

VALIDUS RE

Validus Holdings, Ltd.

Investor Financial Supplement - First Quarter 2008

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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. 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		
		March 31,	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,
		2008	2007	2007	2007	2007	2007	2006
Highlights	Net income	\$ 66,475	\$ 138,969	\$ 136,525	\$ 70,754	\$ 56,748	\$ 402,996	\$ 183,097
	Net operating income (a)	65,529	131,471	127,909	75,172	53,670	388,221	182,119
	Gross premiums written	521,594	190,996	245,271	174,300	378,070	988,637	540,789
	Net premiums earned	291,864	318,031	295,526	133,030	111,492	858,079	306,514
	Total assets	4,535,638	4,144,224	4,126,602	2,364,911	2,012,485	4,144,224	1,646,423
	Total shareholders' equity	1,990,658	1,934,800	1,789,360	1,323,947	1,251,216	1,934,800	1,192,523
Per share data	<u>Earnings per basic share</u>							
	Net income	\$ 0.87	\$ 1.87	\$ 1.98	\$ 1.21	\$ 0.97	\$ 6.19	\$ 3.13
	Net operating income	0.86	1.77	1.85	1.29	0.92	5.97	3.11
	<u>Earnings per diluted share</u>							
	Net income	\$ 0.85	\$ 1.77	\$ 1.90	\$ 1.17	\$ 0.94	\$ 5.95	\$ 3.11
	Net operating income	0.84	1.68	1.78	1.24	0.89	5.73	3.09
	<u>Book value per share</u>							
	Reported	\$ 26.82	\$ 26.08	\$ 24.12	\$ 22.64	\$ 21.39	\$ 26.08	\$ 20.39
	With investments at amortized cost	26.84	25.90	24.06	22.70	21.35	25.90	20.38
	<u>Diluted book value per share (b)</u>							
	Reported	\$ 24.43	\$ 24.00	\$ 22.37	\$ 21.59	\$ 20.56	\$ 24.00	\$ 19.73
	With investments at amortized cost	24.45	23.85	22.32	21.64	20.52	23.85	19.71
Financial ratios	Losses and loss expenses ratio	48.0%	33.8%	29.5%	32.1%	41.7%	33.1%	29.8%
	Policy acquisition costs ratio	19.4%	16.8%	17.2%	13.4%	11.0%	15.6%	11.8%
	General and administrative expenses ratio	15.0%	12.5%	16.2%	9.8%	11.8%	13.3%	15.1%
	Expense ratio	34.4%	29.3%	33.4%	23.2%	22.8%	28.9%	26.9%
	Combined ratio	82.4%	63.1%	63.0%	55.3%	64.5%	62.0%	56.7%
	Annualized return on average equity (c)	13.5%	29.9%	35.1%	22.0%	18.6%	26.9%	17.0%
	Annualized operating return on average equity (d)	13.4%	28.2%	32.9%	23.4%	17.6%	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.

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Validus Holdings, Ltd.

Summary Consolidated Balance Sheets

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

	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
Assets						
Fixed maturities, at fair value	\$ 2,759,884	\$ 2,411,398	\$ 1,772,121	\$ 1,127,591	\$ 1,089,167	\$ 844,857
Short-term investments, at fair value	133,711	250,623	580,765	371,767	350,136	531,530
Cash and cash equivalents	<u>347,347</u>	<u>444,698</u>	<u>651,428</u>	<u>314,955</u>	<u>88,317</u>	<u>63,643</u>
Total investments and cash	3,240,942	3,106,719	3,004,314	1,814,313	1,527,620	1,440,030
Premiums receivable	572,175	401,241	505,001	376,814	356,294	142,408
Deferred acquisition costs	135,789	105,562	122,572	72,518	66,694	28,203
Prepaid reinsurance premiums	71,855	22,817	59,623	40,747	27,064	8,245
Securities lending collateral	191,256	164,324	60,018	35,194	16,258	12,327
Loss reserves recoverable	118,575	134,404	165,115	158	450	-
Paid losses recoverable	7,008	7,810	8,174	-	-	-
Net receivable for investments sold	-	-	-	1,862	-	-
Taxes recoverable	-	3,325	6,283	-	-	-
Goodwill and other intangible assets	150,732	151,772	152,812	-	-	-
Accrued investment income	22,187	19,960	15,476	9,355	7,683	6,456
Other assets	<u>25,119</u>	<u>26,290</u>	<u>27,214</u>	<u>13,950</u>	<u>10,422</u>	<u>8,754</u>
Total assets	<u>\$ 4,535,638</u>	<u>\$ 4,144,224</u>	<u>\$ 4,126,602</u>	<u>\$ 2,364,911</u>	<u>\$ 2,012,485</u>	<u>\$ 1,646,423</u>
Liabilities						
Reserve for losses and loss expense	\$ 977,236	\$ 926,117	\$ 924,531	\$ 138,132	\$ 111,555	\$ 77,363
Unearned premiums	750,257	557,344	727,293	461,437	433,263	178,824
Reinsurance balances payable	88,356	36,848	56,553	45,927	25,708	7,438
Securities lending payable	192,468	164,324	60,018	35,194	16,258	12,327
Taxes payable	1,531	-	-	-	-	-
Deferred taxation	13,421	16,663	20,260	-	-	-
Net payable for investments purchased	52,307	31,426	88,072	-	17,209	12,850
Accounts payable and accrued expenses	119,404	126,702	110,515	10,274	7,276	15,098
Debentures payable	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>150,000</u>	<u>150,000</u>
Total liabilities	<u>2,544,980</u>	<u>2,209,424</u>	<u>2,337,242</u>	<u>1,040,964</u>	<u>761,269</u>	<u>453,900</u>
Shareholders' equity						
Ordinary shares	\$ 12,990	\$ 12,985	\$ 12,985	\$ 10,234	\$ 10,234	\$ 10,234
Additional paid-in capital	1,391,303	1,384,604	1,378,724	1,051,947	1,049,970	1,048,025
Accumulated other comprehensive (loss) income	18	(49)	(640)	-	-	875
Retained earnings	<u>586,347</u>	<u>537,260</u>	<u>398,291</u>	<u>261,766</u>	<u>191,012</u>	<u>133,389</u>
Total shareholders' equity	<u>1,990,658</u>	<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 liabilities and shareholders' equity	<u>\$ 4,535,638</u>	<u>\$ 4,144,224</u>	<u>\$ 4,126,602</u>	<u>\$ 2,364,911</u>	<u>\$ 2,012,485</u>	<u>\$ 1,646,423</u>
Book value per common share	<u>\$ 26.82</u>	<u>\$ 26.08</u>	<u>\$ 24.12</u>	<u>\$ 22.64</u>	<u>\$ 21.39</u>	<u>\$ 20.39</u>
Diluted book value per common share	<u>\$ 24.43</u>	<u>\$ 24.00</u>	<u>\$ 22.37</u>	<u>\$ 21.59</u>	<u>\$ 20.56</u>	<u>\$ 19.73</u>
Diluted book value per common share plus accumulated dividends	<u>\$ 24.63</u>	<u>\$ 24.00</u>	<u>\$ 22.37</u>	<u>\$ 21.59</u>	<u>\$ 20.56</u>	<u>\$ 19.73</u>

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 March 31, 2008				At December 31, 2007			
	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	\$ 1,990,658	74,230,411		\$ 26.82	\$ 1,934,800	74,199,836		\$ 26.08
<i>Diluted Book Value per Common Share</i>								
Total shareholders' equity	\$ 1,990,658	74,230,411	-		\$ 1,934,800	74,199,836	-	
Assumed exercise of outstanding warrants (b)	152,545	8,693,216	\$ 17.55		152,869	8,711,729	\$ 17.55	
Assumed exercise of outstanding stock options (b)	52,683	2,893,968	\$ 18.20		49,196	2,761,176	\$ 17.82	
Unvested restricted shares	-	4,058,486	-		-	3,367,961	-	
Diluted book value per common share	\$ 2,195,886	89,876,081		\$ 24.43	\$ 2,136,865	89,040,702		\$ 24.00
<i>Book Value per Common Share, with Investments at Amortized Cost</i>								
<i>Book Value per Common Share</i>								
Total shareholders' equity	\$ 1,990,658				\$ 1,934,800			
Unrealized (gain) loss on investments	1,738				(13,239)			
Total shareholders' equity, as adjusted	\$ 1,992,396	74,230,411		\$ 26.84	\$ 1,921,561	74,199,836		\$ 25.90
<i>Diluted Book Value per Common Share</i>								
Total shareholders' equity	\$ 1,992,396	74,230,411	-		\$ 1,921,561	74,199,836	-	
Assumed exercise of outstanding warrants (b)	152,545	8,693,216	\$ 17.55		152,869	8,711,729	\$ 17.55	
Assumed exercise of outstanding stock options (b)	52,683	2,893,968	\$ 18.20		49,196	2,761,176	\$ 17.82	
Unvested restricted shares	-	4,058,486	-		-	3,367,961	-	
Diluted book value per common share, as adjusted	\$ 2,197,624	89,876,081		\$ 24.45	\$ 2,123,626	89,040,702		\$ 23.85

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			
	March 31,	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,	December 31,
	2008	2007	2007	2007	2007	2006	2007	2006
Cash flows provided by operating activities								
Net income for the period	\$ 66,475	\$ 138,969	\$ 136,525	\$ 70,754	\$ 56,748	\$ 69,052	\$ 402,996	\$ 183,097
Adjustments to reconcile net income to net cash provided by operating activities:								
Stock compensation expense	6,535	6,135	6,132	1,977	1,945	2,223	16,189	7,880
Net realized losses (gains) on sales of investments	(7,744)	(785)	(1,009)	232	(46)	208	(1,608)	1,102
Net unrealized losses (gains) on investments	14,977	(9,228)	(7,682)	6,189	(1,643)	-	(12,364)	-
Fair value of warrants expensed	-	-	2,893	-	-	-	2,893	77
Amortization of goodwill and other intangible assets	1,040	1,041	1,040	-	-	-	2,081	-
Foreign exchange gains on cash and cash equivalents included in net income	(5,701)	1,739	(3,116)	(1,357)	(3,241)	(1,632)	(5,975)	(2,693)
Amortization of discounts on fixed maturities	226	(1,571)	(5,428)	(1,113)	(2,627)	(3,343)	(10,739)	(10,911)
Change in:								
Premiums receivable	(170,863)	102,641	124,730	(20,520)	(213,886)	35,226	(7,035)	(142,408)
Deferred acquisition costs	(30,318)	16,659	16,756	(5,824)	(38,491)	2,408	(10,900)	(28,203)
Prepaid reinsurance premiums	(48,992)	36,454	32,738	(13,683)	(18,819)	26,055	36,690	(8,245)
Loss reserves recoverable	15,782	30,200	2,477	292	(450)	1,936	32,519	-
Paid losses recoverable	811	340	16,480	-	-	-	16,820	-
Taxes recoverable	4,701	2,963	(525)	-	-	-	2,438	-
Accrued investment income	(2,226)	(4,507)	1,593	(1,671)	(1,227)	(885)	(5,812)	(3,223)
Other assets	85	258	6,893	(1,528)	(1,668)	(988)	3,955	(3,073)
Unearned premiums	193,221	(168,046)	(90,909)	28,173	254,439	(65,348)	23,657	178,824
Reserve for losses and loss expense	51,935	6,030	27,514	26,577	34,192	14,152	94,313	77,363
Reinsurance balances payable	51,447	(19,555)	(56,599)	20,219	18,270	(14,860)	(37,665)	7,438
Deferred taxation	(3,242)	(3,123)	2,096	-	-	-	(1,027)	-
Accounts payable and accrued expenses	(7,009)	18,665	8,111	2,998	(7,822)	4,541	21,952	13,487
Net cash provided by operating activities	131,140	155,279	220,710	111,715	75,674	68,745	563,378	270,512
Cash flows used in investing activities								
Proceeds on sales and maturity of investments	639,994	523,322	470,580	256,864	163,758	119,410	1,414,524	449,576
Purchases of fixed maturities	(973,142)	(1,207,618)	(615,481)	(320,733)	(401,955)	(166,148)	(2,545,787)	(1,045,523)
Net Maturities (purchases) of short-term investments, net	117,157	326,183	(48,026)	(20,565)	183,956	(47,308)	441,548	(146,212)
Increase in securities lending collateral	(28,144)	(104,307)	(24,824)	(18,935)	(3,932)	(12,327)	(151,998)	(12,327)
Purchase of subsidiary, net of cash acquired	-	-	(18,809)	-	-	-	(18,809)	-
Net cash used in investing activities	(244,135)	(462,420)	(236,560)	(103,369)	(58,173)	(106,373)	(860,522)	(754,486)
Cash flows provided by (used in) provided by financing activities								
Net proceeds on issuance of debentures payable	-	-	-	198,000	-	-	198,000	146,250
Issue of common shares, net	169	(256)	320,504	-	-	(145)	320,248	(12,141)
Dividends paid to shareholders	(17,388)	-	-	-	-	-	-	-
Increase in securities lending payable	28,144	104,307	24,824	18,935	3,932	12,327	151,998	12,327
Net cash provided by financing activities	10,925	104,051	345,328	216,935	3,932	12,182	670,246	146,436
Effect of foreign current rate changes on cash and cash equivalents	4,719	(3,640)	6,995	1,357	3,241	1,632	7,953	2,693
Net increase (decrease) in cash	(97,351)	(206,730)	336,473	226,638	24,674	(23,814)	381,055	(334,845)
Cash and cash equivalents - Beginning of period	444,698	651,428	314,955	88,317	63,643	87,457	63,643	398,488
Cash and cash equivalents - End of period	\$ 347,347	\$ 444,698	\$ 651,428	\$ 314,955	\$ 88,317	\$ 63,643	\$ 444,698	\$ 63,643
Taxes (recovered) paid during the period	\$ (114)	\$ 20	\$ 37	\$ -	\$ -	\$ -	\$ 57	\$ -
Interest paid during the period	\$ 7,641	\$ 7,446	\$ 8,329	\$ 3,401	\$ 3,401	\$ 3,401	\$ 22,577	\$ 6,802
Losses paid during the period	\$ 72,308	\$ 71,256	\$ 57,064	\$ 15,806	\$ 12,746	\$ 8,178	\$ 156,872	\$ 13,960

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		
	March 31,	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,
	2008	2007	2007	2007	2007	2007	2006
Revenues							
Gross premiums written	\$ 521,594	\$ 190,996	\$ 245,271	\$ 174,300	\$ 378,070	\$ 988,637	\$ 540,789
Reinsurance premiums ceded	(84,900)	(4,566)	(7,906)	(26,780)	(30,958)	(70,210)	(63,696)
Net premiums written	436,694	186,430	237,365	147,520	347,112	918,427	477,093
Change in unearned premiums	(144,830)	131,601	58,161	(14,490)	(235,620)	(60,348)	(170,579)
Net premiums earned	291,864	318,031	295,526	133,030	111,492	858,079	306,514
Net investment income	36,043	37,525	36,560	19,742	18,497	112,324	58,021
Net realized gains (losses) on investments	7,744	784	1,010	(232)	46	1,608	(1,102)
Net unrealized gains (losses) on investments	(14,977)	9,229	7,681	(6,189)	1,643	12,364	-
Other income	935	1,971	1,330	-	-	3,301	-
Foreign exchange (losses) gains	8,179	(2,515)	5,818	2,003	1,389	6,696	2,157
Total revenues	329,788	365,025	347,925	148,354	133,067	994,372	365,590
Expenses							
Losses and loss expense	140,024	107,567	87,263	42,675	46,487	283,993	91,323
Policy acquisition costs	56,701	53,277	50,945	17,837	12,219	134,277	36,072
General and administrative expenses	37,107	33,676	44,793	11,107	11,227	100,765	38,352
Share compensation expense	6,535	6,135	6,132	1,978	1,945	16,189	7,880
Finance expenses	21,517	25,423	17,886	4,003	4,441	51,754	8,789
Fair value of warrants issued	-	-	2,893	-	-	2,893	77
Total expenses	261,884	226,078	209,912	77,600	76,319	589,871	182,493
Net income before taxes	67,904	138,947	138,013	70,754	56,748	404,501	183,097
Taxes	1,429	(22)	1,488	-	-	1,505	-
Net income	\$ 66,475	\$ 138,969	\$ 136,525	\$ 70,754	\$ 56,748	\$ 402,996	\$ 183,097
Comprehensive income							
Unrealized gains arising during period	-	-	-	-	-	-	(332)
Foreign currency translation adjustments	67	49	(640)	-	-	(591)	-
Adjustment for reclassification of (losses) realized in income	-	-	-	-	-	-	1,102
Comprehensive income	\$ 66,542	\$ 139,018	\$ 135,885	\$ 70,754	\$ 56,748	\$ 402,405	\$ 183,867
Earnings per share							
Weighted average number of common shares and share equivalents outstanding:							
Basic	74,209,371	74,199,836	69,107,336	58,482,600	58,482,601	65,068,093	58,477,130
Diluted	78,329,727	78,415,109	71,868,835	60,647,354	60,215,392	67,786,673	58,874,567
Basic earnings per share	\$ 0.87	\$ 1.87	\$ 1.98	\$ 1.21	\$ 0.97	\$ 6.19	\$ 3.13
Diluted earnings per share	\$ 0.85	\$ 1.77	\$ 1.90	\$ 1.17	\$ 0.94	\$ 5.95	\$ 3.11
Dividends declared per share	\$ 0.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Validus Holdings, Ltd.

Consolidated Statements of Operations - Underwriting Income Format

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

	Three Months Ended				
	March 31,	December 31,	September 30,	June 30,	March 31,
	2008	2007	2007	2007	2007
Gross premiums written	\$ 521,594	\$ 190,996	\$ 245,271	\$ 174,300	\$ 378,070
Reinsurance premiums ceded	(84,900)	(4,566)	(7,906)	(26,780)	(30,958)
Net premiums written	436,694	186,430	237,365	147,520	347,112
Change in unearned premiums	(144,830)	131,601	58,161	(14,490)	(235,620)
Net premiums earned	291,864	318,031	295,526	133,030	111,492
Losses and loss expenses	140,024	107,567	87,263	42,675	46,487
Policy acquisition costs	56,701	53,277	50,945	17,837	12,219
General and administrative expenses	37,107	33,676	41,793	11,107	11,227
Share compensation expense	6,535	6,135	6,132	1,978	1,945
Total underwriting deductions	240,367	200,655	186,133	73,597	71,878
Underwriting income	51,497	117,376	109,393	59,433	39,614
Net investment income	36,043	37,525	36,560	19,742	18,497
Other income	935	1,971	1,330	-	-
Finance expenses	(21,517)	(25,423)	(17,886)	(4,003)	(4,441)
Operating income before tax	66,958	131,449	129,397	75,172	53,670
Taxes	1,429	(22)	1,488	-	-
Net operating income	\$ 65,529	\$ 131,471	\$ 127,909	\$ 75,172	\$ 53,670
Net realized gains (losses) on investments	7,744	784	1,010	(232)	46
Net unrealized gains (losses) on investments	(14,977)	9,229	7,681	(6,189)	1,643
Foreign exchange (losses) gains	8,179	(2,515)	5,818	2,003	1,389
Fair value of warrants issued	-	-	(2,893)	-	-
Aquiline termination fee	-	-	(3,000)	-	-
Net income	\$ 66,475	\$ 138,969	\$ 136,525	\$ 70,754	\$ 56,748
Selected Ratios					
Net premiums written/Gross premiums written	83.7%	97.6%	96.8%	84.6%	91.8%
Losses and loss expenses	48.0%	33.8%	29.5%	32.1%	41.7%
Policy acquisition costs	19.4%	16.8%	17.2%	13.4%	11.0%
General and administrative expenses	15.0%	12.5%	16.2%	9.8%	11.8%
Expense ratio	34.4%	29.3%	33.4%	23.2%	22.8%
Combined ratio	82.4%	63.1%	63.0%	55.3%	64.5%

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.

Validus Holdings, Ltd.

Computation of Earnings Per Share Data

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

	Three Months Ended					
	March 31, 2008			March 31, 2007		
	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehensive income
<i>Basic EPS calculation:</i>						
Net income	\$ 65,529	\$ 66,475	\$ 66,542	\$ 53,670	\$ 56,748	\$ 56,748
Less: Dividends and distributions declared on outstanding warrants	(1,739)	(1,739)	(1,739)	-	-	-
Net income available to common shareholders	\$ 63,790	\$ 64,736	\$ 64,803	\$ 53,670	\$ 56,748	\$ 56,748
Weighted average number of common shares outstanding	74,209,371	74,209,371	74,209,371	58,482,601	58,482,601	58,482,601
Basic earnings per share	\$ 0.86	\$ 0.87	\$ 0.87	\$ 0.92	\$ 0.97	\$ 0.97
<i>Diluted EPS calculation:</i>						
Net income	\$ 65,529	\$ 66,475	\$ 66,542	\$ 53,670	\$ 56,748	\$ 56,748
Weighted average number of common shares outstanding:	74,209,371	74,209,371	74,209,371	58,482,601	58,482,601	58,482,601
<i>Share equivalents:</i>						
Warrants	2,517,851	2,517,851	2,517,851	1,370,158	1,370,158	1,370,158
Stock options	309,839	309,839	309,839	-	-	-
Unvested restricted shares	1,292,666	1,292,666	1,292,666	362,633	362,633	362,633
Weighted average number of diluted common shares outstanding	78,329,727	78,329,727	78,329,727	60,215,392	60,215,392	60,215,392
Diluted earnings per share	\$ 0.84	\$ 0.85	\$ 0.85	\$ 0.89	\$ 0.94	\$ 0.94

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.

In the basic earnings per share calculation, dividends and distributions declared on warrants outstanding are deducted from net income. In calculating diluted earnings per share, we also consider the impact of increasing the number of dilutive shares by a portion of the warrants outstanding, calculated using the treasury stock method. Whichever adjustment is more dilutive is incorporated in the calculation of diluted earnings per share.

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	
	March 31, 2008	March 31, 2007
Average fair value per share	\$ 24.70	\$ 20.87
Basic weighted average common shares outstanding	74,209,371	58,482,601
Add: weighted average unvested restricted shares	3,723,502	733,954
Proceeds from unrecognized restricted share expense	\$ 60,042	\$ 7,749
Less: restricted shares bought back via treasury method	(2,430,836)	(371,321)
Add: weighted average dilutive warrants outstanding	8,698,111	8,454,543
Weighted average exercise price per share	\$ 17.55	\$ 17.50
Less: warrants bought back via treasury method	(6,180,260)	(7,084,385)
Add: weighted average dilutive options outstanding	2,804,944	2,568,898
Weighted average exercise price per share	\$ 18.20	\$ 17.54
Proceeds from unrecognized option expense	\$ 12,992	\$ 14,427
Less: options bought back via treasury method	(2,495,105)	(2,568,898)
Weighted average dilutive shares outstanding	<u>78,329,727</u>	<u>60,215,392</u>

Validus Holdings, Ltd.

Consolidated Segment Income Data for Quarter

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

	Three Months Ended March 31, 2008				Three months ended March 31, 2007			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Gross premiums written	\$ 331,048	\$ 201,794	\$ (11,248)	\$ 521,594	\$ 378,070	\$ -	\$ -	\$ 378,070
Reinsurance premiums ceded	(23,743)	(72,405)	11,248	(84,900)	(30,958)	-	-	(30,958)
Net premiums written	307,305	129,389	-	436,694	347,112	-	-	347,112
Change in unearned premiums	(163,651)	18,821	-	(144,830)	(235,620)	-	-	(235,620)
Net premiums earned	143,654	148,210	-	291,864	111,492	-	-	111,492
Losses and loss expenses	58,915	81,109	-	140,024	46,487	-	-	46,487
Policy acquisition costs	20,403	36,298	-	56,701	12,219	-	-	12,219
General and administrative expenses	9,379	20,923	6,805	37,107	7,292	-	3,935	11,227
Share compensation expense	1,226	976	4,333	6,535	765	-	1,180	1,945
Total underwriting deductions	89,923	139,306	11,138	240,367	66,763	-	5,115	71,878
Underwriting income (loss)	\$ 53,731	\$ 8,904	\$ (11,138)	\$ 51,497	\$ 44,729	\$ -	\$ (5,115)	\$ 39,614
Net investment income	25,027	10,982	34	36,043	18,496	-	1	18,497
Other income	-	935	-	935	-	-	-	-
Finance expenses	(354)	(13,220)	(7,943)	(21,517)	(856)	-	(3,585)	(4,441)
Operating income (loss) before tax	78,404	7,601	(19,047)	66,958	62,369	-	(8,699)	53,670
Taxes	28	1,401	-	1,429	-	-	-	-
Net operating income (loss)	\$ 78,376	\$ 6,200	\$ (19,047)	\$ 65,529	\$ 62,369	\$ -	\$ (8,699)	\$ 53,670
Net realized gains on investments	2,077	5,667	-	7,744	46	-	-	46
Net unrealized (losses) gains on investments	(18,612)	3,635	-	(14,977)	1,643	-	-	1,643
Foreign exchange gains	7,675	504	-	8,179	1,389	-	-	1,389
Net income (loss)	\$ 69,516	\$ 16,006	\$ (19,047)	\$ 66,475	\$ 65,447	\$ -	\$ (8,699)	\$ 56,748
Selected Ratios								
Net premiums written/Gross premiums written	92.8%	64.1%		83.7%	91.8%	0.0%		91.8%
Losses and loss expenses	41.0%	54.7%		48.0%	41.7%	0.0%		41.7%
Policy acquisition costs	14.2%	24.5%		19.4%	11.0%	0.0%		11.0%
General and administrative expenses	7.4%	14.8%		15.0%	7.2%	0.0%		11.8%
Expense ratio	21.6%	39.3%		34.4%	18.2%	0.0%		22.8%
Combined ratio	62.6%	94.0%		82.4%	59.9%	0.0%		64.5%

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.

Underwriting Results by Class of Business - Quarter - Validus Re

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

	Three Months Ended March 31, 2008				Three months ended March 31, 2007			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Validus Re Segment								
Gross premiums written	\$ 203,110	\$ 84,040	\$ 43,898	\$ 331,048	\$ 238,789	\$ 101,150	\$ 38,131	\$ 378,070
Reinsurance premiums ceded	(6,363)	(16,977)	(403)	(23,743)	-	(29,533)	(1,425)	(30,958)
Net premiums written	196,747	67,063	43,495	307,305	238,789	71,617	36,706	347,112
Change in unearned premiums	(88,943)	(48,338)	(26,370)	(163,651)	(153,637)	(56,506)	(25,477)	(235,620)
Net premiums earned	107,804	18,725	17,125	143,654	85,152	15,111	11,229	111,492
Losses and loss expenses	42,760	8,370	7,785	58,915	29,935	7,816	8,736	46,487
Policy acquisition costs	15,980	2,150	2,273	20,403	9,575	1,121	1,523	12,219
Total underwriting deductions before G&A	<u>58,740</u>	<u>10,520</u>	<u>10,058</u>	<u>79,318</u>	<u>39,510</u>	<u>8,937</u>	<u>10,259</u>	<u>58,706</u>
Underwriting income before G&A	49,064	8,205	7,067	64,336	45,642	6,174	970	52,786
General and administrative expenses				9,379				7,292
Share compensation expense				1,226				765
Total underwriting deductions				<u>89,923</u>				<u>66,763</u>
Underwriting income				53,731				44,729
Net investment income				25,027				18,496
Finance expenses				(354)				(856)
Operating income before tax (a)				78,404				62,369
Taxes				28				-
Net operating income (a)				\$ 78,376				\$ 62,369
Net realized gains on investments				2,077				46
Net unrealized gains (losses) on investments				(18,612)				1,643
Foreign exchange gains				7,675				1,389
Net income				\$ 69,516				\$ 65,447
Selected Ratios								
Net premiums written/Gross premiums written	96.9%	79.8%	99.1%	92.8%	100.0%	70.8%	96.3%	91.8%
Losses and loss expenses	39.7%	44.7%	45.5%	41.0%	35.2%	51.7%	77.8%	41.7%
Policy acquisition costs	14.8%	11.5%	13.3%	14.2%	11.2%	7.4%	13.6%	11.0%
General and administrative expenses				7.4%				7.2%
Expense ratio				21.6%				18.2%
Combined ratio				62.6%				59.9%

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 March 31, 2008				Three months ended March 31, 2007			
	Property	Marine	Specialty (c)	Total	Property	Marine	Specialty (c)	Total
Talbot Segment								
Gross premiums written	\$ 40,367	\$ 86,243	\$ 75,184	\$ 201,794	\$ -	\$ -	\$ -	\$ -
Reinsurance premiums ceded	(17,589)	(11,916)	(42,900)	(72,405)	-	-	-	-
Net premiums written	22,778	74,327	32,284	129,389	-	-	-	-
Change in unearned premiums	7,613	(8,042)	19,250	18,821	-	-	-	-
Net premiums earned	30,391	66,285	51,534	148,210	-	-	-	-
Losses and loss expenses	15,506	48,328	17,275	81,109	-	-	-	-
Policy acquisition costs	6,355	16,531	13,412	36,298	-	-	-	-
Total underwriting deductions before G&A	21,861	64,859	30,687	117,407	-	-	-	-
Underwriting income before G&A	8,530	1,426	20,847	30,803	-	-	-	-
General and administrative expenses				20,923				-
Share compensation expense				976				-
Total underwriting deductions				21,899				-
Underwriting income				8,904				-
Net investment income				10,982				-
Other income				935				-
Finance expenses				(13,220)				-
Operating income before tax (b)				7,601				-
Taxes				1,401				\$ -
Net operating income (b)				\$ 6,200				-
Net realized gains on investments				5,667				-
Net unrealized gains on investments				3,635				-
Foreign exchange gain				504				\$ -
Net income				\$ 16,006				-
Selected Ratios								
Net premiums written/Gross premiums written	56.4%	86.2%	42.9%	64.1%	0.0%	0.0%	0.0%	0.0%
Losses and loss expenses	51.0%	72.9%	33.5%	54.7%	0.0%	0.0%	0.0%	0.0%
Policy acquisition costs	20.9%	24.9%	26.0%	24.5%	0.0%	0.0%	0.0%	0.0%
General and administrative expenses				14.8%				0.0%
Expense ratio				39.3%				0.0%
Combined ratio				94.0%				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, non-property 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>March 31, 2008</u>		<u>March 31, 2007</u>	
<u>Line of Business</u>	<u>Treaty Type</u>	<u>GPW</u>	<u>%</u>	<u>GPW</u>	<u>%</u>
Property	Cat XOL (b)	\$ 132,022	39.9%	\$ 140,917	37.3%
	Per Risk XOL (c)	10,776	3.3%	12,737	3.4%
	Proportional (d)	<u>60,312</u>	<u>18.2%</u>	<u>85,135</u>	<u>22.5%</u>
		203,110	61.4%	238,789	63.2%
Marine	Cat XOL (b)	922	0.3%	(955)	-0.3%
	Per Risk XOL (c)	60,345	18.2%	80,045	21.1%
	Proportional (d)	<u>22,773</u>	<u>6.9%</u>	<u>22,060</u>	<u>5.8%</u>
		84,040	25.4%	101,150	26.7%
Specialty (a)	Cat XOL (b)	24,159	7.3%	22,583	6.0%
	Per Risk XOL (c)	259	0.1%	700	0.2%
	Proportional (d)	<u>19,480</u>	<u>5.9%</u>	<u>14,848</u>	<u>3.9%</u>
		<u>43,898</u>	<u>13.3%</u>	<u>38,131</u>	<u>10.1%</u>
Total		<u>\$ 331,048</u>	<u>100.0%</u>	<u>\$ 378,070</u>	<u>100.0%</u>

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			
		March 31, 2008		March 31, 2007	
		GPW	%	GPW	%
Property	Treaty Reinsurance	\$ 220,564	42.3%	\$ 238,789	63.2%
	Facultative Reinsurance	10,685	2.0%	-	0.0%
	Direct Insurance	12,228	2.3%	-	0.0%
		<u>243,477</u>	<u>46.7%</u>	<u>238,789</u>	<u>63.2%</u>
Marine	Treaty Reinsurance	93,734	18.0%	101,150	26.8%
	Facultative Reinsurance	19,041	3.7%	-	0.0%
	Direct Insurance	46,260	8.9%	-	0.0%
		<u>159,035</u>	<u>30.5%</u>	<u>101,150</u>	<u>26.8%</u>
Specialty	Treaty Reinsurance	61,006	11.7%	38,131	10.1%
	Facultative Reinsurance	19,935	3.8%	-	0.0%
	Direct Insurance	38,141	7.3%	-	0.0%
		<u>119,082</u>	<u>22.8%</u>	<u>38,131</u>	<u>10.1%</u>
Total	Treaty Reinsurance	375,304	72.0%	378,070	100.0%
	Facultative Reinsurance	49,661	9.5%	-	0.0%
	Direct Insurance	96,629	18.5%	-	0.0%
	Total	\$ 521,594	100.0%	\$ 378,070	100.0%

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, non-property 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)		
	March 31,	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,
	2008	2007	2007	2007	2007	2007	2006
Validus Re							
Property	\$ 203,110	\$ 16,282	\$ 86,623	\$ 156,681	\$ 238,789	\$ 498,375	\$ 370,958
Marine	84,040	18,067	8,345	9,148	101,150	136,710	104,584
Aerospace	18,929	7,616	5,373	3,797	19,573	36,359	40,977
Life and A&H	913	-	-	-	345	345	1,729
Financial Institutions	-	138	-	3,437	-	3,575	-
Terrorism	19,641	4,738	727	713	15,453	21,631	18,525
Workers' Comp	4,415	658	1,161	524	2,760	5,103	4,016
Total Validus Re Segment	331,048	47,499	102,229	174,300	378,070	702,098	540,789
Talbot							
Property	40,367	20,627	28,549	62,475	39,594	151,245	159,374
Marine	86,243	59,006	55,016	72,180	77,806	264,008	244,535
Aviation & Other	17,991	7,991	3,810	4,577	28,914	45,292	52,239
Accident & Heath	3,038	6,095	2,558	3,623	1,945	14,221	-
Financial Institutions	11,914	9,396	11,618	10,931	11,858	43,803	44,666
War	32,986	30,599	29,249	36,784	32,249	128,881	129,965
Contingency	3,906	6,028	6,300	7,964	4,387	24,679	17,873
Bloodstock	5,349	3,755	5,942	3,847	2,052	15,596	-
Total Talbot Segment	201,794	143,497	143,042	202,381	198,805	687,725	648,652
Intersegment revenue eliminated	(11,248)	-	-	-	-	-	-
Total	\$ 521,594	\$ 190,996	\$ 245,271	\$ 376,681	\$ 576,875	\$ 1,389,823	\$ 1,189,441

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				
	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007
Underwriting revenues					
Gross premiums written	\$ 331,048	\$ 47,499	\$ 102,229	\$ 174,300	\$ 378,070
Reinsurance premiums ceded	(23,743)	(3,813)	(7,291)	(26,780)	(30,958)
Net premiums written	307,305	43,686	94,938	147,520	347,112
Change in unearned premiums	(163,651)	118,828	57,055	(14,490)	(235,620)
Net premiums earned	<u>143,654</u>	<u>162,514</u>	<u>151,993</u>	<u>133,030</u>	<u>111,492</u>
Underwriting deductions					
Losses and loss expenses	58,915	48,244	38,131	42,675	46,487
Policy acquisition costs	20,403	22,107	18,161	17,837	12,219
General and administrative expenses	10,605	9,047	10,808	7,512	8,057
Total underwriting deductions	<u>89,923</u>	<u>79,398</u>	<u>67,100</u>	<u>68,024</u>	<u>66,763</u>
Underwriting income	<u>\$ 53,731</u>	<u>\$ 83,116</u>	<u>\$ 84,893</u>	<u>\$ 65,006</u>	<u>\$ 44,729</u>
Selected Ratios					
Losses and loss expenses	41.0%	29.7%	25.1%	32.1%	41.7%
Policy acquisition costs	14.2%	13.6%	11.9%	13.4%	11.0%
General and administrative expenses	7.4%	5.6%	7.1%	5.6%	7.2%
Expense ratio	<u>21.6%</u>	<u>19.2%</u>	<u>19.1%</u>	<u>19.1%</u>	<u>18.2%</u>
Combined ratio	<u>62.6%</u>	<u>48.9%</u>	<u>44.1%</u>	<u>51.1%</u>	<u>59.9%</u>

VALIDUS RE

Validus Holdings, Ltd.

Talbot Segment - Underwriting Income

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

	Three Months Ended (1)				
	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007
Underwriting revenues					
Gross premiums written	\$ 201,794	\$ 143,497	\$ 143,042	\$ -	\$ -
Reinsurance premiums ceded	(72,405)	(753)	(615)	-	-
Net premiums written	129,389	142,744	142,427	-	-
Change in unearned premiums	18,821	12,773	1,106	-	-
Net premiums earned	148,210	155,517	143,533	-	-
Underwriting deductions					
Losses and loss expenses	81,109	59,323	49,132	-	-
Policy acquisition costs	36,298	31,170	32,784	-	-
General and administrative expenses	21,899	24,606	25,989	-	-
Total underwriting deductions	139,306	115,099	107,905	-	-
Underwriting income	\$ 8,904	\$ 40,418	\$ 35,628	\$ -	\$ -
Selected Ratios					
Losses and loss expenses	54.7%	38.1%	34.2%	n/a	n/a
Policy acquisition costs	24.5%	20.1%	22.8%	n/a	n/a
General and administrative expenses	14.8%	15.8%	18.1%	n/a	n/a
Expense ratio	39.3%	35.9%	40.9%	n/a	n/a
Combined ratio	94.0%	74.0%	75.2%	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)				
	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007
Underwriting revenues					
Net premiums written	\$ 219,525	\$ 32,600	\$ 107,907	\$ 133,007	\$ 238,790
Net premiums earned	<u>138,195</u>	<u>156,824</u>	<u>149,294</u>	<u>97,762</u>	<u>85,152</u>
Underwriting deductions					
Losses and loss expenses	58,266	44,851	41,801	36,736	29,935
Policy acquisition costs	<u>22,335</u>	<u>23,692</u>	<u>21,503</u>	<u>13,874</u>	<u>9,575</u>
Total underwriting deductions	<u>80,601</u>	<u>68,543</u>	<u>63,304</u>	<u>50,610</u>	<u>39,510</u>
Underwriting income before G&A	<u>\$ 57,594</u>	<u>\$ 88,281</u>	<u>\$ 85,990</u>	<u>\$ 47,152</u>	<u>\$ 45,642</u>
Selected underwriting ratios (1)					
Losses and loss expenses	42.2%	28.6%	28.0%	37.6%	35.2%
Policy acquisition costs	<u>16.2%</u>	<u>15.1%</u>	<u>14.4%</u>	<u>14.2%</u>	<u>11.2%</u>
Combined ratio before G&A	<u>58.3%</u>	<u>43.7%</u>	<u>42.4%</u>	<u>51.8%</u>	<u>46.4%</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)				
	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007
Underwriting revenues					
Net premiums written	\$ 130,142	\$ 76,433	\$ 63,391	\$ 6,041	\$ 71,617
Net premiums earned	<u>85,010</u>	<u>88,856</u>	<u>75,338</u>	<u>19,823</u>	<u>15,111</u>
Underwriting deductions					
Losses and loss expenses	56,698	47,553	31,883	3,535	7,816
Policy acquisition costs	<u>18,681</u>	<u>16,572</u>	<u>13,349</u>	<u>2,349</u>	<u>1,121</u>
Total underwriting deductions	<u>75,379</u>	<u>64,125</u>	<u>45,232</u>	<u>5,884</u>	<u>8,937</u>
Underwriting income before G&A	<u>\$ 9,631</u>	<u>\$ 24,731</u>	<u>\$ 30,106</u>	<u>\$ 13,939</u>	<u>\$ 6,174</u>
Selected underwriting ratios (1)					
Losses and loss expenses	66.7%	53.5%	42.3%	17.8%	51.7%
Policy acquisition costs	<u>22.0%</u>	<u>18.7%</u>	<u>17.7%</u>	<u>11.8%</u>	<u>7.4%</u>
Combined ratio before G&A	<u>88.7%</u>	<u>72.2%</u>	<u>60.0%</u>	<u>29.7%</u>	<u>59.1%</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)				
	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007
Underwriting revenues					
Net premiums written	\$ 75,779	\$ 77,397	\$ 66,067	\$ 8,472	\$ 36,706
Net premiums earned	<u>68,659</u>	<u>72,351</u>	<u>70,894</u>	<u>15,445</u>	<u>11,229</u>
Underwriting deductions					
Losses and loss expenses	25,060	15,163	13,579	2,404	8,736
Policy acquisition costs	<u>15,685</u>	<u>13,013</u>	<u>16,093</u>	<u>1,614</u>	<u>1,522</u>
Total underwriting deductions	<u>40,745</u>	<u>28,176</u>	<u>29,672</u>	<u>4,018</u>	<u>10,258</u>
Underwriting income before G&A	<u>\$ 27,914</u>	<u>\$ 44,175</u>	<u>\$ 41,222</u>	<u>\$ 11,427</u>	<u>\$ 971</u>
Selected underwriting ratios (1)					
Losses and loss expenses	36.5%	21.0%	19.2%	15.6%	77.8%
Policy acquisition costs	<u>22.8%</u>	<u>18.0%</u>	<u>22.7%</u>	<u>10.4%</u>	<u>13.6%</u>
Combined ratio before G&A	<u>59.3%</u>	<u>38.9%</u>	<u>41.9%</u>	<u>26.0%</u>	<u>91.4%</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 March 31, 2008			At December 31, 2007		
	Reserves for losses and loss expense	Loss reserves recoverable	Net	Reserves for losses and loss expense	Loss reserves recoverable	Net
Property	\$ 316,720	\$ 8,123	\$ 308,597	\$ 299,510	\$ 15,440	\$ 284,070
Marine	421,527	85,986	335,541	405,193	99,852	305,341
Specialty (a)	238,989	24,466	214,523	221,414	19,112	202,302
Total	<u>\$ 977,236</u>	<u>\$ 118,575</u>	<u>\$ 858,661</u>	<u>\$ 926,117</u>	<u>\$ 134,404</u>	<u>\$ 791,713</u>

	At March 31, 2008			At December 31, 2007		
	Case Reserves	IBNR	Total Reserves	Case Reserves	IBNR	Total Reserves
Property	\$ 172,377	\$ 144,343	\$ 316,720	\$ 162,122	\$ 137,388	\$ 299,510
Marine	240,835	180,692	421,527	236,703	168,490	405,193
Specialty (a)	66,079	172,910	238,989	64,546	156,868	221,414
Total	<u>\$ 479,291</u>	<u>\$ 497,945</u>	<u>\$ 977,236</u>	<u>\$ 463,371</u>	<u>\$ 462,746</u>	<u>\$ 926,117</u>
Percentage of total	<u>49.0%</u>	<u>51.0%</u>	<u>100.0%</u>	<u>50.0%</u>	<u>50.0%</u>	<u>100.0%</u>

(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, non-property treaty and other classes for the Talbot segment.

VALIDUS RE

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					
	March 31, 2008			March 31, 2007		
	Validus Re	Talbot (a)	Total	Validus Re	Talbot (a)	Total
Net reserves at period beginning	\$ 196,814	\$ 594,899	\$ 791,713	\$ 77,363	\$ -	\$ 77,363
Incurring losses - current year	63,855	88,955	152,810	49,792	-	49,792
Change in prior accident years	(4,940)	(7,846)	(12,786)	(3,305)	-	(3,305)
Incurring losses	58,915	81,109	140,024	46,487	-	46,487
Exchange rate effects	-	(768)	(768)	-	-	-
Paid losses	(12,832)	(59,476)	(72,308)	(12,745)	-	(12,745)
Net reserves at period end	242,897	615,764	858,661	111,105	-	111,105
Losses recoverable	-	123,075	118,575	450	-	450
Gross reserves at period end	<u>\$ 242,897</u>	<u>\$ 738,839</u>	<u>\$ 977,236</u>	<u>\$ 111,555</u>	<u>\$ -</u>	<u>\$ 111,555</u>
Net premiums earned	\$ 143,654	\$ 148,210	\$ 291,864	\$ 111,492	\$ -	\$ 111,492
Current year loss ratio	44.5%	60.0%	52.4%	44.7%	0.0%	44.7%
Prior accident year adjustments	-3.4%	-5.3%	-4.4%	-3.0%	0.0%	-3.0%
Net loss ratio	<u>41.0%</u>	<u>54.7%</u>	<u>48.0%</u>	<u>41.7%</u>	<u>0.0%</u>	<u>41.7%</u>
Paid to incurred	21.8%	73.3%	51.6%	27.4%	0.0%	27.4%

Notes:

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

(b) An intersegmental loss reserve and loss recoverable of \$4.5 million has been eliminated from the March 31, 2008 period end balances.

VALIDUS RE

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							
	March 31, 2008				March 31, 2007			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Net reserves at period beginning	\$ 140,966	\$ 32,607	\$ 23,241	\$ 196,814	\$ 59,385	\$ 9,866	\$ 8,112	\$ 77,363
Incurred losses - current year	47,007	9,526	7,322	63,855	33,262	7,791	8,739	49,792
Change in prior accident years	(4,247)	(1,156)	463	(4,940)	(3,327)	25	(3)	(3,305)
Incurred losses	42,760	8,370	7,785	58,915	29,935	7,816	8,736	46,487
Exchange rate effects	-	-	-	-	-	-	-	-
Paid losses	(10,504)	(1,626)	(702)	(12,832)	(10,843)	(14)	(1,888)	(12,745)
Net reserves at period end	173,222	39,351	30,324	242,897	78,477	17,668	14,960	111,105
Losses recoverable	-	-	-	-	450	-	-	450
Gross reserves at period end	<u>\$ 173,222</u>	<u>\$ 39,351</u>	<u>\$ 30,324</u>	<u>\$ 242,897</u>	<u>\$ 78,927</u>	<u>\$ 17,668</u>	<u>\$ 14,960</u>	<u>\$ 111,555</u>
Net premiums earned	\$ 107,804	\$ 18,725	\$ 17,125	\$ 143,654	\$ 85,152	\$ 15,111	\$ 11,229	\$ 111,492
Current year loss ratio	43.6%	50.9%	42.8%	44.5%	39.1%	51.6%	77.8%	44.7%
Prior accident year adjustments	-3.9%	-6.2%	2.7%	-3.4%	-3.9%	0.2%	0.0%	-3.0%
Net loss ratio	<u>39.7%</u>	<u>44.7%</u>	<u>45.5%</u>	<u>41.0%</u>	<u>35.2%</u>	<u>51.7%</u>	<u>77.8%</u>	<u>41.7%</u>
Paid to incurred	24.6%	19.4%	9.0%	21.8%	36.2%	0.2%	21.6%	27.4%

Notes:

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

VALIDUS RE

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)							
	March 31, 2008				March 31, 2007			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Net reserves at period beginning	\$ 143,102	\$ 272,734	\$ 179,063	\$ 594,899	\$ -	\$ -	\$ -	\$ -
Incurred losses - current year	22,343	38,548	28,064	88,955	-	-	-	-
Change in prior accident years	(6,837)	9,780	(10,789)	(7,846)	-	-	-	-
Incurred losses	15,506	48,328	17,275	81,109	-	-	-	-
Exchange rate effects	(674)	74	(168)	(768)	-	-	-	-
Paid losses	(22,559)	(24,947)	(11,970)	(59,476)	-	-	-	-
Net reserves at period end	135,375	296,189	184,200	615,764	-	-	-	-
Losses recoverable	8,123	90,486	24,466	123,075	-	-	-	-
Gross reserves at period end	<u>\$ 143,498</u>	<u>\$ 386,675</u>	<u>\$ 208,666</u>	<u>\$ 738,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net premiums earned	\$ 30,391	\$ 66,285	\$ 51,534	\$ 148,210	\$ -	\$ -	\$ -	\$ -
Current year loss ratio	73.5%	58.2%	54.5%	60.0%	0.0%	0.0%	0.0%	0.0%
Prior accident year adjustments	-22.5%	14.8%	-20.9%	-5.3%	0.0%	0.0%	0.0%	0.0%
Net loss ratio	<u>51.0%</u>	<u>72.9%</u>	<u>33.5%</u>	<u>54.7%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Paid to incurred	145.5%	51.6%	69.3%	73.3%	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, non-property treaty and other classes.

Validus Holdings, Ltd.

Consolidated Reinsurance Recoverable Analysis

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

Consolidated Reinsurance Recoverable at March 31, 2008

Categories	Reinsurance	% of	Top 10 Reinsurers	Rating (a)	Reinsurance	% of
	recoverable	total			recoverable	total
Top 10 reinsurers	\$ 117,501	93.6%	Hannover Ruck - AG	AA-	\$ 28,405	24.2%
Other reinsurers balances > \$1 million	5,886	4.7%	Lloyds Syndicate	A+	26,366	22.4%
Other reinsurers balances < \$1 million	2,196	1.7%	Swiss Re	AA-	18,761	16.0%
Total	\$ 125,583	100.0%	Muenchener Ruckversicherungs	AA-	15,137	12.9%
			Allianz	AA	13,547	11.5%
			Aspen Insurance UK Limited	A	5,023	4.3%
			Axa Re	AA	3,272	2.8%
			National Indemnity Company	AAA	2,275	1.9%
			Transatlantic Re	AA-	2,869	2.4%
			Brit Insurance Limited	A	1,846	1.6%
					\$ 117,501	100.0%

Consolidated Reinsurance Recoverable at December 31, 2007

Categories	Reinsurance	% of	Top 10 Reinsurers	Rating (a)	Reinsurance	% of
	recoverable	total			recoverable	total
Top 10 reinsurers	\$ 129,978	91.4%	Hannover Ruck - AG	AA-	\$ 31,630	24.3%
Other reinsurers balances > \$1 million	8,700	6.1%	Lloyd's Syndicates	A+	29,613	22.8%
Other reinsurers balances < \$1 million	3,536	2.5%	Swiss Re	AA-	18,758	14.4%
Total	\$ 142,214	100.0%	Muenchener Ruckversicherungs	AA-	14,322	11.0%
			Allianz	AA	13,461	10.4%
			Axa Re	AA	7,418	5.7%
			Aspen Insurance UK Limited	A	4,978	3.8%
			National Indemnity Company	AAA	4,738	3.6%
			Transatlantic Re	AA-	2,970	2.3%
			Max Re Ltd.	A-	2,090	1.6%
					\$ 129,978	100.0%

Notes:

(a) 100.0% of reserves recoverable at March 31, 2008 were from reinsurers rated A- or better by internationally recognized rating agencies.

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

Validus Holdings, Ltd.

Consolidated Investment Portfolio Composition and Net Investment Income

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

Total cash and investments	March 31, 2008		December 31, 2007	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
U.S. Government and Government Agency Corporate	\$ 783,204	24.2%	\$ 707,703	22.8%
Non-U.S. Government and Government Agency States, municipalities, political subdivision	611,774	18.9%	488,127	15.7%
Asset-backed securities	170,428	5.3%	141,493	4.6%
Commercial mortgage-backed securities	27,433	0.8%	-	0.0%
Residential mortgage-backed securities	196,330	6.1%	191,455	6.2%
Total fixed maturities	233,491	7.2%	158,988	5.1%
Total short-term investments	737,224	22.7%	723,632	23.3%
Total investments	2,759,884	85.2%	2,411,398	77.6%
Cash and cash equivalents	133,711	4.1%	250,623	8.1%
Total cash and investments	2,893,595	89.3%	2,662,021	85.7%
	347,347	10.7%	444,698	14.3%
	<u>\$ 3,240,942</u>	<u>100.0%</u>	<u>\$ 3,106,719</u>	<u>100.0%</u>

Net investment income	Three months ended	
	March 31, 2008	March 31, 2007
Fixed maturities and short-term investments	\$ 31,691	\$ 18,075
Securities lending income	435	1
Cash and cash equivalents	4,838	931
Total gross investment income	36,964	19,007
Investment expenses	(921)	(510)
Net investment income	<u>\$ 36,043</u>	<u>\$ 18,497</u>
Annualized effective investment yield (a)	4.54%	4.99%

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)	March 31, 2008		December31, 2007	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
AAA	\$ 2,261,315	81.9%	\$ 2,029,573	84.2%
AA	45,081	1.6%	37,458	1.6%
AA	39,150	1.4%	51,091	2.1%
AA	165,197	6.0%	96,578	4.0%
A+	115,707	4.2%	88,181	3.7%
A	89,004	3.2%	70,666	2.9%
A-	38,837	1.4%	29,948	1.2%
BBB+	5,593	0.2%	7,903	0.3%
	<u>\$ 2,759,884</u>	<u>100.0%</u>	<u>\$ 2,411,398</u>	<u>100.0%</u>

Total fixed maturities by maturity	March 31, 2008		December31, 2007	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
Due in one year or less	\$ 185,649	6.7%	\$ 198,466	8.2%
Due after one year through five years	1,362,416	49.4%	1,087,758	45.1%
Due after five years through ten years	25,788	0.9%	30,427	1.3%
Due after ten years	18,986	0.7%	20,672	0.9%
	1,592,839	57.7%	1,337,323	55.5%
Asset-backed and mortgage-backed securities	1,167,045	42.3%	1,074,075	44.5%
	<u>\$ 2,759,884</u>	<u>100.0%</u>	<u>\$ 2,411,398</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)

Capitalization	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007
Borrowings drawn under credit facility	\$ -	\$ -	\$ -	\$ -	\$ -
Junior Subordinated Deferrable Debentures (a)	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>150,000</u>
Total debt	350,000	350,000	350,000	350,000	150,000
Ordinary shares - capital and surplus	1,990,640	1,934,849	1,790,000	1,323,947	1,251,216
Accumulated other comprehensive income (loss)	<u>18</u>	<u>(49)</u>	<u>(640)</u>	<u>-</u>	<u>-</u>
Total shareholders' equity	<u>1,990,658</u>	<u>1,934,800</u>	<u>1,789,360</u>	<u>1,323,947</u>	<u>1,251,216</u>
Total capitalization (b)	<u>\$ 2,340,658</u>	<u>\$ 2,284,800</u>	<u>\$ 2,139,360</u>	<u>\$ 1,673,947</u>	<u>\$ 1,401,216</u>
Debt to total capitalization	<u>15.0%</u>	<u>15.3%</u>	<u>16.4%</u>	<u>20.9%</u>	<u>10.7%</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.