are calculated by dividing each item by net premiums earned.

(2) Excludes Talbot prior to acquisition on July 2, 2007

# VALIDUS RE

## Validus Holdings, Ltd.

### Consolidated Analysis of Reserves for Losses and Loss Expenses

(US Dollars in thousands, except share and per share information)

	At December 31, 2007			At December 31, 2006		
	Reserves for losses and loss expense	Loss reserves recoverable	Net	Reserves for losses and loss expense	Loss reserves recoverable	Net
Property	\$ 299,510	\$ 15,440	\$ 284,070	\$ 59,385	\$ -	\$ 59,385
Marine	405,193	99,852	305,341	9,866	-	9,866
Specialty (a)	<u>221,414</u>	<u>19,112</u>	<u>202,302</u>	<u>8,112</u>	<u>-</u>	<u>8,112</u>
Total	<u>\$ 926,117</u>	<u>\$ 134,404</u>	<u>\$ 791,713</u>	<u>\$ 77,363</u>	<u>\$ -</u>	<u>\$ 77,363</u>

  

	At December 31, 2007			At December 31, 2006		
	Case Reserves	IBNR	Total Reserves	Case Reserves	IBNR	Total Reserves
Property	\$ 162,122	\$ 137,388	\$ 299,510	\$ 32,187	\$ 27,198	\$ 59,385
Marine	236,703	168,490	405,193	3,637	6,229	9,866
Specialty (a)	<u>64,546</u>	<u>156,868</u>	<u>221,414</u>	<u>2,290</u>	<u>5,822</u>	<u>8,112</u>
Total	<u>\$ 463,371</u>	<u>\$ 462,746</u>	<u>\$ 926,117</u>	<u>\$ 38,114</u>	<u>\$ 39,249</u>	<u>\$ 77,363</u>
<b>Percentage of total</b>	<b><u>50.0%</u></b>	<b><u>50.0%</u></b>	<b><u>100.0%</u></b>	<b><u>49.3%</u></b>	<b><u>50.7%</u></b>	<b><u>100.0%</u></b>

(a) Specialty includes aviation, workers' compensation, terrorism, life and A&H, and financial lines of business for the Validus Re segment, and war, political violence and political risks, financial institutions, treaty and other classes for the Talbot segment.

## Validus Holdings, Ltd.

### Consolidated Losses and Loss Ratios by Segment

(US Dollars in thousands, except share and per share information)

Consolidated	At or for the Three Months Ended					
	December 31, 2007			December 31, 2006		
	Validus Re	Talbot (a)	Total	Validus Re	Talbot (a)	Total
Net reserves at period beginning	\$ 163,390	\$ 596,027	\$ 759,417	\$ 61,275	\$ -	\$ 61,275
Net reserves acquired in Talbot acquisition	-	-	-	-	-	-
Incurring losses - current year	49,184	88,993	138,177	24,265	-	24,265
Change in prior accident years	(940)	(29,670)	(30,610)	-	-	-
Incurring losses	48,244	59,323	107,567	24,265	-	24,265
Exchange rate effects	-	(4,016)	(4,016)	-	-	-
Paid losses	(14,820)	(56,435)	(71,255)	(8,178)	-	(8,178)
Net reserves at period end	196,814	594,899	791,713	77,363	-	77,363
Losses recoverable	-	134,404	134,404	-	-	-
Gross reserves at period end	\$ 196,814	\$ 729,303	\$ 926,117	\$ 77,363	\$ -	\$ 77,363
Net premiums earned	\$ 162,514	\$ 155,517	\$ 318,031	\$ 105,154	\$ -	\$ 105,154
Current year loss ratio	30.3%	57.2%	43.4%	23.1%	0.0%	23.1%
Prior accident year adjustments	-0.6%	-19.1%	-9.6%	0.0%	0.0%	0.0%
Net loss ratio	29.7%	38.1%	33.8%	23.1%	0.0%	23.1%
Paid to incurred	30.7%	95.1%	66.2%	33.7%	0.0%	33.7%

Consolidated	At or for the Year Ended					
	December 31, 2007			December 31, 2006		
	Validus Re	Talbot (a)	Total	Validus Re	Talbot (a)	Total
Net reserves at period beginning	\$ 77,363	\$ -	\$ 77,363	\$ -	\$ -	\$ -
Net reserves acquired in Talbot acquisition	-	588,068	588,068	-	-	-
Incurring losses - current year	187,205	159,055	346,260	91,323	-	91,323
Change in prior accident years	(11,667)	(50,600)	(62,267)	-	-	-
Incurring losses	175,538	108,455	283,993	91,323	-	91,323
Exchange rate effects	-	(839)	(839)	-	-	-
Paid losses	(56,087)	(100,785)	(156,872)	(13,960)	-	(13,960)
Net reserves at period end	196,814	594,899	791,714	77,363	-	77,363
Losses recoverable	-	134,404	134,404	-	-	-
Gross reserves at period end	\$ 196,814	\$ 729,303	\$ 926,118	\$ 77,363	\$ -	\$ 77,363
Net premiums earned	\$ 559,029	\$ 299,050	\$ 858,079	\$ 306,515	\$ -	\$ 306,515
Current year loss ratio	33.5%	53.2%	40.4%	29.8%	0.0%	29.8%
Prior accident year adjustments	-2.1%	-16.9%	-7.3%	0.0%	0.0%	0.0%
Net loss ratio	31.4%	36.3%	33.1%	29.8%	0.0%	29.8%
Paid to incurred	32.0%	92.9%	55.2%	15.3%	0.0%	15.3%

Notes:

(a) Operating results of Talbot have been included from July 2, 2007, the date of acquisition.

## Validus Holdings, Ltd.

### Losses and Loss Ratios by Class - Validus Re

(US Dollars in thousands, except share and per share information)

Validus Re Segment	At or for the Three Months Ended							
	December 31, 2007				December 31, 2006			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Net reserves at period beginning	\$ 122,778	\$ 25,938	\$ 14,674	\$ 163,390	\$ 46,165	\$ 10,473	\$ 4,637	\$ 61,275
Incurred losses - current year	31,300	7,134	10,750	49,184	21,139	(348)	3,475	24,265
Change in prior accident years	(114)	455	(1,281)	(940)	-	-	-	-
Incurred losses	31,186	7,589	9,469	48,244	21,139	(348)	3,475	24,265
Exchange rate effects	-	-	-	-	-	-	-	-
Paid losses	(12,998)	(920)	(902)	(14,820)	(7,919)	(259)	-	(8,178)
Net reserves at period end	140,966	32,607	23,241	196,814	59,385	9,866	8,112	77,363
Losses recoverable	-	-	-	-	-	-	-	-
Gross reserves at period end	<u>\$ 140,966</u>	<u>\$ 32,607</u>	<u>\$ 23,241</u>	<u>\$ 196,814</u>	<u>\$ 59,385</u>	<u>\$ 9,866</u>	<u>\$ 8,112</u>	<u>\$ 77,363</u>
Net premiums earned	\$ 124,519	\$ 22,933	\$ 15,062	\$ 162,514	\$ 74,555	\$ 17,508	\$ 13,091	\$ 105,154
Current year loss ratio	25.1%	31.1%	71.4%	30.3%	28.4%	-2.0%	26.5%	23.1%
Prior accident year adjustments	-0.1%	2.0%	-8.5%	-0.6%	0.0%	0.0%	0.0%	0.0%
Net loss ratio	<u>25.0%</u>	<u>33.1%</u>	<u>62.9%</u>	<u>29.7%</u>	<u>28.4%</u>	<u>-2.0%</u>	<u>26.5%</u>	<u>23.1%</u>
Paid to incurred	41.7%	12.1%	9.5%	30.7%	37.5%	-74.3%	0.0%	33.7%

Validus Re Segment	At or for the Year Ended							
	December 31, 2007				December 31, 2006			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Net reserves at period beginning	\$ 59,385	\$ 9,866	\$ 8,112	\$ 77,363	\$ -	\$ -	\$ -	\$ -
Incurred losses - current year	132,467	28,320	26,418	187,205	69,100	10,352	11,871	91,323
Change in prior accident years (a)	(7,689)	(2,036)	(1,942)	(11,667)	-	-	-	-
Incurred losses	124,778	26,284	24,476	175,538	69,100	10,352	11,871	91,323
Exchange rate effects	-	-	-	-	-	-	-	-
Paid losses	(43,197)	(3,543)	(9,347)	(56,087)	(9,715)	(486)	(3,759)	(13,960)
Net reserves at period end	140,966	32,607	23,241	196,814	59,385	9,866	8,112	77,363
Losses recoverable	-	-	-	-	-	-	-	-
Gross reserves at period end	<u>\$ 140,966</u>	<u>\$ 32,607</u>	<u>\$ 23,241</u>	<u>\$ 196,814</u>	<u>\$ 59,385</u>	<u>\$ 9,866</u>	<u>\$ 8,112</u>	<u>\$ 77,363</u>
Net premiums earned	\$ 423,977	\$ 78,684	\$ 56,368	\$ 559,029	\$ 214,084	\$ 56,755	\$ 35,676	\$ 306,515
Current year loss ratio	31.2%	36.0%	46.9%	33.5%	32.3%	18.2%	33.3%	29.8%
Prior accident year adjustments	-1.8%	-2.6%	-3.4%	-2.1%	0.0%	0.0%	0.0%	0.0%
Net loss ratio	<u>29.4%</u>	<u>33.4%</u>	<u>43.4%</u>	<u>31.4%</u>	<u>32.3%</u>	<u>18.2%</u>	<u>33.3%</u>	<u>29.8%</u>
Paid to incurred	34.6%	13.5%	38.2%	32.0%	14.1%	4.7%	31.7%	15.3%

#### Notes:

(a) Unallocated Loss Adjustment Expense is apportioned to the Company's lines of business. The allocation basis was refined in the first quarter of 2007, resulting in \$1,327 of expense being reallocated to Property from Marine.

(b) Specialty includes aviation, workers' compensation, terrorism, life and A&H, and financial lines of business.

## Validus Holdings, Ltd.

### Losses and Loss Ratios by Class - Talbot

(US Dollars in thousands, except share and per share information)

Talbot Segment	At or for the Three Months Ended (a)							
	December 31, 2007				December 31, 2006			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Net reserves at period beginning	\$ 148,360	\$ 260,927	\$ 186,740	\$ 596,027	\$ -	\$ -	\$ -	\$ -
Incurred losses - current year	13,660	40,217	35,116	88,993	-	-	-	-
Change in prior accident years	5	(253)	(29,422)	(29,670)	-	-	-	-
Incurred losses	13,665	39,964	5,694	59,323	-	-	-	-
Exchange rate effects	(369)	(1,507)	(2,140)	(4,016)	-	-	-	-
Paid losses	(18,554)	(26,650)	(11,231)	(56,435)	-	-	-	-
Net reserves at period end	143,102	272,734	179,063	594,899	-	-	-	-
Losses recoverable	15,440	99,852	19,112	134,404	-	-	-	-
Gross reserves at period end	\$ 158,542	\$ 372,586	\$ 198,175	\$ 729,303	\$ -	\$ -	\$ -	\$ -
Net premiums earned	\$ 32,305	\$ 65,923	\$ 57,289	\$ 155,517	\$ -	\$ -	\$ -	\$ -
Current year loss ratio	42.3%	61.0%	61.3%	57.2%	0.0%	0.0%	0.0%	0.0%
Prior accident year adjustments	0.0%	-0.4%	-51.4%	-19.1%	0.0%	0.0%	0.0%	0.0%
Net loss ratio	42.3%	60.6%	9.9%	38.1%	0.0%	0.0%	0.0%	0.0%
Paid to incurred	135.8%	66.7%	197.2%	95.1%	0.0%	0.0%	0.0%	0.0%

Talbot Segment	At or for the Year Ended (a)							
	December 31, 2007				December 31, 2006			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Net reserves at period beginning	\$ 143,331	\$ 262,935	\$ 181,802	\$ 588,068	\$ -	\$ -	\$ -	\$ -
Incurred losses - current year	34,502	71,540	53,013	159,055	-	-	-	-
Change in prior accident years	(5,958)	(7,037)	(37,605)	(50,600)	-	-	-	-
Incurred losses	28,544	64,503	15,408	108,455	-	-	-	-
Exchange rate effects	1,030	(4,156)	2,287	(839)	-	-	-	-
Paid losses	(29,803)	(50,548)	(20,434)	(100,785)	-	-	-	-
Net reserves at period end	143,102	272,734	179,063	594,899	-	-	-	-
Losses recoverable	15,440	99,852	19,112	134,404	-	-	-	-
Gross reserves at period end	\$ 158,542	\$ 372,586	\$ 198,175	\$ 729,303	\$ -	\$ -	\$ -	\$ -
Net premiums earned	\$ 64,614	\$ 120,887	\$ 113,549	\$ 299,050	\$ -	\$ -	\$ -	\$ -
Current year loss ratio	53.4%	59.2%	46.7%	53.2%	0.0%	0.0%	0.0%	0.0%
Prior accident year adjustments	-9.2%	-5.8%	-33.1%	-16.9%	0.0%	0.0%	0.0%	0.0%
Net loss ratio	44.2%	53.4%	13.6%	36.3%	0.0%	0.0%	0.0%	0.0%
Paid to incurred	104.4%	78.4%	132.6%	92.9%	0.0%	0.0%	0.0%	0.0%

#### Notes:

(a) Operating results of Talbot have been included from July 2, 2007, the date of acquisition.

(b) Specialty includes war, political violence and political risks, financial institutions, treaty and other classes.

# VALIDUS RE

## Validus Holdings, Ltd.

### Consolidated Reinsurance Recoverable Analysis

(US Dollars in thousands, except share and per share information)

Consolidated Reinsurance Recoverable	December 31, 2007		December 31, 2006	
	Reinsurance		Reinsurance	
	recoverable	% of total	recoverable	% of total
Categories				
Top 10 reinsurers	\$ 129,978	91.4%	\$ -	0.0%
Other reinsurers balances > \$1 million	8,700	6.1%	-	0.0%
Other reinsurers balances < \$1 million	3,536	2.5%	-	0.0%
<b>Total</b>	<b>\$ 142,214</b>	<b>100.0%</b>	<b>-</b>	<b>0.0%</b>

Top 10 Reinsurers	Rating (a)	December 31, 2007		December 31, 2006	
		Reinsurance		Reinsurance	
		recoverable	% of total	recoverable	% of total
Hannover Ruck - AG	AA-	\$ 31,630	24.3%	\$ -	0.0%
Lloyd's Syndicates	A+	29,613	22.8%	-	0.0%
Swiss Re	AA-	18,758	14.4%	-	0.0%
Muenchener Ruckversicherungs	AA-	14,322	11.0%	-	0.0%
Allianz	AA	13,461	10.4%	-	0.0%
Axa Re	AA	7,418	5.7%	-	0.0%
Aspen Insurance UK Limited	A	4,978	3.8%	-	0.0%
National Indemnity Company	AAA	4,738	3.6%	-	0.0%
Transatlantic Re	AA-	2,970	2.3%	-	0.0%
Max Re Ltd.	A-	2,090	1.6%	-	0.0%
		<b>\$ 129,978</b>	<b>100.0%</b>	<b>\$ -</b>	<b>0.0%</b>

#### Notes:

(a) 99.9% of reserves recoverable at December 31, 2007 were from reinsurers rated A- or better by internationally recognized rating agencies.

(b) Reinsurance recoverable includes Loss Reserves Recoverable and Paid Losses Recoverable.

# VALIDUS RE

## Validus Holdings, Ltd.

### Consolidated Investment Portfolio Composition and Net Investment Income

(US Dollars in thousands, except share and per share information)

<u>Total cash and investments</u>	<u>December 31, 2007</u>		<u>December 31, 2006</u>	
	<u>Fair Value (\$)</u>	<u>(%)</u>	<u>Fair Value (\$)</u>	<u>(%)</u>
U.S. Government and Government Agency	\$ 707,703	22.8%	\$ 119,731	8.3%
Corporate	488,127	15.7%	222,989	15.5%
Non-U.S. Government and Government Agency	141,493	4.6%	-	0.0%
Asset-backed and mortgage-backed securities	<u>1,074,075</u>	<u>34.6%</u>	<u>502,137</u>	<u>34.9%</u>
Total fixed maturities	2,411,398	77.6%	844,857	58.7%
Total short-term investments	<u>250,623</u>	<u>8.1%</u>	<u>531,530</u>	<u>36.9%</u>
Total investments	2,662,021	85.7%	1,376,387	95.6%
Cash and cash equivalents	<u>444,698</u>	<u>14.3%</u>	<u>63,643</u>	<u>4.4%</u>
Total cash and investments	<u>\$ 3,106,719</u>	<u>100.0%</u>	<u>\$ 1,440,030</u>	<u>100.0%</u>

  

<u>Net investment income</u>	<u>Three months ended</u>		<u>Year ended</u>	
	<u>December 31, 2007</u>	<u>December 31, 2006</u>	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Fixed maturities and short-term investments	\$ 29,895	\$ 17,654	\$ 98,801	\$ 57,350
Cash and cash equivalents	<u>8,339</u>	<u>457</u>	<u>16,111</u>	<u>2,583</u>
Total gross investment income	38,234	18,111	114,912	59,933
Investment expenses	<u>(709)</u>	<u>(461)</u>	<u>(2,588)</u>	<u>(1,912)</u>
Net investment income	<u>\$ 37,525</u>	<u>\$ 17,650</u>	<u>\$ 112,324</u>	<u>\$ 58,021</u>

  

Annualized effective investment yield (a)	<u>4.91%</u>	<u>5.03%</u>	<u>4.94%</u>	<u>4.74%</u>
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#### Notes:

(a) Annualized effective investment yield is calculated by dividing net investment income by the average balance of the assets managed by our portfolio managers and our other investments.

# VALIDUS RE

## Validus Holdings, Ltd.

### Consolidated Fixed Maturity Portfolio Credit Quality and Maturity Profile

(US Dollars in thousands, except share and per share information)

Total fixed maturities by ratings (a)	December 31, 2007		December 31, 2006	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
AAA	\$ 2,029,573	84.2%	\$ 644,106	76.2%
AA	185,127	7.7%	69,087	8.2%
A+	88,181	3.7%	58,285	6.9%
A	70,666	2.9%	44,136	5.2%
A-	29,948	1.2%	22,759	2.7%
BBB	7,903	0.3%	6,484	0.8%
	<u>\$ 2,411,398</u>	<u>100.0%</u>	<u>\$ 844,857</u>	<u>100.0%</u>

Total fixed maturities by maturity	December 31, 2007		December 31, 2006	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
Due in one year or less	\$ 198,466	8.2%	\$ 67,920	8.0%
Due after one year through five years	1,087,758	45.1%	255,739	30.3%
Due after five years through ten years	30,427	1.3%	5,207	0.6%
Due after ten years	20,672	0.9%	13,854	1.6%
	<u>1,337,323</u>	<u>55.5%</u>	<u>342,720</u>	<u>40.6%</u>
Asset-backed and mortgage-backed securities	<u>1,074,075</u>	<u>44.5%</u>	<u>502,137</u>	<u>59.4%</u>
	<u>\$ 2,411,398</u>	<u>100.0%</u>	<u>\$ 844,857</u>	<u>100.0%</u>

#### Notes:

(a) Ratings are lower of S&P or Moody's, shown at S&P rating equivalent. For investments where Moody's and S&P ratings are not available, Fitch ratings are used and presented in S&P's equivalent rating.



## Validus Holdings, Ltd.

### Capitalization

(US Dollars in thousands, except share and per share information)

<u>Capitalization</u>	<u>December 31, 2007</u>	<u>September 30, 2007</u>	<u>June 30, 2007</u>	<u>March 31, 2007</u>	<u>December 31, 2006</u>
Borrowings drawn under credit facility	\$ -	\$ -	\$ -	\$ -	\$ -
Junior Subordinated Deferrable Debentures (a)	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>150,000</u>	<u>150,000</u>
Total debt	350,000	350,000	350,000	150,000	150,000
Ordinary shares - capital and surplus	1,934,849	1,790,000	1,323,947	1,251,216	1,191,648
Accumulated other comprehensive income (loss)	<u>(49)</u>	<u>(640)</u>	<u>-</u>	<u>-</u>	<u>875</u>
Total shareholders' equity	<u>1,934,800</u>	<u>1,789,360</u>	<u>1,323,947</u>	<u>1,251,216</u>	<u>1,192,523</u>
Total capitalization (b)	<u>\$ 2,284,800</u>	<u>\$ 2,139,360</u>	<u>\$ 1,673,947</u>	<u>\$ 1,401,216</u>	<u>\$ 1,342,523</u>
Debt to total capitalization	<u>15.3%</u>	<u>16.4%</u>	<u>20.9%</u>	<u>10.7%</u>	<u>11.2%</u>
Debt (excluding Junior Debentures) to total capitalization	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

#### Notes:

(a) \$150,000 of 9.069% Junior Subordinated Deferrable Debentures ("9.069% Junior Debentures") were issued on June 15, 2006, mature on June 15, 2036, are redeemable at the Company's option at par beginning June 15, 2011, and require quarterly interest payments at a rate of 9.069% per annum. \$200,000 of 8.480% Junior Subordinated Deferrable Debentures ("8.480% Junior Debentures") were issued on June 21, 2007, mature on June 15, 2037, are redeemable at the Company's option at par beginning June 15, 2012, and require quarterly interest payments at a rate of 8.480% per annum.

(b) Total capitalization equals total shareholders' equity plus borrowings drawn under credit facility and Junior Subordinated Deferrable Debenture.