

VALIDUS RE

Validus Holdings, Ltd.
Investor Financial Supplement - Third 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, 2007 and 2006 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. As part of this supplement, the combined results on a pro forma basis have also been presented.

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				At or for the Nine		
		Three Months Ended				Months Ended		
		September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	September 30, 2007	
Highlights	Net (loss) income	\$ (126,300)	\$ 75,921	\$ 66,475	\$ 138,969	\$ 136,525	\$ 16,096	\$ 264,027
	Net operating (loss) income (a)	(53,051)	111,665	65,529	131,471	127,909	124,143	256,751
	Gross premiums written	269,236	379,919	521,594	190,996	245,271	1,170,749	797,641
	Net premiums earned	339,326	309,298	291,864	318,031	295,526	940,488	540,048
	Total assets	4,509,596	4,569,742	4,535,638	4,144,224	4,126,602	4,509,596	4,126,602
	Total shareholders' equity	1,916,611	2,056,781	1,990,658	1,934,800	1,789,360	1,916,611	1,789,360
Per share data	<u>Earnings per basic share</u>							
	Net (loss) income	\$ (1.71)	\$ 1.00	\$ 0.87	\$ 1.87	\$ 1.98	\$ 0.15	\$ 4.26
	Net operating (loss) income	(0.73)	1.48	0.86	1.77	1.85	1.60	4.14
	<u>Earnings per diluted share</u>							
	Net (loss) income	\$ (1.71)	\$ 0.98	\$ 0.85	\$ 1.77	\$ 1.90	\$ 0.14	\$ 4.11
	Net operating (loss) income	(0.73)	1.45	0.84	1.68	1.78	1.53	4.00
	<u>Book value per share</u>							
	Reported	\$ 25.60	\$ 27.70	\$ 26.82	\$ 26.08	\$ 24.12	\$ 25.60	\$ 24.12
	With investments at amortized cost	26.39	28.31	26.84	25.90	24.06	26.39	24.06
	<u>Diluted book value per share (b)</u>							
	Reported	\$ 23.58	\$ 25.12	\$ 24.43	\$ 24.00	\$ 22.37	\$ 23.58	\$ 22.37
	With investments at amortized cost	24.24	25.62	24.45	23.85	22.32	24.24	22.32
Financial ratios	Losses and loss expenses ratio	93.9%	39.5%	48.0%	33.8%	29.5%	61.7%	32.7%
	Policy acquisition costs ratio	17.8%	18.2%	19.4%	16.8%	17.2%	18.5%	15.0%
	General and administrative expenses ratio	10.6%	13.3%	15.0%	12.5%	16.2%	12.9%	13.7%
	Expense ratio	28.4%	31.6%	34.4%	29.3%	33.4%	31.4%	28.7%
	Combined ratio	122.3%	71.0%	82.4%	63.1%	63.0%	93.1%	61.4%
	Annualized return on average equity (c)	-25.4%	15.0%	13.5%	29.9%	35.1%	1.1%	25.3%
	Annualized operating return on average equity (d)	-10.7%	22.1%	13.4%	28.2%	32.9%	8.4%	24.6%

Notes:

(a) Net operating (loss) 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)

	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
Assets								
Fixed maturities, at fair value	\$ 2,595,476	\$ 2,601,315	\$ 2,759,884	\$ 2,411,398	\$ 1,772,121	\$ 1,127,591	\$ 1,089,167	\$ 844,857
Short-term investments, at fair value	325,273	141,638	133,711	250,623	580,765	371,767	350,136	531,530
Cash and cash equivalents	<u>335,367</u>	<u>487,260</u>	<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	3,256,116	3,230,213	3,240,942	3,106,719	3,004,314	1,814,313	1,527,620	1,440,030
Premiums receivable	529,039	609,757	572,175	401,241	505,001	376,814	356,294	142,408
Deferred acquisition costs	129,946	146,216	135,789	105,562	122,572	72,518	66,694	28,203
Prepaid reinsurance premiums	49,824	45,717	71,855	22,817	59,623	40,747	27,064	8,245
Securities lending collateral	158,411	199,075	191,256	164,324	60,018	35,194	16,258	12,327
Loss reserves recoverable	173,463	132,880	118,575	134,404	165,115	158	450	-
Paid losses recoverable	3,516	2,683	7,008	7,810	8,174	-	-	-
Net receivable for investments sold	11,820	-	-	-	-	1,862	-	-
Taxes recoverable	2,331	3,258	-	3,325	6,283	-	-	-
Goodwill and other intangible assets	148,651	149,691	150,732	151,772	152,812	-	-	-
Accrued investment income	15,596	16,177	22,187	19,960	15,476	9,355	7,683	6,456
Other assets	<u>30,883</u>	<u>34,075</u>	<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>\$ 4,509,596</u>	<u>\$ 4,569,742</u>	<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	\$ 1,272,844	\$ 1,029,739	\$ 977,236	\$ 926,117	\$ 924,531	\$ 138,132	\$ 111,555	\$ 77,363
Unearned premiums	693,304	793,356	750,257	557,344	727,293	461,437	433,263	178,824
Reinsurance balances payable	53,253	66,386	88,356	36,848	56,553	45,927	25,708	7,438
Securities lending payable	161,727	199,968	192,468	164,324	60,018	35,194	16,258	12,327
Taxes payable	-	-	1,531	-	-	-	-	-
Deferred taxation	21,117	20,173	13,421	16,663	20,260	-	-	-
Net payable for investments purchased	-	9,105	52,307	31,426	88,072	-	17,209	12,850
Accounts payable and accrued expenses	86,440	89,934	119,404	126,702	110,515	10,274	7,276	15,098
Debentures payable	<u>304,300</u>	<u>304,300</u>	<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>2,592,985</u>	<u>2,512,961</u>	<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	\$ 13,104	\$ 12,993	\$ 12,990	\$ 12,985	\$ 12,985	\$ 10,234	\$ 10,234	\$ 10,234
Additional paid-in capital	1,403,904	1,398,913	1,391,303	1,384,604	1,378,724	1,051,947	1,049,970	1,048,025
Accumulated other comprehensive (loss) income	(1,528)	28	18	(49)	(640)	-	-	875
Retained earnings	<u>501,131</u>	<u>644,847</u>	<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>1,916,611</u>	<u>2,056,781</u>	<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>\$ 4,509,596</u>	<u>\$ 4,569,742</u>	<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>\$ 25.60</u>	<u>\$ 27.70</u>	<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>\$ 23.58</u>	<u>\$ 25.12</u>	<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>\$ 24.18</u>	<u>\$ 25.52</u>	<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 September, 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	\$ 1,916,611	74,878,137		\$ 25.60	\$ 1,934,800	74,199,836		\$ 26.08
<i>Diluted Book Value per Common Share</i>								
Total shareholders' equity	\$ 1,916,611	74,878,137	-		\$ 1,934,800	74,199,836	-	
Assumed exercise of outstanding warrants (b)	152,316	8,680,149	\$ 17.55		152,869	8,711,729	\$ 17.55	
Assumed exercise of outstanding stock options (b)	52,619	2,889,582	\$ 18.21		49,196	2,761,176	\$ 17.82	
Unvested restricted shares	-	3,531,401	-		-	3,367,961	-	
Diluted book value per common share	\$ 2,121,546	89,979,269		\$ 23.58	\$ 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	\$ 1,916,611				\$ 1,934,800			
Unrealized (gain) loss on investments	59,369				(13,239)			
Total shareholders' equity, as adjusted	\$ 1,975,980	74,878,137		\$ 26.39	\$ 1,921,561	74,199,836		\$ 25.90
<i>Diluted Book Value per Common Share</i>								
Total shareholders' equity	\$ 1,975,980	74,878,137	-		\$ 1,921,561	74,199,836	-	
Assumed exercise of outstanding warrants (b)	152,316	8,680,149	\$ 17.55		152,869	8,711,729	\$ 17.55	
Assumed exercise of outstanding stock options (b)	52,619	2,889,582	\$ 18.21		49,196	2,761,176	\$ 17.82	
Unvested restricted shares	-	3,531,401	-		-	3,367,961	-	
Diluted book value per common share, as adjusted	\$ 2,180,915	89,979,269		\$ 24.24	\$ 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				Nine Months Ended	
	September 30,	June 30,	March 31,	December 31,	September 30,	September 30,
	2008	2008	2008	2007	2007	2007
Cash flows provided by operating activities						
Net (loss) income for the period	\$ (126,300)	\$ 75,921	\$ 66,475	\$ 138,969	\$ 136,525	\$ 16,096
Adjustments to reconcile net income to net cash provided by operating activities:						
Stock compensation expense	6,012	7,271	6,535	6,135	6,132	19,818
Realized gain on repurchase of JSDs	-	(8,752)	-	-	-	(8,752)
Net realized losses (gains) on sales of investments	13,667	2,425	(7,744)	(785)	(1,009)	8,348
Net unrealized losses (gains) on investments	14,649	42,982	14,977	(9,228)	(7,682)	72,608
Fair value of warrants expensed	-	-	-	-	2,893	-
Amortization of goodwill and other intangible assets	1,040	1,041	1,040	1,041	1,040	3,121
Foreign exchange gains on cash and cash equivalents included in net income	26,022	(553)	(5,701)	1,739	(3,116)	19,768
Amortization of discounts on fixed maturities	473	1,527	226	(1,571)	(5,428)	2,226
Change in:						
Premiums receivable	73,609	(37,568)	(170,863)	102,641	124,730	(134,822)
Deferred acquisition costs	14,080	(10,397)	(30,318)	16,659	16,756	(26,635)
Prepaid reinsurance premiums	(5,282)	26,125	(48,992)	36,454	32,738	(28,149)
Loss reserves recoverable	(42,625)	(14,302)	15,782	30,200	2,477	(41,145)
Paid losses recoverable	(843)	4,311	811	340	16,480	4,279
Taxes recoverable	1,954	(4,219)	4,701	2,963	(525)	2,436
Accrued investment income	54	(2,294)	(2,226)	(4,507)	1,593	(4,466)
Other assets	4,561	(785)	85	258	6,893	3,861
Unearned premiums	(88,732)	42,972	193,221	(168,046)	(90,909)	147,461
Reserve for losses and loss expense	265,678	52,349	51,935	6,030	27,514	369,962
Reinsurance balances payable	(11,722)	(21,946)	51,447	(19,555)	(56,599)	17,779
Deferred taxation	2,594	6,731	(3,242)	(3,123)	2,096	6,083
Accounts payable and accrued expenses	1,081	(46,005)	(7,576)	18,665	8,111	(52,500)
Net cash provided by operating activities	149,970	116,834	130,573	155,279	220,710	397,377
Cash flows used in investing activities						
Proceeds on sales and maturity of investments	824,672	570,329	639,994	523,322	470,580	2,034,995
Purchases of fixed maturities	(894,184)	(487,833)	(973,142)	(1,207,618)	(615,481)	(2,355,159)
Net Maturities (purchases) of short-term investments, net	(183,870)	(7,577)	117,157	326,183	(48,026)	(74,290)
Increase in securities lending collateral	38,241	(7,500)	(28,144)	(104,307)	(24,824)	2,597
Purchase of subsidiary, net of cash acquired	-	-	-	-	(18,809)	-
Net cash used in investing activities	(215,141)	67,419	(244,135)	(462,420)	(236,560)	(391,857)
Cash flows provided by (used in) provided by financing activities						
Net proceeds on issuance of debentures payable	-	(36,948)	-	-	-	(36,948)
Issue of common shares, net	(909)	342	169	(256)	320,504	(398)
Dividends paid	(16,928)	(16,821)	(16,821)	-	-	(50,570)
Increase in securities lending payable	(38,241)	7,500	28,144	104,307	24,824	(2,597)
Net cash provided by financing activities	(56,078)	(45,927)	11,492	104,051	345,328	(90,513)
Effect of foreign current rate changes on cash and cash equivalents	(30,644)	1,587	4,719	(3,640)	6,995	(24,338)
Net increase (decrease) in cash	(151,893)	139,913	(97,351)	(206,730)	336,473	(109,331)
Cash and cash equivalents - Beginning of period	487,260	347,347	444,698	651,428	314,955	444,698
Cash and cash equivalents - End of period	\$ 335,367	\$ 487,260	\$ 347,347	\$ 444,698	\$ 651,428	\$ 335,367
Taxes (recovered) paid during the period	\$ (2,877)	\$ 524	\$ (114)	\$ 20	\$ 37	\$ (2,467)
Interest paid during the period	\$ 6,177	\$ 6,984	\$ 7,641	\$ 7,446	\$ 8,329	\$ 20,802
Losses paid during the period	\$ 40,241	\$ 55,592	\$ 72,308	\$ 71,256	\$ 57,064	\$ 251,549

Validus Holdings, Ltd.

Consolidated Statements of Operations and Comprehensive Income (Loss)

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

	Three Months Ended				Nine Months Ended		
	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	September 30, 2007	
Revenues							
Gross premiums written	\$ 269,236	\$ 379,919	\$ 521,594	\$ 190,996	\$ 245,271	\$ 1,170,749	\$ 797,641
Reinsurance premiums ceded	(35,139)	(1,399)	(84,900)	(4,566)	(7,906)	(121,438)	(65,644)
Net premiums written	234,097	378,520	436,694	186,430	237,365	1,049,311	731,997
Change in unearned premiums	105,229	(69,222)	(144,830)	131,601	58,161	(108,823)	(191,949)
Net premiums earned	339,326	309,298	291,864	318,031	295,526	940,488	540,048
Net investment income	36,379	36,435	36,043	37,525	36,560	108,857	74,799
Realized gain on repurchase of debentures	-	-	-	-	-	8,752	-
Net realized gains (losses) on investments	(13,667)	(2,425)	7,744	784	1,010	(8,348)	823
Net unrealized gains (losses) on investments	(14,649)	(42,982)	(14,977)	9,229	7,681	(72,608)	3,136
Other income	1,269	1,462	935	1,971	1,330	3,666	1,330
Foreign exchange (losses) gains	(44,933)	911	8,179	(2,515)	5,818	(35,843)	9,210
Total revenues	303,725	302,699	329,788	365,025	347,925	944,964	629,346
Expenses							
Losses and loss expense	318,464	122,089	140,024	107,567	87,263	580,578	176,426
Policy acquisition costs	60,425	56,419	56,701	53,277	50,945	173,545	81,000
General and administrative expenses	30,120	33,912	37,107	33,676	44,793	101,139	67,088
Share compensation expense	6,012	7,271	6,535	6,135	6,132	19,818	10,054
Finance expenses	14,517	12,762	21,517	25,423	17,886	48,796	26,331
Fair value of warrants issued	-	-	-	-	2,893	-	2,893
Total expenses	429,538	232,453	261,884	226,078	209,912	923,876	363,792
Net (loss) income before taxes	(125,813)	70,246	67,904	138,947	138,013	21,088	265,554
Taxes	487	3,077	1,429	(22)	1,488	4,992	1,527
Net (loss) income	\$ (126,300)	\$ 67,169	\$ 66,475	\$ 138,969	\$ 136,525	\$ 16,096	\$ 264,027
Comprehensive income							
Foreign currency translation adjustments	(1,556)	10	67	49	(640)	(1,479)	(640)
Comprehensive (loss) income	\$ (127,856)	\$ 67,179	\$ 66,542	\$ 139,018	\$ 135,885	\$ 14,617	\$ 263,387
Earnings per share							
Weighted average number of common shares and share equivalents outstanding:							
Basic	74,864,724	74,233,425	74,209,371	74,199,836	69,107,336	74,435,840	62,024,179
Diluted	74,864,724	77,257,545	78,329,727	78,415,109	71,868,835	77,922,718	64,243,860
Basic (loss) earnings per share	\$ (1.71)	\$ 1.00	\$ 0.87	\$ 1.87	\$ 1.98	\$ 0.15	\$ 4.26
Diluted (loss) earnings per share	\$ (1.71)	\$ 0.98	\$ 0.85	\$ 1.77	\$ 1.90	\$ 0.14	\$ 4.11
Dividends declared per share	\$ 0.20	\$ 0.20	\$ 0.20	\$ -	\$ -	\$ 0.60	\$ -

Validus Holdings, Ltd.

Consolidated Statements of Operations - Underwriting Income Format

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

	Three Months Ended				Nine Months Ended		
	September 30,	June 30,	March 31,	December 31,	September 30,	September 30,	September 30,
	2008	2008	2008	2007	2007	2008	2007
Gross premiums written	\$ 269,236	\$ 379,919	\$ 521,594	\$ 190,996	\$ 245,271	\$ 1,170,749	\$ 797,641
Reinsurance premiums ceded	(35,139)	(1,399)	(84,900)	(4,566)	(7,906)	(121,438)	(65,644)
Net premiums written	234,097	378,520	436,694	186,430	237,365	1,049,311	731,997
Change in unearned premiums	105,229	(69,222)	(144,830)	131,601	58,161	(108,823)	(191,949)
Net premiums earned	339,326	309,298	291,864	318,031	295,526	940,488	540,048
Losses and loss expenses	318,464	122,089	140,024	107,567	87,263	580,578	176,426
Policy acquisition costs	60,425	56,419	56,701	53,277	50,945	173,545	81,000
General and administrative expenses	30,120	33,912	37,107	33,676	41,793	101,139	64,088
Share compensation expense	6,012	7,271	6,535	6,135	6,132	19,818	10,054
Total underwriting deductions	415,021	219,691	240,367	200,655	186,133	875,080	331,568
Underwriting income	(75,695)	89,607	51,497	117,376	109,393	65,408	208,480
Net investment income	36,379	36,435	36,043	37,525	36,560	108,857	74,799
Other income	1,269	1,462	935	1,971	1,330	3,666	1,330
Finance expenses	(14,517)	(12,762)	(21,517)	(25,423)	(17,886)	(48,796)	(26,331)
Operating (loss) income before tax	(52,564)	114,742	66,958	131,449	129,397	129,135	258,278
Taxes	487	3,077	1,429	(22)	1,488	4,992	1,527
Net operating (loss) income	\$ (53,051)	\$ 111,665	\$ 65,529	\$ 131,471	\$ 127,909	\$ 124,143	\$ 256,751
Net realized gains (losses) on investments	(13,667)	(2,425)	7,744	784	1,010	(8,348)	823
Net unrealized gains (losses) on investments	(14,649)	(42,982)	(14,977)	9,229	7,681	(72,608)	3,136
Realized gain on repurchase of debentures	-	8,752	-	-	-	8,752	-
Foreign exchange (losses) gains	(44,933)	911	8,179	(2,515)	5,818	(35,843)	9,210
Fair value of warrants issued	-	-	-	-	(2,893)	-	(2,893)
Aquiline termination fee	-	-	-	-	(3,000)	-	(3,000)
Net (loss) income	\$ (126,300)	\$ 75,921	\$ 66,475	\$ 138,969	\$ 136,525	\$ 16,096	\$ 264,027
Selected Ratios							
Net premiums written/Gross premiums written	86.9%	99.6%	83.7%	97.6%	96.8%	89.6%	91.8%
Losses and loss expenses	93.9%	39.5%	48.0%	33.8%	29.5%	61.7%	32.7%
Policy acquisition costs	17.8%	18.2%	19.4%	16.8%	17.2%	18.5%	15.0%
General and administrative expenses	10.6%	13.3%	15.0%	12.5%	16.2%	12.9%	13.7%
Expense ratio	28.4%	31.5%	34.4%	29.3%	33.4%	31.4%	28.7%
Combined ratio	122.3%	71.0%	82.4%	63.1%	63.0%	93.1%	61.4%

Notes:

(a) Net operating (loss) 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					
	September 30, 2008			September 30, 2007		
	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehensive income
<i>Basic EPS calculation:</i>						
Net income (loss)	\$ (53,051)	\$ (126,300)	\$ (127,856)	\$ 127,909	\$ 136,525	\$ 135,885
Less: Dividends and distributions declared on outstanding warrants	(1,739)	(1,739)	(1,739)	-	-	-
Net income (loss) available to common shareholders	\$ (54,790)	\$ (128,039)	\$ (129,595)	\$ 127,909	\$ 136,525	\$ 135,885
Weighted average number of common shares outstanding	74,864,724	74,864,724	74,864,724	69,107,336	69,107,336	69,107,336
Basic (loss) earnings per share	\$ (0.73)	\$ (1.71)	\$ (1.73)	\$ 1.85	\$ 1.98	\$ 1.97

Diluted EPS calculation:

Net income (loss)	\$ (53,051)	\$ (126,300)	\$ (127,856)	\$ 127,909	\$ 136,525	\$ 135,885
Less: Dividends and distributions declared on outstanding warrants	(1,739)	(1,739)	(1,739)	-	-	-
Net income (loss) available to common shareholders	\$ (54,790)	\$ (128,039)	\$ (129,595)	\$ 127,909	\$ 136,525	\$ 135,885
Weighted average number of common shares outstanding:	74,864,724	74,864,724	74,864,724	69,107,336	69,107,336	69,107,336
<i>Share equivalents:</i>						
Warrants	-	-	-	2,058,548	2,058,548	2,058,548
Deferred share units	-	-	-	-	-	-
Restricted share units	-	-	-	-	-	-
Stock options	-	-	-	33,865	33,865	33,865
Unvested restricted shares	-	-	-	669,086	669,086	669,086
Weighted average number of diluted common shares outstanding	74,864,724	74,864,724	74,864,724	71,868,835	71,868,835	71,868,835
Diluted (loss) earnings per share	\$ (0.73)	\$ (1.71)	\$ (1.73)	\$ 1.78	\$ 1.90	\$ 1.89

Nine Months Ended

	September 30, 2008			September 30, 2007		
	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehensive income
<i>Basic EPS calculation:</i>						
Net income (loss)	\$ 124,143	\$ 16,096	\$ 14,617	\$ 256,751	\$ 264,027	\$ 263,387
Less: Dividends and distributions declared on outstanding warrants	(5,217)	(5,217)	(5,217)	-	-	-
Net income (loss) available to common shareholders	\$ 118,926	\$ 10,879	\$ 9,400	\$ 256,751	\$ 264,027	\$ 263,387
Weighted average number of common shares outstanding	74,435,840	74,435,840	74,435,840	62,024,179	62,024,179	62,024,179
Basic (loss) earnings per share	\$ 1.60	\$ 0.15	\$ 0.13	\$ 4.14	\$ 4.26	\$ 4.25

Diluted EPS calculation:

Net income (loss)	\$ 124,143	\$ 16,096	\$ 14,617	\$ 256,751	\$ 264,027	\$ 263,387
Less: Dividends and distributions declared on outstanding warrants	(5,217)	(5,217)	(5,217)	-	-	-
Net income (loss) available to common shareholders	\$ 118,926	\$ 10,879	\$ 9,400	\$ 256,751	\$ 264,027	\$ 263,387
Weighted average number of common shares outstanding:	74,435,840	74,435,840	74,435,840	62,024,179	62,024,179	62,024,179
<i>Share equivalents:</i>						
Warrants	2,065,282	2,065,282	2,065,282	1,720,334	1,720,334	1,720,334
Deferred share units	2,546	2,546	2,546	-	-	-
Restricted share units	236	236	236	-	-	-
Stock options	182,268	182,268	182,268	11,288	11,288	11,288
Unvested restricted shares	1,236,546	1,236,546	1,236,546	488,059	488,059	488,059
Weighted average number of diluted common shares outstanding	77,922,718	77,922,718	77,922,718	64,243,860	64,243,860	64,243,860
Diluted (loss) earnings per share	\$ 1.53	\$ 0.14	\$ 0.12	\$ 4.00	\$ 4.11	\$ 4.10

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.

Due to the net loss incurred in the three months ended September 30, 2008, share equivalents were not included in the computation of diluted earnings per share, because of their anti-dilutive effect.

Validus Holdings, Ltd.

Dilutive Shares for Earnings Per Share Calculation

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

	Three Months Ended		Nine Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Average fair value per share	\$ 22.96	\$ 23.01	\$ 23.09	\$ 21.97
Basic weighted average common shares outstanding	74,864,724	69,107,336	74,435,840	62,024,179
Add: weighted average unvested restricted shares	-	3,170,831	3,823,251	1,552,760
Proceeds from unrecognized restricted share expense	\$ -	\$ 57,565	\$ 59,663	\$ 23,391
Less: restricted shares bought back via treasury method	-	(2,501,745)	(2,583,923)	(1,064,701)
Add: weighted average dilutive warrants outstanding	-	8,647,626	8,694,848	8,519,422
Weighted average exercise price per share	\$ -	\$ 17.53	\$ 17.55	\$ 17.53
Less: warrants bought back via treasury method	-	(6,589,078)	(6,629,566)	(6,799,088)
Add: weighted average dilutive options outstanding	-	2,775,358	2,864,428	2,680,234
Weighted average exercise price per share	\$ -	\$ 17.82	\$ 18.21	\$ 17.68
Proceeds from unrecognized option expense	\$ -	\$ 15,515	\$ 12,094	\$ 14,697
Less: options bought back via treasury method	-	(2,741,493)	(2,682,160)	(2,668,946)
Weighted average dilutive shares outstanding	74,864,724	71,868,835	77,922,718	64,243,860

Note:

Due to the net loss incurred in the three months ended September 30, 2008, share equivalents were not included in the computation of diluted earnings per share due to their anti-dilutive effect.

Validus Holdings, Ltd.

Consolidated Segment Income Data for Quarter

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

	Three Months Ended September 30, 2008				Three Months Ended September 30, 2007			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Gross premiums written	\$ 125,029	\$ 157,307	\$ (13,100)	\$ 269,236	\$ 102,229	\$ 143,042	\$ -	\$ 245,271
Reinsurance premiums ceded	(36,286)	(11,953)	13,100	(35,139)	(7,291)	(615)	-	(7,906)
Net premiums written	88,743	145,354	-	234,097	94,938	142,427	-	237,365
Change in unearned premiums	92,653	12,576	-	105,229	57,055	1,106	-	58,161
Net premiums earned	181,396	157,930	-	339,326	151,993	143,533	-	295,526
Losses and loss expenses	217,081	101,383	-	318,464	38,131	49,132	-	87,263
Policy acquisition costs	26,520	34,026	(121)	60,425	18,161	32,784	-	50,945
General and administrative expenses	7,972	17,851	4,297	30,120	9,527	25,258	7,008	41,793
Share compensation expense	1,809	1,164	3,039	6,012	1,281	731	4,120	6,132
Total underwriting deductions	253,382	154,424	7,215	415,021	67,100	107,905	11,128	186,133
Underwriting (loss) income	\$ (71,986)	\$ 3,506	\$ (7,215)	\$ (75,695)	\$ 84,893	\$ 35,628	\$ (11,128)	\$ 109,393
Net investment income	25,984	11,737	(1,342)	36,379	22,706	13,360	494	36,560
Other income	121	1,269	(121)	1,269	-	1,330	-	1,330
Finance expenses	(213)	(7,201)	(7,103)	(14,517)	(174)	(8,858)	(8,854)	(17,886)
Operating income (loss) before tax	(46,094)	9,311	(15,781)	(52,564)	107,425	41,460	(19,488)	129,397
Taxes	31	456	-	487	8	1,480	-	1,488
Net operating (loss) income	\$ (46,125)	\$ 8,855	\$ (15,781)	\$ (53,051)	\$ 107,417	\$ 39,980	\$ (19,488)	\$ 127,909
Realized gain on repurchase of debentures	-	-	-	-	-	-	-	-
Net realized (losses) gains on investments	(12,528)	(1,139)	-	(13,667)	1,122	(112)	-	1,010
Net unrealized (losses) gains on investments	(15,946)	1,297	-	(14,649)	5,881	1,800	-	7,681
Foreign exchange (losses) gains	(22,919)	(22,014)	-	(44,933)	4,372	1,446	-	5,818
Fair Value of warrants issued	-	-	-	-	-	-	(2,893)	(2,893)
Aquiline termination fee	-	-	-	-	-	-	(3,000)	(3,000)
Net loss (income)	\$ (97,518)	\$ (13,001)	\$ (15,781)	\$ (126,300)	\$ 118,792	\$ 43,114	\$ (25,381)	\$ 136,525
Selected Ratios								
Net premiums written/Gross premiums written	71.0%	92.4%		86.9%	92.9%	99.6%		96.8%
Losses and loss expenses	119.7%	64.2%		93.9%	25.1%	34.2%		29.5%
Policy acquisition costs	14.6%	21.5%		17.8%	11.9%	22.8%		17.2%
General and administrative expenses	5.4%	12.0%		10.6%	7.1%	18.1%		16.3%
Expense ratio	20.0%	33.5%		28.4%	19.0%	40.9%		33.5%
Combined ratio	139.7%	97.7%		122.3%	44.1%	75.2%		63.0%

Notes:

(a) Net operating (loss) 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 September 30, 2008				Three Months Ended September 30, 2007			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Validus Re Segment								
Gross premiums written	\$ 97,545	\$ 19,154	\$ 8,330	\$ 125,029	\$ 86,623	\$ 8,345	\$ 7,261	\$ 102,229
Reinsurance premiums ceded	(32,265)	(3,871)	(150)	(36,286)	(7,282)	(9)	-	(7,291)
Net premiums written	65,280	15,283	8,180	88,743	79,341	8,336	7,261	94,938
Change in unearned premiums	67,027	14,697	10,929	92,653	37,644	12,039	7,372	57,055
Net premiums earned	132,307	29,980	19,109	181,396	116,985	20,375	14,633	151,993
Losses and loss expenses	156,665	56,750	3,666	217,081	26,921	7,345	3,865	38,131
Policy acquisition costs	19,027	4,990	2,503	26,520	14,799	1,306	2,056	18,161
Total underwriting deductions before G&A	175,692	61,740	6,169	243,601	41,720	8,651	5,921	56,292
Underwriting (loss) income before G&A	(43,385)	(31,760)	12,940	(62,205)	75,265	11,724	8,712	95,701
General and administrative expenses				7,972				9,527
Share compensation expense				1,809				1,281
Total underwriting deductions				253,382				67,100
Underwriting (loss) income				(71,986)				84,893
Net investment income				25,984				22,706
Other Income				121				-
Finance expenses				(213)				(174)
Operating (loss) income before tax (a)				(46,094)				107,425
Taxes				31				8
Net operating (loss) income (a)				\$ (46,125)				\$ 107,417
Net realized (losses) gains on investments				(12,528)				1,122
Net unrealized gains (losses) on investments				(15,946)				5,881
Foreign exchange (losses) gains				(22,919)				4,372
Net (loss) income				\$ (97,518)				\$ 118,792
Selected Ratios								
Net premiums written/Gross premiums written	66.9%	79.8%	98.2%	71%	91.6%	99.9%	100.0%	92.9%
Losses and loss expenses	118.4%	189.3%	19.2%	119.7%	23.0%	36.0%	26.4%	25.1%
Policy acquisition costs	14.4%	16.6%	13.1%	14.6%	12.7%	6.4%	14.1%	11.9%
General and administrative expenses				5.4%				7.1%
Expense ratio				20.0%				19.0%
Combined ratio				139.7%				44.1%

Notes:

(a) Net operating (loss) 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 September 30, 2008				Three Months Ended September 30, 2007			
	Property	Marine (d)	Specialty (c) (d)	Total	Property	Marine	Specialty (c)	Total
Talbot Segment								
Gross premiums written	\$ 35,194	\$ 66,676	\$ 55,437	\$ 157,307	\$ 28,550	\$ 55,016	\$ 59,476	\$ 143,042
Reinsurance premiums ceded	(4,466)	(3,663)	(3,824)	(11,953)	16	39	(670)	(615)
Net premiums written	<u>30,728</u>	<u>63,013</u>	<u>51,613</u>	<u>145,354</u>	<u>28,566</u>	<u>55,055</u>	<u>58,806</u>	<u>142,427</u>
Change in unearned premiums	1,993	8,117	2,466	12,576	3,743	(92)	(2,545)	1,106
Net premiums earned	32,721	71,130	54,079	157,930	32,309	54,963	56,261	143,533
Losses and loss expenses	45,401	43,983	11,999	101,383	14,880	24,538	9,714	49,132
Policy acquisition costs	5,283	15,806	12,937	34,026	6,704	12,043	14,037	32,784
Total underwriting deductions before G&A	<u>50,684</u>	<u>59,789</u>	<u>24,936</u>	<u>135,409</u>	<u>21,584</u>	<u>36,581</u>	<u>23,751</u>	<u>81,916</u>
Underwriting (loss) income before G&A	(17,963)	11,341	29,143	22,521	10,725	18,382	32,510	61,617
General and administrative expenses				17,851				25,258
Share compensation expense				1,164				731
Total underwriting deductions				<u>154,424</u>				<u>107,905</u>
Underwriting (loss) income				3,506				35,628
Net investment income				11,737				13,360
Other Income				1,269				1,330
Finance expenses				(7,201)				(8,858)
Operating (loss) income before tax (b)				9,311				41,460
Taxes				456				1,480
Net operating (loss) income (b)				<u>\$ 8,855</u>				<u>\$ 39,980</u>
Net realized (losses) gains on investments				(1,139)				(112)
Net unrealized gains (losses) on investments				1,297				1,800
Foreign exchange (losses) gains				(22,014)				1,446
Net (loss) income				<u>\$ (13,001)</u>				<u>\$ 43,114</u>
Selected Ratios								
Net premiums written/Gross premiums written	87.3%	94.5%	93.1%	92.4%	100.1%	100.1%	98.9%	99.6%
Losses and loss expenses	138.8%	61.8%	22.2%	64.2%	46.1%	44.6%	17.3%	34.2%
Policy acquisition costs	16.1%	22.2%	23.9%	21.5%	20.7%	21.9%	24.9%	22.8%
General and administrative expenses				12.0%				18.1%
Expense ratio				33.5%				40.9%
Combined ratio				97.7%				75.2%

Notes:

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

(b) Net operating (loss) 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 risk, financial institutions, aviation treaty and other classes.

Validus Holdings, Ltd.

Consolidated Segment Income Data for Nine Months Ended September 30

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

	Nine Months Ended September 30, 2008				Nine Months Ended September 30, 2007			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Gross premiums written	\$ 643,898	\$ 556,335	\$ (29,484)	\$ 1,170,749	\$ 654,599	\$ 143,042	\$ -	\$ 797,641
Reinsurance premiums ceded	(61,237)	(89,685)	29,484	(121,438)	(65,029)	(615)	-	(65,644)
Net premiums written	582,661	466,650	-	1,049,311	589,570	142,427	-	731,997
Change in unearned premiums	(93,498)	(15,325)	-	(108,823)	(193,055)	1,106	-	(191,949)
Net premiums earned	489,163	451,325	-	940,488	396,515	143,533	-	540,048
Losses and loss expenses	324,673	255,905	-	580,578	127,294	49,132	-	176,426
Policy acquisition costs	72,232	101,458	(145)	173,545	48,216	32,784	-	81,000
General and administrative expenses	27,306	58,561	15,272	101,139	23,553	25,258	15,277	64,088
Share compensation expense	4,632	3,266	11,920	19,818	2,824	731	6,499	10,054
Total underwriting deductions	428,843	419,190	27,047	875,080	201,887	107,905	21,776	331,568
Underwriting income (loss)	\$ 60,320	\$ 32,135	\$ (27,047)	\$ 65,408	\$ 194,628	\$ 35,628	\$ (21,776)	\$ 208,480
Net investment income	76,736	34,445	(2,324)	108,857	60,942	13,360	497	74,799
Other income	145	3,666	(145)	3,666	-	1,330	-	1,330
Finance expenses	(655)	(25,821)	(22,320)	(48,796)	(1,143)	(8,858)	(16,330)	(26,331)
Operating income (loss) before tax	136,546	44,425	(51,836)	129,135	254,427	41,460	(37,609)	258,278
Taxes	78	4,914	-	4,992	47	1,480	-	1,527
Net operating income (loss)	\$ 136,468	\$ 39,511	\$ (51,836)	\$ 124,143	\$ 254,380	\$ 39,980	\$ (37,609)	\$ 256,751
Realized gain on repurchase of debentures	-	-	8,752	8,752	-	-	-	-
Net realized (losses) gains on investments	(13,711)	5,363	-	(8,348)	935	(112)	-	823
Net unrealized (losses) gains on investments	(58,617)	(13,991)	-	(72,608)	1,336	1,800	-	3,136
Foreign exchange (losses) gains	(15,647)	(20,196)	-	(35,843)	7,764	1,446	-	9,210
Fair Value of warrants issued	-	-	-	-	-	-	(2,893)	(2,893)
Aquiline termination fee	-	-	-	-	-	-	(3,000)	(3,000)
Net income (loss)	\$ 48,493	\$ 10,687	\$ (43,084)	\$ 16,096	\$ 264,415	\$ 43,114	\$ (43,502)	\$ 264,027
Selected Ratios								
Net premiums written/Gross premiums written	90.5%	83.9%		89.6%	90.1%	99.6%		91.8%
Losses and loss expenses	66.4%	56.7%		61.7%	32.1%	34.2%		32.7%
Policy acquisition costs	14.8%	22.5%		18.5%	12.2%	22.8%		15.0%
General and administrative expenses	<u>6.5%</u>	<u>13.7%</u>		<u>12.9%</u>	<u>6.6%</u>	<u>18.1%</u>		<u>13.7%</u>
Expense ratio	<u>21.3%</u>	<u>36.2%</u>		<u>31.4%</u>	<u>18.8%</u>	<u>40.9%</u>		<u>28.7%</u>
Combined ratio	<u>87.7%</u>	<u>92.9%</u>		<u>93.1%</u>	<u>50.9%</u>	<u>75.2%</u>		<u>61.4%</u>

Notes:

(a) Net operating (loss) 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 - Nine months ended September 30 - Validus Re

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

	Nine Months Ended September 30, 2008				Nine Months Ended September 30, 2007			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Validus Re Segment								
Gross premiums written	\$ 471,963	\$ 111,945	\$ 59,990	\$ 643,898	\$ 482,093	\$ 118,643	\$ 53,863	\$ 654,599
Reinsurance premiums ceded	(37,158)	(23,526)	(553)	(61,237)	(31,396)	(32,208)	(1,425)	(65,029)
Net premiums written	434,805	88,419	59,437	582,661	450,697	86,435	52,438	589,570
Change in unearned premiums	(73,778)	(13,310)	(6,410)	(93,498)	(151,239)	(30,685)	(11,131)	(193,055)
Net premiums earned	361,027	75,109	53,027	489,163	299,458	55,750	41,307	396,515
Losses and loss expenses	230,951	77,201	16,521	324,673	93,592	18,696	15,006	127,294
Policy acquisition costs	54,437	10,496	7,299	72,232	38,249	4,776	5,191	48,216
Total underwriting deductions before G&A	<u>285,388</u>	<u>87,697</u>	<u>23,820</u>	<u>396,905</u>	<u>131,841</u>	<u>23,472</u>	<u>20,197</u>	<u>175,510</u>
Underwriting (loss) income before G&A	75,639	(12,588)	29,207	92,258	167,617	32,278	21,110	221,005
General and administrative expenses				27,306				23,553
Share compensation expense				4,632				2,824
Total underwriting deductions				<u>428,843</u>				<u>201,887</u>
Underwriting (loss) income				60,320				194,628
Net investment income				76,736				60,942
Other Income				145				-
Finance expenses				(655)				(1,143)
Operating (loss) income before tax (a)				136,546				254,427
Taxes				78				47
Net operating (loss) income (a)				\$ 136,468				\$ 254,380
Net realized (losses) gains on investments				(13,711)				935
Net unrealized gains (losses) on investments				(58,617)				1,336
Foreign exchange (losses) gains				(15,647)				7,764
Net (loss) income				\$ 48,493				\$ 264,415
Selected Ratios								
Net premiums written/Gross premiums written	92.1%	79.0%	99.1%	90.5%	93.5%	72.9%	97.4%	90.1%
Losses and loss expenses	64.0%	102.8%	31.2%	66.4%	31.3%	33.5%	36.3%	32.1%
Policy acquisition costs	15.1%	14.0%	13.8%	14.8%	12.8%	8.6%	12.6%	12.2%
General and administrative expenses				6.5%				6.6%
Expense ratio				21.3%				18.7%
Combined ratio				87.7%				50.8%

Notes:

(a) Net operating (loss) 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 - Nine months ended September 30 - Talbot

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

	Nine Months Ended September 30, 2008				Nine Months Ended September 30, 2007			
	Property	Marine (d)	Specialty (c) (d)	Total	Property	Marine (d)	Specialty (c) (d)	Total
Talbot Segment								
Gross premiums written	\$ 122,984	\$ 230,777	\$ 202,574	\$ 556,335	\$ 28,550	\$ 55,016	\$ 59,476	\$ 143,042
Reinsurance premiums ceded	(27,532)	(19,956)	(42,197)	(89,685)	16	39	(670)	(615)
Net premiums written	<u>95,452</u>	<u>210,821</u>	<u>160,377</u>	<u>466,650</u>	<u>28,566</u>	<u>55,055</u>	<u>58,806</u>	<u>142,427</u>
Change in unearned premiums	(3,824)	(11,820)	319	(15,325)	3,743	(92)	(2,545)	1,106
Net premiums earned	91,628	199,001	160,696	451,325	32,309	54,963	56,261	143,533
Losses and loss expenses	78,878	128,268	48,759	255,905	14,880	24,538	9,714	49,132
Policy acquisition costs	16,855	45,445	39,158	101,458	6,704	12,043	14,037	32,784
Total underwriting deductions before G&A	<u>95,733</u>	<u>173,713</u>	<u>87,917</u>	<u>357,363</u>	<u>21,584</u>	<u>36,581</u>	<u>23,751</u>	<u>81,916</u>
Underwriting (loss) income before G&A	(4,105)	25,288	72,779	93,962	10,725	18,382	32,510	61,617
General and administrative expenses				58,561				25,258
Share compensation expense				3,266				731
Total underwriting deductions				<u>419,190</u>				<u>107,905</u>
Underwriting (loss) income				32,135				35,628
Net investment income				34,445				13,360
Other Income				3,666				1,330
Finance expenses				(25,821)				(8,858)
Operating (loss) income before tax (b)				44,425				41,460
Taxes				4,914				1,480
Net operating (loss) income (b)				<u>\$ 39,511</u>				<u>\$ 39,980</u>
Net realized (losses) gains on investments				5,363				(112)
Net unrealized gains (losses) on investments				(13,991)				1,800
Foreign exchange (losses) gains				(20,196)				1,446
Net (loss) income				<u>\$ 10,687</u>				<u>\$ 43,114</u>
Selected Ratios								
Net premiums written/Gross premiums written	77.6%	91.4%	79.2%	83.9%	100.1%	100.1%	98.9%	99.6%
Losses and loss expenses	86.1%	64.5%	30.3%	56.7%	46.1%	44.6%	17.3%	34.2%
Policy acquisition costs	18.4%	22.8%	24.4%	22.5%	20.7%	21.9%	24.9%	22.8%
General and administrative expenses				13.7%				18.1%
Expense ratio				<u>36.2%</u>				<u>40.9%</u>
Combined ratio				<u>92.9%</u>				<u>75.2%</u>

Notes:

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

(b) Net operating (loss) 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 risk, financial institutions, aviation 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>Nine Months Ended</u>			
		<u>September 30, 2008</u>		<u>September 30, 2007</u>		<u>September 30, 2008</u>		<u>September 30, 2007</u>	
<u>Line of Business</u>	<u>Treaty Type</u>	<u>GPW</u>	<u>%</u>	<u>GPW</u>	<u>%</u>	<u>GPW</u>	<u>%</u>	<u>GPW</u>	<u>%</u>
Property	Cat XOL (b)	\$ 59,897	47.9%	\$ 63,515	62.1%	\$ 318,305	49.4%	\$ 350,257	53.5%
	Per Risk XOL (c)	24,363	19.5%	26,022	25.5%	52,293	8.1%	44,879	6.9%
	Proportional (d)	<u>13,285</u>	<u>10.6%</u>	<u>(2,914)</u>	<u>-2.9%</u>	<u>101,365</u>	<u>15.7%</u>	<u>86,958</u>	<u>13.3%</u>
		97,545	78.0%	86,623	84.7%	471,963	73.2%	482,094	73.6%
Marine	Cat XOL (b)	(82)	-0.1%	-	0.0%	759	0.1%	287	0.0%
	Per Risk XOL (c)	16,773	13.4%	3,659	3.6%	84,396	13.1%	91,024	13.9%
	Proportional (d)	<u>2,463</u>	<u>2.0%</u>	<u>4,686</u>	<u>4.6%</u>	<u>26,790</u>	<u>4.2%</u>	<u>27,331</u>	<u>4.2%</u>
		19,154	15.3%	8,345	8.2%	111,945	17.4%	118,642	18.1%
Specialty (a)	Cat XOL (b)	4,411	3.6%	2,896	2.8%	30,780	4.8%	27,014	4.1%
	Per Risk XOL (c)	497	0.4%	(6)	0.0%	1,161	0.2%	694	0.1%
	Proportional (d)	<u>3,422</u>	<u>2.7%</u>	<u>4,371</u>	<u>4.3%</u>	<u>28,049</u>	<u>4.4%</u>	<u>26,155</u>	<u>4.0%</u>
		<u>8,330</u>	<u>6.7%</u>	<u>7,261</u>	<u>7.1%</u>	<u>59,990</u>	<u>9.4%</u>	<u>53,863</u>	<u>8.2%</u>
Total		<u>\$ 125,029</u>	<u>100.0%</u>	<u>\$ 102,229</u>	<u>100.0%</u>	<u>\$ 643,898</u>	<u>100.0%</u>	<u>\$ 654,599</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 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				Nine Months Ended			
		September 30, 2008		September 30, 2007		September 30, 2008		September 30, 2007	
		GPW	%	GPW	%	GPW	%	GPW	%
Property	Treaty Reinsurance	\$ 97,452	36.2%	\$ 90,618	37.0%	\$ 499,175	42.6%	\$ 486,088	60.9%
	Facultative Reinsurance	12,266	4.6%	11,324	4.6%	34,594	3.0%	11,324	1.4%
	Direct Insurance	14,113	5.2%	13,231	5.4%	44,207	3.8%	13,231	1.7%
		<u>123,831</u>	46.0%	<u>115,173</u>	47.1%	<u>577,976</u>	49.4%	<u>510,643</u>	64.0%
Marine	Treaty Reinsurance	22,796	8.5%	9,977	4.1%	130,677	11.2%	120,275	15.1%
	Facultative Reinsurance	15,846	5.9%	14,819	6.0%	66,903	5.7%	14,819	1.9%
	Direct Insurance	44,631	16.6%	38,565	15.7%	138,276	11.8%	38,565	4.8%
		<u>83,273</u>	31.0%	<u>63,361</u>	25.8%	<u>335,856</u>	28.7%	<u>173,659</u>	21.8%
Specialty	Treaty Reinsurance	12,125	4.5%	14,726	6.0%	86,521	7.4%	61,328	7.7%
	Facultative Reinsurance	12,857	4.8%	13,525	5.5%	48,040	4.1%	13,525	1.7%
	Direct Insurance	37,150	13.7%	38,486	15.7%	122,356	10.5%	38,486	4.8%
		<u>62,132</u>	23.0%	<u>66,737</u>	27.2%	<u>256,917</u>	21.9%	<u>113,339</u>	14.2%
Total	Treaty Reinsurance	132,373	49.2%	115,321	47.0%	716,373	61.2%	667,691	83.7%
	Facultative Reinsurance	40,969	15.2%	39,668	16.2%	149,537	12.8%	39,668	5.0%
	Direct Insurance	95,894	35.6%	90,282	36.8%	304,839	26.0%	90,282	11.3%
	Total	\$ 269,236	100.0%	\$ 245,271	100.0%	\$ 1,170,749	100.0%	\$ 797,641	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 risk, financial institutions, aviation 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				Nine Months Ended		
	September 30,	June 30,	March 31,	December 31,	September 30,	September 30,	September 30,
	2008	2008	2008	2007	2007	2008	2007
Validus Re							
Property	\$ 97,545	\$ 171,308	\$ 203,110	\$ 16,282	\$ 86,623	\$ 471,963	\$ 482,093
Marine	19,154	8,750	84,040	18,067	8,345	111,945	118,643
Aerospace	5,567	686	18,929	7,616	5,373	25,182	28,743
Life and A&H	-	96	913	-	-	1,009	345
Financial Institutions	-	4,125	-	138	-	4,125	3,437
Terrorism	1,598	2,056	19,641	4,738	727	23,295	16,893
Workers' Comp	1,165	799	4,415	658	1,161	6,379	4,445
Total Validus Re Segment	125,029	187,820	331,048	47,499	102,229	643,898	654,599
Talbot (a)							
Property	35,194	47,423	40,367	20,627	28,549	122,984	130,618
Marine	66,676	73,126	90,976	59,006	55,016	230,777	205,002
Aviation & Other	6,248	13,037	13,258	7,991	3,810	32,543	37,301
Accident & Health	6,425	5,849	3,038	6,095	2,558	15,312	8,126
Financial Institutions	7,723	10,561	11,914	9,396	11,618	30,198	34,407
War	24,364	36,034	32,986	30,599	29,249	93,384	98,282
Contingency	7,103	7,097	3,906	6,028	6,300	18,106	18,651
Bloodstock	3,574	4,108	5,349	3,755	5,942	13,031	11,841
Total Talbot Segment	157,307	197,235	201,794	143,497	143,042	556,335	544,228
Intersegment revenue							
Property	(8,908)	(1,967)	(6,096)	-	-	(16,971)	-
Marine	(2,557)	(2,835)	(1,474)	-	-	(6,866)	-
Specialty	(1,635)	(334)	(3,678)	-	-	(5,647)	-
Total Intersegment Revenue Eliminated	(13,100)	(5,136)	(11,248)	-	-	(29,484)	-
Total	\$ 269,236	\$ 379,919	\$ 521,594	\$ 190,996	\$ 245,271	\$ 1,170,749	\$ 1,198,827

Notes:

(a) - 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				
	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007
Underwriting revenues					
Gross premiums written	\$ 125,029	\$ 187,820	\$ 331,048	\$ 47,499	\$ 102,229
Reinsurance premiums ceded	<u>(36,286)</u>	<u>(1,208)</u>	<u>(23,743)</u>	<u>(3,813)</u>	<u>(7,291)</u>
Net premiums written	88,743	186,612	307,305	43,686	94,938
Change in unearned premiums	<u>92,653</u>	<u>(22,500)</u>	<u>(163,651)</u>	<u>118,828</u>	<u>57,055</u>
Net premiums earned	<u>181,396</u>	<u>164,112</u>	<u>143,654</u>	<u>162,514</u>	<u>151,993</u>
Underwriting deductions					
Losses and loss expenses	217,081	48,677	58,915	48,244	38,131
Policy acquisition costs	26,520	25,309	20,403	22,107	18,161
General and administrative expenses	7,972	9,955	9,379	7,858	9,527
Share compensation	<u>1,809</u>	<u>1,597</u>	<u>1,226</u>	<u>1,189</u>	<u>1,281</u>
Total underwriting deductions	<u>253,382</u>	<u>85,538</u>	<u>89,923</u>	<u>79,398</u>	<u>67,100</u>
Underwriting (loss) income	<u>\$ (71,986)</u>	<u>\$ 78,574</u>	<u>\$ 53,731</u>	<u>\$ 83,116</u>	<u>\$ 84,893</u>
Selected Ratios					
Losses and loss expenses	119.7%	29.7%	41.0%	29.7%	25.1%
Policy acquisition costs	14.6%	15.4%	14.2%	13.6%	11.9%
General and administrative expenses	5.4%	7.0%	7.4%	5.6%	7.1%
Expense ratio	<u>20.0%</u>	<u>22.4%</u>	<u>21.6%</u>	<u>19.2%</u>	<u>19.0%</u>
Combined ratio	<u>139.7%</u>	<u>52.1%</u>	<u>62.6%</u>	<u>48.9%</u>	<u>44.1%</u>

VALIDUS RE

Validus Holdings, Ltd.

Talbot Segment - Underwriting Income

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

	Three Months Ended				
	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007
Underwriting revenues					
Gross premiums written	\$ 157,307	\$ 197,235	\$ 201,794	\$ 143,497	\$ 143,042
Reinsurance premiums ceded	(11,953)	(5,327)	(72,405)	(753)	(615)
Net premiums written	145,354	191,908	129,389	142,744	142,427
Change in unearned premiums	12,576	(46,722)	18,821	12,773	1,106
Net premiums earned	157,930	145,186	148,210	155,517	143,533
Underwriting deductions					
Losses and loss expenses	101,383	73,412	81,109	59,323	49,132
Policy acquisition costs	34,026	31,134	36,298	31,170	32,784
General and administrative expenses	17,851	19,787	20,923	23,628	25,258
Share compensation	1,164	1,126	976	978	731
Total underwriting deductions	154,424	125,459	139,306	115,099	107,905
Underwriting income	<u>\$ 3,506</u>	<u>\$ 19,727</u>	<u>\$ 8,904</u>	<u>\$ 40,418</u>	<u>\$ 35,628</u>
Selected Ratios					
Losses and loss expenses	64.2%	50.6%	54.7%	38.1%	34.2%
Policy acquisition costs	21.5%	21.4%	24.5%	20.1%	22.8%
General and administrative expenses	12.0%	14.4%	14.8%	15.8%	18.1%
Expense ratio	33.5%	35.8%	39.3%	35.9%	40.9%
Combined ratio	97.7%	86.4%	94.0%	74.0%	75.2%

VALIDUS RE

Validus Holdings, Ltd.

Class of Business - Property - Underwriting Income

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

	Three Months Ended (b)				
	September 30,	June 30,	March 31,	December 31,	September 30,
	2008	2008	2008	2007	2007
Underwriting revenues					
Net premiums written	\$ 96,008	\$ 214,724	\$ 219,525	\$ 32,600	\$ 107,907
Net premiums earned	<u>165,028</u>	<u>149,431</u>	<u>138,195</u>	<u>156,824</u>	<u>149,294</u>
Underwriting deductions					
Losses and loss expenses	202,066	49,350	58,266	44,851	41,801
Policy acquisition costs	<u>24,310</u>	<u>24,647</u>	<u>22,335</u>	<u>23,692</u>	<u>21,503</u>
Total underwriting deductions	<u>226,376</u>	<u>73,997</u>	<u>80,601</u>	<u>68,543</u>	<u>63,304</u>
Underwriting (loss) income before G&A	<u>\$ (61,348)</u>	<u>\$ 75,434</u>	<u>\$ 57,594</u>	<u>\$ 88,281</u>	<u>\$ 85,990</u>
Selected underwriting ratios (a)					
Losses and loss expenses	122.4%	33.0%	42.2%	28.6%	28.0%
Policy acquisition costs	<u>14.7%</u>	<u>16.5%</u>	<u>16.2%</u>	<u>15.1%</u>	<u>14.4%</u>
Combined ratio before G&A	<u>137.1%</u>	<u>49.5%</u>	<u>58.4%</u>	<u>43.7%</u>	<u>42.4%</u>

Notes:

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

(b) 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 (b)				
	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007
Underwriting revenues					
Net premiums written	\$ 78,296	\$ 78,248	\$ 130,142	\$ 76,433	\$ 63,391
Net premiums earned	<u>101,110</u>	<u>86,794</u>	<u>85,010</u>	<u>88,856</u>	<u>75,338</u>
Underwriting deductions					
Losses and loss expenses	100,733	46,944	56,698	47,553	31,883
Policy acquisition costs	<u>20,796</u>	<u>16,464</u>	<u>18,681</u>	<u>16,572</u>	<u>13,349</u>
Total underwriting deductions	<u>121,529</u>	<u>63,408</u>	<u>75,379</u>	<u>64,125</u>	<u>45,232</u>
Underwriting (loss) income before G&A	<u>\$ (20,419)</u>	<u>\$ 23,386</u>	<u>\$ 9,631</u>	<u>\$ 24,731</u>	<u>\$ 30,106</u>
Selected underwriting ratios (a)					
Losses and loss expenses	99.6%	54.1%	66.7%	53.5%	42.3%
Policy acquisition costs	<u>20.6%</u>	<u>19.0%</u>	<u>22.0%</u>	<u>18.7%</u>	<u>17.7%</u>
Combined ratio before G&A	<u>120.2%</u>	<u>73.1%</u>	<u>88.7%</u>	<u>72.2%</u>	<u>60.0%</u>

Notes:

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

(b) 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 (b)				
	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007
Underwriting revenues					
Net premiums written	\$ 59,793	\$ 85,548	\$ 75,779	\$ 77,397	\$ 66,067
Net premiums earned	<u>73,188</u>	<u>73,073</u>	<u>68,659</u>	<u>72,351</u>	<u>70,894</u>
Underwriting deductions					
Losses and loss expenses	15,665	25,795	25,060	15,163	13,579
Policy acquisition costs	<u>15,440</u>	<u>15,332</u>	<u>15,685</u>	<u>13,013</u>	<u>16,093</u>
Total underwriting deductions	<u>31,105</u>	<u>41,127</u>	<u>40,745</u>	<u>28,176</u>	<u>29,672</u>
Underwriting income before G&A	<u>\$ 42,083</u>	<u>\$ 31,946</u>	<u>\$ 27,914</u>	<u>\$ 44,175</u>	<u>\$ 41,222</u>
Selected underwriting ratios (a)					
Losses and loss expenses	21.4%	35.3%	36.5%	21.0%	19.2%
Policy acquisition costs	<u>21.1%</u>	<u>21.0%</u>	<u>22.8%</u>	<u>18.0%</u>	<u>22.7%</u>
Combined ratio before G&A	<u>42.5%</u>	<u>56.3%</u>	<u>59.3%</u>	<u>39.0%</u>	<u>41.9%</u>

Notes:

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

(b) 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 September 30, 2008			At December 31, 2007		
	Reserves for	Loss reserves	Net	Reserves for	Loss reserves	Net
	losses and loss	recoverable		losses and loss	recoverable	
	expense		expense			
Property	\$ 469,773	\$ 4,883	\$ 464,890	\$ 299,510	\$ 15,440	\$ 284,070
Marine	571,316	142,478	428,838	405,193	99,852	305,341
Specialty (a)	<u>231,755</u>	<u>26,102</u>	<u>205,653</u>	<u>221,414</u>	<u>19,112</u>	<u>202,302</u>
Total	<u>\$ 1,272,844</u>	<u>\$ 173,463</u>	<u>\$ 1,099,381</u>	<u>\$ 926,117</u>	<u>\$ 134,404</u>	<u>\$ 791,713</u>

	At September 30, 2008			At December 31, 2007		
	Case Reserves	IBNR	Total Reserves	Case Reserves	IBNR	Total Reserves
Property	\$ 233,297	\$ 236,476	\$ 469,773	\$ 162,122	\$ 137,388	\$ 299,510
Marine	261,644	309,672	571,316	236,703	168,490	405,193
Specialty (a)	<u>78,100</u>	<u>153,655</u>	<u>231,755</u>	<u>64,546</u>	<u>156,868</u>	<u>221,414</u>
Total	<u>\$ 573,041</u>	<u>\$ 699,803</u>	<u>\$ 1,272,844</u>	<u>\$ 463,371</u>	<u>\$ 462,746</u>	<u>\$ 926,117</u>
Percentage of total	<u>45.0%</u>	<u>55.0%</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 risk, financial institutions, aviation 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					
	September 30, 2008			September 30, 2007		
	Validus Re	Talbot (a)	Total	Validus Re	Talbot (a)	Total
Net reserves at period beginning	\$ 263,122	\$ 633,737	\$ 896,859	\$ 137,974	\$ 588,068	\$ 726,042
Incurred losses - current year	220,594	124,016	344,610	41,658	70,062	111,720
Change in prior accident years	(3,513)	(22,633)	(26,146)	(3,527)	(20,930)	(24,457)
Incurred losses	217,081	101,383	318,464	38,131	49,132	87,263
Exchange rate effects	-	(20,745)	(20,745)	-	3,175	3,175
Paid losses	(40,241)	(54,956)	(95,197)	(12,715)	(44,349)	(57,064)
Net reserves at period end	439,962	659,419	1,099,381	163,390	596,026	759,416
Losses recoverable	53,591	135,670	173,463	50	165,065	165,115
Gross reserves at period end	\$ 493,553	\$ 795,089	\$ 1,272,844	\$ 163,440	\$ 761,091	\$ 924,531
Net premiums earned	\$ 181,396	\$ 157,930	\$ 339,326	\$ 151,993	\$ 143,533	\$ 295,526
Current year loss ratio	121.6%	78.5%	101.6%	27.4%	48.8%	37.8%
Prior accident year adjustments	-1.9%	-14.3%	-7.7%	-2.3%	-14.6%	-8.3%
Net loss ratio	119.7%	64.2%	93.9%	25.1%	34.2%	29.5%
Paid to incurred	18.5%	54.2%	29.9%	33.3%	90.3%	65.4%

Consolidated	At or for the Nine Months Ended					
	September 30, 2008			September 30, 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
Net reserves acquired in Talbot acquisition					\$ 588,068	\$ 588,068
Incurred losses - current year	333,606	297,004	630,610	143,611	70,062	213,673
Change in prior accident years	(8,933)	(41,099)	(50,032)	(16,317)	(20,930)	(37,247)
Incurred losses	324,673	255,905	580,578	127,294	49,132	176,426
Exchange rate effects	-	(21,361)	(21,361)	-	3,175	3,175
Paid losses	(81,525)	(170,024)	(251,549)	(41,267)	(44,349)	(85,616)
Net reserves at period end	439,962	659,419	1,099,381	163,390	596,026	759,416
Losses recoverable	53,591	135,670	173,463	50	165,065	165,115
Gross reserves at period end	\$ 493,553	\$ 795,089	\$ 1,272,844	\$ 163,440	\$ 761,091	\$ 924,531
Net premiums earned	\$ 489,163	\$ 451,325	\$ 940,488	\$ 396,515	\$ 143,533	\$ 540,048
Current year loss ratio	68.2%	65.8%	67.0%	36.2%	48.8%	39.6%
Prior accident year adjustments	-1.8%	-9.1%	-5.3%	-4.1%	-14.6%	-6.9%
Net loss ratio	66.4%	56.7%	61.7%	32.1%	34.2%	32.7%
Paid to incurred	25.1%	66.4%	43.3%	32.4%	90.3%	48.5%

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 \$15,798 has been eliminated from the September 30, 2008 period end balances.

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							
	September 30, 2008				September 30, 2007			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Net reserves at period beginning	\$ 188,674	\$ 47,782	\$ 26,666	\$ 263,122	\$ 104,416	\$ 20,783	\$ 12,775	\$ 137,974
Incurred losses - current year	162,948	52,340	5,306	220,594	29,716	7,688	4,254	41,658
Change in prior accident years	(6,283)	4,410	(1,640)	(3,513)	(2,795)	(343)	(389)	(3,527)
Incurred losses	156,665	56,750	3,666	217,081	26,921	7,345	3,865	38,131
Exchange rate effects	-	-	-	-	-	-	-	-
Paid losses	(36,255)	(2,423)	(1,563)	(40,241)	(8,559)	(2,190)	(1,966)	(12,715)
Net reserves at period end	309,084	102,109	28,769	439,962	122,778	25,938	14,674	163,390
Losses recoverable	7,760	45,831	-	53,591	50	-	-	50
Gross reserves at period end	<u>\$ 316,844</u>	<u>\$ 147,940</u>	<u>\$ 28,769</u>	<u>\$ 493,553</u>	<u>\$ 122,828</u>	<u>\$ 25,938</u>	<u>\$ 14,674</u>	<u>\$ 163,440</u>
Net premiums earned	\$ 132,307	\$ 29,980	\$ 19,109	\$ 181,396	\$ 116,985	\$ 20,375	\$ 14,633	\$ 151,993
Current year loss ratio	123.2%	174.6%	27.8%	121.6%	25.4%	37.7%	29.1%	27.4%
Prior accident year adjustments	-4.8%	14.7%	-8.6%	-1.9%	-2.4%	-1.7%	-2.7%	-2.3%
Net loss ratio	<u>118.4%</u>	<u>189.3%</u>	<u>19.2%</u>	<u>119.7%</u>	<u>23.0%</u>	<u>36.0%</u>	<u>26.4%</u>	<u>25.1%</u>
Paid to incurred	23.1%	4.3%	42.6%	18.5%	31.8%	29.8%	50.9%	33.3%

Validus Re Segment	At or for the Nine Months Ended							
	September 30, 2008				September 30, 2007			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	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	245,161	69,897	18,548	333,606	106,757	21,187	15,667	143,611
Change in prior accident years (a)	(14,210)	7,304	(2,027)	(8,933)	(13,165)	(2,491)	(661)	(16,317)
Incurred losses	230,951	77,201	16,521	324,673	93,592	18,696	15,006	127,294
Exchange rate effects	-	-	-	-	-	-	-	-
Paid losses	(62,833)	(7,699)	(10,993)	(81,525)	(30,199)	(2,624)	(8,444)	(41,267)
Net reserves at period end	309,084	102,109	28,769	439,962	122,778	25,938	14,674	163,390
Losses recoverable	7,760	45,831	-	53,591	50	-	-	50
Gross reserves at period end	<u>\$ 316,844</u>	<u>\$ 147,940</u>	<u>\$ 28,769</u>	<u>\$ 493,553</u>	<u>\$ 122,828</u>	<u>\$ 25,938</u>	<u>\$ 14,674</u>	<u>\$ 163,440</u>
Net premiums earned	\$ 361,027	\$ 75,109	\$ 53,027	\$ 489,163	\$ 299,458	\$ 55,750	\$ 41,307	\$ 396,515
Current year loss ratio	67.9%	93.1%	35.0%	68.2%	35.7%	38.0%	37.9%	36.2%
Prior accident year adjustments	-3.9%	9.7%	-3.8%	-1.8%	-4.4%	-4.5%	-1.6%	-4.1%
Net loss ratio	<u>64.0%</u>	<u>102.8%</u>	<u>31.2%</u>	<u>66.4%</u>	<u>31.3%</u>	<u>33.5%</u>	<u>36.3%</u>	<u>32.1%</u>
Paid to incurred	27.2%	10.0%	66.5%	25.1%	32.3%	14.0%	56.3%	32.4%

Notes:

(a) 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)							
	September 30, 2008				September 30, 2007			
	Property	Marine (c)	Specialty (b) (c)	Total	Property	Marine	Specialty (b)	Total
Net reserves at period beginning	\$ 135,277	\$ 315,222	\$ 183,238	\$ 633,737	\$ 143,331	\$ 262,935	\$ 181,802	\$ 588,068
Incurred losses - current year	45,461	56,251	22,304	124,016	20,843	31,322	17,897	70,062
Change in prior accident years	(60)	(12,268)	(10,305)	(22,633)	(5,963)	(6,784)	(8,183)	(20,930)
Incurred losses	45,401	43,983	11,999	101,383	14,880	24,538	9,714	49,132
Exchange rate effects	(3,933)	(9,186)	(7,626)	(20,745)	1,400	(2,652)	4,427	3,175
Paid losses	(20,939)	(23,290)	(10,727)	(54,956)	(11,252)	(23,894)	(9,203)	(44,349)
Net reserves at period end	155,806	326,729	176,884	659,419	148,359	260,927	186,740	596,026
Losses recoverable	8,018	101,550	26,102	135,670	27,522	115,600	21,943	165,065
Gross reserves at period end	\$ 163,824	\$ 428,279	\$ 202,986	\$ 795,089	\$ 175,881	\$ 376,527	\$ 208,683	\$ 761,091
Net premiums earned	\$ 32,721	\$ 71,130	\$ 54,079	\$ 157,930	\$ 32,309	\$ 54,963	\$ 56,261	\$ 143,533
Current year loss ratio	139.0%	79.0%	41.3%	78.5%	64.5%	57.0%	31.8%	48.8%
Prior accident year adjustments	-0.2%	-17.2%	-19.1%	-14.3%	-18.5%	-12.3%	-14.5%	-14.6%
Net loss ratio	138.8%	61.8%	22.2%	64.2%	46.0%	44.7%	17.3%	34.2%
Paid to incurred	46.1%	53.0%	89.4%	54.2%	75.6%	97.4%	94.7%	90.3%

Talbot Segment	At or for the Nine Months Ended (a)							
	September 30, 2008				September 30, 2007			
	Property	Marine (c)	Specialty (b) (c)	Total	Property	Marine	Specialty (b)	Total
Net reserves at period beginning	\$ 143,102	\$ 272,734	\$ 179,063	\$ 594,899	\$ 143,331	\$ 262,935	\$ 181,802	\$ 588,068
Incurred losses - current year	85,444	135,369	76,191	297,004	20,843	31,322	17,897	70,062
Change in prior accident years	(6,566)	(7,101)	(27,432)	(41,099)	(5,963)	(6,784)	(8,183)	(20,930)
Incurred losses	78,878	128,268	48,759	255,905	14,880	24,538	9,714	49,132
Exchange rate effects	(4,194)	(10,829)	(6,338)	(21,361)	1,400	(2,652)	4,427	3,175
Paid losses	(61,981)	(72,079)	(35,964)	(170,024)	(11,252)	(23,894)	(9,203)	(44,349)
Net reserves at period end	155,805	318,094	185,520	659,419	148,359	260,927	186,740	596,026
Losses recoverable	8,018	101,550	26,102	135,670	27,522	115,600	21,943	165,065
Gross reserves at period end	\$ 163,823	\$ 419,644	\$ 211,622	\$ 795,089	\$ 175,881	\$ 376,527	\$ 208,683	\$ 761,091
Net premiums earned	\$ 91,628	\$ 199,001	\$ 160,696	\$ 451,325	\$ 32,309	\$ 54,963	\$ 56,261	\$ 143,533
Current year loss ratio	93.3%	68.0%	47.4%	65.8%	64.5%	57.0%	31.8%	48.8%
Prior accident year adjustments	-7.2%	-3.5%	-17.1%	-9.1%	-18.5%	-12.3%	-14.5%	-14.6%
Net loss ratio	86.1%	64.5%	30.3%	56.7%	46.0%	44.7%	17.3%	34.2%
Paid to incurred	78.6%	56.2%	73.8%	66.4%	75.6%	97.4%	94.7%	90.3%

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 risk, financial institutions, aviation treaty and other classes.

(c) Marine treaty business was reallocated from the Specialty class to the Marine class during the quarter ended June 30, 2008.

Validus Holdings, Ltd.

Consolidated Reinsurance Recoverable Analysis

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

Consolidated Reinsurance Recoverable at September 30, 2008

Categories	Reinsurance recoverable	% of total	Top 10 Reinsurers	Rating (a)	Reinsurance recoverable	% of total
Top 10 reinsurers	\$ 166,672	94.2%	Fully collateralized reinsurers	NR	\$ 53,591	32.2%
Other reinsurers balances > \$1 million	7,673	4.3%	Hannover Re	AA-	30,627	18.4%
Other reinsurers balances < \$1 million	2,634	1.5%	Lloyds Syndicates	A+	28,073	16.8%
Total	\$ 176,979	100.0%	Allianz	AA	13,927	8.4%
			Munich Re	AA-	13,418	8.1%
			Swiss Re	AA-	12,392	7.4%
			Aspen Insurance UK Limited	A	5,557	3.3%
			Transatlantic Re	AA-	3,553	2.1%
			Platinum Underwriters	A	3,006	1.8%
			Axa	AA	2,528	1.5%
					\$ 166,672	100.0%

Consolidated Reinsurance Recoverable at December 31, 2007

Categories	Reinsurance recoverable	% of total	Top 10 Reinsurers	Rating (a)	Reinsurance recoverable	% of total
Top 10 reinsurers	\$ 129,978	91.4%	Hannover Re	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%	Munich Re	AA-	14,322	11.0%
			Allianz	AA	13,461	10.4%
			Axa	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 September 30, 2008 were from reinsurers rated A- or better by internationally recognized rating agencies or were fully collateralized.

(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	September 30, 2008		December 31, 2007	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
U.S. Government and Government Agency	\$ 737,667	22.6%	\$ 707,703	22.8%
Non-U.S. Government and Government Agency	117,787	3.6%	141,493	4.6%
Agency Residential mortgage-backed securities	445,316	13.7%	421,665	13.6%
Corporate	449,991	13.7%	488,127	15.7%
Foreign Corporates	176,434	5.4%	-	0.0%
States, municipalities, political subdivision	15,030	0.5%	-	0.0%
Asset-backed securities	157,997	4.9%	191,455	6.2%
Non-Agency Residential mortgage-backed securities	278,602	8.6%	301,967	9.7%
Commercial mortgage-backed securities	<u>216,652</u>	<u>6.7%</u>	<u>158,988</u>	<u>5.1%</u>
Total fixed maturities	2,595,476	79.7%	2,411,398	77.6%
Total short-term investments	<u>325,273</u>	<u>10.0%</u>	<u>250,623</u>	<u>8.1%</u>
Total investments	2,920,749	89.7%	2,662,021	85.7%
Cash and cash equivalents	<u>335,367</u>	<u>10.3%</u>	<u>444,698</u>	<u>14.3%</u>
Total cash and investments	<u>\$ 3,256,116</u>	<u>100.0%</u>	<u>\$ 3,106,719</u>	<u>100.0%</u>

Net investment income	Three Months Ended		Nine Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Fixed maturities and short-term investments	\$ 32,443	\$ 24,076	\$ 98,654	\$ 54,589
Securities lending income	261	59	1,150	66
Cash and cash equivalents	<u>4,308</u>	<u>13,252</u>	<u>11,524</u>	<u>22,025</u>
Total gross investment income	37,012	37,387	111,328	76,680
Investment expenses	<u>(633)</u>	<u>(827)</u>	<u>(2,471)</u>	<u>(1,881)</u>
Net investment income	<u>\$ 36,379</u>	<u>\$ 36,560</u>	<u>\$ 108,857</u>	<u>\$ 74,799</u>

Annualized effective investment yield (a)	<u>4.49%</u>	<u>5.13%</u>	<u>4.52%</u>	<u>5.12%</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)	September 30, 2008		December 31, 2007	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
AAA	\$ 2,097,056	80.8%	\$ 2,029,573	84.2%
AA+	35,378	1.4%	37,458	1.6%
AA	53,716	2.1%	51,091	2.1%
AA-	124,677	4.8%	96,578	4.0%
A+	111,547	4.3%	88,181	3.7%
A	122,471	4.7%	70,666	2.9%
A-	41,427	1.6%	29,948	1.2%
BBB+	6,040	0.2%	7,903	0.3%
BBB	2,205	0.1%	-	0.0%
BB	959	0.0%	-	0.0%
	<u>\$ 2,595,476</u>	<u>100.0%</u>	<u>\$ 2,411,398</u>	<u>100.0%</u>

Total fixed maturities by maturity	September 30, 2008		December 31, 2007	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
Due in one year or less	\$ 160,194	6.2%	\$ 198,466	8.2%
Due after one year through five years	1,233,096	47.5%	1,087,758	45.1%
Due after five years through ten years	76,720	3.0%	30,427	1.3%
Due after ten years	26,899	1.0%	20,672	0.9%
	<u>1,496,909</u>	<u>57.7%</u>	<u>1,337,323</u>	<u>55.5%</u>
Asset-backed and mortgage-backed securities	<u>1,098,567</u>	<u>42.3%</u>	<u>1,074,075</u>	<u>44.5%</u>
	<u>\$ 2,595,476</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)

<u>Capitalization</u>	<u>September 30, 2008</u>	<u>June 30, 2008</u>	<u>March 31, 2008</u>	<u>December 31, 2007</u>	<u>September 30, 2007</u>
Borrowings drawn under credit facility	\$ -	\$ -	\$ -	\$ -	\$ -
Junior Subordinated Deferrable Debentures (a)	304,300	304,300	350,000	350,000	350,000
Total debt	304,300	304,300	350,000	350,000	350,000
Ordinary shares - capital and surplus	1,918,139	2,056,753	1,990,640	1,934,849	1,790,000
Accumulated other comprehensive income (loss)	(1,528)	28	18	(49)	(640)
Total shareholders' equity	1,916,611	2,056,781	1,990,658	1,934,800	1,789,360
Total capitalization (b)	\$ 2,220,911	\$ 2,361,081	\$ 2,340,658	\$ 2,284,800	\$ 2,139,360
Debt to total capitalization	13.7%	12.9%	15.0%	15.3%	16.4%
Debt (excluding Junior Debentures) to total capitalization	0.0%	0.0%	0.0%	0.0%	0.0%

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. On April 29, 2008, the Company repurchased from an unaffiliated financial institution \$45,700 principal amount of its 8.480% Junior Debentures at an aggregate price of \$36,560, plus accrued and unpaid interest of \$474. The repurchase resulted in the recognition of a realized gain of \$8,752 for the nine months ended September 30, 2008.

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

VALIDUS RE

Validus Holdings, Ltd.

Estimated Exposures to Peak Zone Property Catastrophe Losses - As of October 1, 2008

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

Zones	Perils	Group Estimated Net Loss				Validus Re Net Zonal Aggregate
		20 Year Return Period	50 Year Return Period	100 Year Return Period	250 Year Return Period	
United States	Hurricane	\$ 185,052	\$ 307,190	\$ 420,126	\$ 536,693	\$ 1,443,000
California	Earthquake	64,842	130,502	179,254	255,139	1,195,000
Europe	Windstorm	92,571	200,575	298,193	409,608	919,000
Japan	Earthquake	42,306	89,179	103,914	134,004	515,000
Japan	Typhoon	21,290	55,278	79,322	98,093	461,000

The Company has developed the estimates of losses expected from certain catastrophes for its portfolio of property, marine, aviation, terrorism, workers' compensation and personal accident contracts using commercially available catastrophe models, which are applied and adjusted by the Company. These estimates include assumptions regarding the location, size and magnitude of an event, the frequency of events, the construction type and damageability of property in a zone, and the cost of rebuilding property in a zone, among other assumptions. Return period refers to the frequency with which losses of a given amount or greater are expected to occur.

Net loss estimates are before income tax, net of reinstatement premiums, and net of retrocessional recoveries. The estimates set forth above are based on assumptions that are inherently subject to significant uncertainties and contingencies. These uncertainties and contingencies can affect actual losses and could cause actual losses to differ materially from those expressed above. In particular, modeled loss estimates do not necessarily accurately predict actual losses, and may significantly misestimate actual losses. Such estimates, therefore, should not be considered as a representation of actual losses. Investors should not rely on the foregoing information when considering investment in the Company. The Company undertakes no duty to update or revise such information to reflect the occurrence of future events.

Group Estimated Net Loss includes exposures in the Company's Validus Re and Talbot segments.

Validus Re Net Zonal Aggregate reflects aggregate exposures for the Validus Re segment only.