

VALIDUS RE **Validus Holdings, Ltd.**
Investor Financial Supplement - Second 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 three months ended				At or for the six months ended			
		June 30,	March 31,	December 31,	September 30,	June 30,	June 30,		
		2008	2008	2007	2007	2008	2007		
Highlights	Net income	\$ 75,921	\$ 66,475	\$ 138,969	\$ 136,525	\$ 70,754	\$ 142,396	\$ 127,502	
	Net operating income (a)	111,665	65,529	131,471	127,909	75,172	177,194	128,842	
	Gross premiums written	379,919	521,594	190,996	245,271	174,300	901,513	552,370	
	Net premiums earned	309,298	291,864	318,031	295,526	133,030	601,162	291,864	
	Total assets	4,569,742	4,535,638	4,144,224	4,126,602	2,364,911	4,569,742	2,364,911	
	Total shareholders' equity	2,056,781	1,990,658	1,934,800	1,789,360	1,323,947	2,056,781	1,323,947	
Per share data	<u>Earnings per basic share</u>								
	Net income	\$ 1.00	\$ 0.87	\$ 1.87	\$ 1.98	\$ 1.21	\$ 1.87	\$ 2.18	
	Net operating income	1.48	0.86	1.77	1.85	1.29	2.34	2.20	
	<u>Earnings per diluted share</u>								
	Net income	\$ 0.98	\$ 0.85	\$ 1.77	\$ 1.90	\$ 1.17	\$ 1.83	\$ 2.11	
	Net operating income	1.45	0.84	1.68	1.78	1.24	2.28	2.13	
	<u>Book value per share</u>								
	Reported	\$ 27.70	\$ 26.82	\$ 26.08	\$ 24.12	\$ 22.64	\$ 27.70	\$ 22.64	
	With investments at amortized cost	28.31	26.84	25.90	24.06	22.70	28.31	22.70	
	<u>Diluted book value per share (b)</u>								
	Reported	\$ 25.12	\$ 24.43	\$ 24.00	\$ 22.37	\$ 21.59	\$ 25.12	\$ 21.59	
	With investments at amortized cost	25.62	24.45	23.85	22.32	21.64	25.62	21.64	
	Financial ratios	Losses and loss expenses ratio	39.5%	48.0%	33.8%	29.5%	32.1%	43.6%	36.5%
		Policy acquisition costs ratio	18.2%	19.4%	16.8%	17.2%	13.4%	18.8%	12.3%
General and administrative expenses ratio		13.3%	15.0%	12.5%	16.2%	9.8%	14.1%	10.7%	
Expense ratio		31.6%	34.4%	29.3%	33.4%	23.2%	32.9%	23.0%	
Combined ratio		71.0%	82.4%	63.1%	63.0%	55.3%	76.5%	59.5%	
Annualized return on average equity (c)		15.0%	13.5%	29.9%	35.1%	22.0%	14.3%	20.3%	
Annualized operating return on average equity (d)		22.1%	13.4%	28.2%	32.9%	23.4%	17.8%	20.5%	

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 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)

	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	\$ 2,601,315	\$ 2,759,884	\$ 2,411,398	\$ 1,772,121	\$ 1,127,591	\$ 1,089,167	\$ 844,857
Short-term investments, at fair value	141,638	133,711	250,623	580,765	371,767	350,136	531,530
Cash and cash equivalents	487,260	347,347	444,698	651,428	314,955	88,317	63,643
Total investments and cash	3,230,213	3,240,942	3,106,719	3,004,314	1,814,313	1,527,620	1,440,030
Premiums receivable	609,757	572,175	401,241	505,001	376,814	356,294	142,408
Deferred acquisition costs	146,216	135,789	105,562	122,572	72,518	66,694	28,203
Prepaid reinsurance premiums	45,717	71,855	22,817	59,623	40,747	27,064	8,245
Securities lending collateral	199,075	191,256	164,324	60,018	35,194	16,258	12,327
Loss reserves recoverable	132,880	118,575	134,404	165,115	158	450	-
Paid losses recoverable	2,683	7,008	7,810	8,174	-	-	-
Net receivable for investments sold	-	-	-	-	1,862	-	-
Taxes recoverable	3,258	-	3,325	6,283	-	-	-
Goodwill and other intangible assets	149,691	150,732	151,772	152,812	-	-	-
Accrued investment income	16,177	22,187	19,960	15,476	9,355	7,683	6,456
Other assets	34,075	25,119	26,290	27,214	13,950	10,422	8,754
Total assets	\$ 4,569,742	\$ 4,535,638	\$ 4,144,224	\$ 4,126,602	\$ 2,364,911	\$ 2,012,485	\$ 1,646,423
Liabilities							
Reserve for losses and loss expense	\$ 1,029,739	\$ 977,236	\$ 926,117	\$ 924,531	\$ 138,132	\$ 111,555	\$ 77,363
Unearned premiums	793,356	750,257	557,344	727,293	461,437	433,263	178,824
Reinsurance balances payable	66,386	88,356	36,848	56,553	45,927	25,708	7,438
Securities lending payable	199,968	192,468	164,324	60,018	35,194	16,258	12,327
Taxes payable	-	1,531	-	-	-	-	-
Deferred taxation	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	89,934	119,404	126,702	110,515	10,274	7,276	15,098
Debentures payable	304,300	350,000	350,000	350,000	350,000	150,000	150,000
Total liabilities	2,512,961	2,544,980	2,209,424	2,337,242	1,040,964	761,269	453,900
Shareholders' equity							
Ordinary shares	\$ 12,993	\$ 12,990	\$ 12,985	\$ 12,985	\$ 10,234	\$ 10,234	\$ 10,234
Additional paid-in capital	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	28	18	(49)	(640)	-	-	875
Retained earnings	644,847	586,347	537,260	398,291	261,766	191,012	133,389
Total shareholders' equity	2,056,781	1,990,658	1,934,800	1,789,360	1,323,947	1,251,216	1,192,523
Total liabilities and shareholders' equity	\$ 4,569,742	\$ 4,535,638	\$ 4,144,224	\$ 4,126,602	\$ 2,364,911	\$ 2,012,485	\$ 1,646,423
Book value per common share	\$ 27.70	\$ 26.82	\$ 26.08	\$ 24.12	\$ 22.64	\$ 21.39	\$ 20.39
Diluted book value per common share	\$ 25.12	\$ 24.43	\$ 24.00	\$ 22.37	\$ 21.59	\$ 20.56	\$ 19.73
Diluted book value per common share plus accumulated dividends	\$ 25.52	\$ 24.63	\$ 24.00	\$ 22.37	\$ 21.59	\$ 20.56	\$ 19.73

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 June, 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	\$ 2,056,781	74,243,477		\$ 27.70	\$ 1,934,800	74,199,836		\$ 26.08
<i>Diluted Book Value per Common Share</i>								
Total shareholders' equity	\$ 2,056,781	74,243,477	-		\$ 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)	52,786	2,898,830	\$ 18.21		49,196	2,761,176	\$ 17.82	
Unvested restricted shares	-	4,217,102	-		-	3,367,961	-	
Diluted book value per common share	\$ 2,261,883	90,039,558		\$ 25.12	\$ 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	\$ 2,056,781				\$ 1,934,800			
Unrealized (gain) loss on investments	44,720				(13,239)			
Total shareholders' equity, as adjusted	\$ 2,101,501	74,243,477		\$ 28.31	\$ 1,921,561	74,199,836		\$ 25.90
<i>Diluted Book Value per Common Share</i>								
Total shareholders' equity	\$ 2,101,501	74,243,477	-		\$ 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)	52,786	2,898,830	\$ 18.21		49,196	2,761,176	\$ 17.82	
Unvested restricted shares	-	4,217,102	-		-	3,367,961	-	
Diluted book value per common share, as adjusted	\$ 2,306,603	90,039,558		\$ 25.62	\$ 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				Six Months Ended	
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	June 30, 2007
Cash flows provided by operating activities						
Net income for the period	\$ 75,921	\$ 66,475	\$ 138,969	\$ 136,525	\$ 70,754	\$ 142,396
Adjustments to reconcile net income to net cash provided by operating activities:						
Stock compensation expense	7,271	6,535	6,135	6,132	1,977	13,806
Realized gain on repurchase of JSDs	(8,752)	-	-	-	-	(8,752)
Net realized losses (gains) on sales of investments	2,425	(7,744)	(785)	(1,009)	232	(5,319)
Net unrealized losses (gains) on investments	42,982	14,977	(9,228)	(7,682)	6,189	57,959
Fair value of warrants expensed	-	-	-	2,893	-	-
Amortization of goodwill and other intangible assets	1,041	1,040	1,041	1,040	-	2,081
Foreign exchange gains on cash and cash equivalents included in net income	(553)	(5,701)	1,739	(3,116)	(1,357)	(6,254)
Amortization of discounts on fixed maturities	1,527	226	(1,571)	(5,428)	(1,113)	1,753
Change in:						
Premiums receivable	(37,568)	(170,863)	102,641	124,730	(20,520)	(208,431)
Deferred acquisition costs	(10,397)	(30,318)	16,659	16,756	(5,824)	(40,715)
Prepaid reinsurance premiums	26,125	(48,992)	36,454	32,738	(13,683)	(22,867)
Loss reserves recoverable	(14,302)	15,782	30,200	2,477	292	1,480
Paid losses recoverable	4,311	811	340	16,480	-	5,122
Taxes recoverable	(4,219)	4,701	2,963	(525)	-	482
Accrued investment income	(2,294)	(2,226)	(4,507)	1,593	(1,671)	(4,520)
Other assets	(785)	85	258	6,893	(1,528)	(700)
Unearned premiums	42,972	193,221	(168,046)	(90,909)	28,173	236,193
Reserve for losses and loss expense	52,349	51,935	6,030	27,514	26,577	104,284
Reinsurance balances payable	(21,946)	51,447	(19,555)	(56,599)	20,219	29,501
Deferred taxation	6,731	(3,242)	(3,123)	2,096	-	3,489
Accounts payable and accrued expenses	(46,005)	(7,576)	18,665	8,111	2,998	(53,581)
Net cash provided by operating activities	116,834	130,573	155,279	220,710	111,715	247,407
Cash flows used in investing activities						
Proceeds on sales and maturity of investments	570,329	639,994	523,322	470,580	256,864	1,210,323
Purchases of fixed maturities	(487,833)	(973,142)	(1,207,618)	(615,481)	(320,733)	(1,460,975)
Net Maturities (purchases) of short-term investments, net	(7,577)	117,157	326,183	(48,026)	(20,565)	109,580
Increase in securities lending collateral	(7,500)	(28,144)	(104,307)	(24,824)	(18,935)	(35,644)
Purchase of subsidiary, net of cash acquired	-	-	-	(18,809)	-	-
Net cash used in investing activities	67,419	(244,135)	(462,420)	(236,560)	(103,369)	(176,716)
Cash flows provided by (used in) provided by financing activities						
Net proceeds on issuance of debentures payable	(36,948)	-	-	-	198,000	(36,948)
Issue of common shares, net	342	169	(256)	320,504	-	511
Dividends paid	(16,821)	(16,821)	-	-	-	(33,642)
Increase in securities lending payable	7,500	28,144	104,307	24,824	18,935	35,644
Net cash provided by financing activities	(45,927)	11,492	104,051	345,328	216,935	(34,435)
Effect of foreign current rate changes on cash and cash equivalents	1,587	4,719	(3,640)	6,995	1,357	6,306
Net increase (decrease) in cash	139,913	(97,351)	(206,730)	336,473	226,638	42,562
Cash and cash equivalents - Beginning of period	347,347	444,698	651,428	314,955	88,317	444,698
Cash and cash equivalents - End of period	\$ 487,260	\$ 347,347	\$ 444,698	\$ 651,428	\$ 314,955	\$ 487,260
Taxes (recovered) paid during the period	\$ 524	\$ (114)	\$ 20	\$ 37	\$ -	\$ 410
Interest paid during the period	\$ 6,984	\$ 7,641	\$ 7,446	\$ 8,329	\$ 3,401	\$ 14,625
Losses paid during the period	\$ 55,592	\$ 72,308	\$ 71,256	\$ 57,064	\$ 15,806	\$ 28,551

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Validus Holdings, Ltd.

Consolidated Statements of Operations and Comprehensive Income (Loss)

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

	Three Months Ended				Six Months Ended		
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	June 30, 2007	
Revenues							
Gross premiums written	\$ 379,919	\$ 521,594	\$ 190,996	\$ 245,271	\$ 174,300	\$ 901,513	\$ 552,370
Reinsurance premiums ceded	(1,399)	(84,900)	(4,566)	(7,906)	(26,780)	(86,299)	(57,738)
Net premiums written	378,520	436,694	186,430	237,365	147,520	815,214	494,632
Change in unearned premiums	(69,222)	(144,830)	131,601	58,161	(14,490)	(214,052)	(250,110)
Net premiums earned	309,298	291,864	318,031	295,526	133,030	601,162	244,522
Net investment income	36,435	36,043	37,525	36,560	19,742	72,478	38,239
Realized gain on repurchase of debentures	8,752	-	-	-	-	8,752	-
Net realized gains (losses) on investments	(2,425)	7,744	784	1,010	(232)	5,319	(186)
Net unrealized gains (losses) on investments	(42,982)	(14,977)	9,229	7,681	(6,189)	(57,959)	(4,546)
Other income	1,462	935	1,971	1,330	-	2,397	-
Foreign exchange (losses) gains	911	8,179	(2,515)	5,818	2,003	9,090	3,392
Total revenues	311,451	329,788	365,025	347,925	148,354	641,239	281,421
Expenses							
Losses and loss expense	122,089	140,024	107,567	87,263	42,675	262,113	89,162
Policy acquisition costs	56,419	56,701	53,277	50,945	17,837	113,120	30,056
General and administrative expenses	33,912	37,107	33,676	44,793	11,107	71,019	22,335
Share compensation expense	7,271	6,535	6,135	6,132	1,978	13,806	3,922
Finance expenses	12,762	21,517	25,423	17,886	4,003	34,279	8,444
Fair value of warrants issued	-	-	-	2,893	-	-	-
Total expenses	232,453	261,884	226,078	209,912	77,600	494,337	153,919
Net income before taxes	78,998	67,904	138,947	138,013	70,754	146,902	127,502
Taxes	3,077	1,429	(22)	1,488	-	4,506	-
Net income	\$ 75,921	\$ 66,475	\$ 138,969	\$ 136,525	\$ 70,754	\$ 142,396	\$ 127,502
Comprehensive income							
Foreign currency translation adjustments	10	67	49	(640)	-	77	-
Comprehensive income	\$ 75,931	\$ 66,542	\$ 139,018	\$ 135,885	\$ 70,754	\$ 142,473	\$ 127,502
Earnings per share							
Weighted average number of common shares and share equivalents outstanding:							
Basic	74,233,425	74,209,371	74,199,836	69,107,336	58,482,600	74,221,398	58,482,601
Diluted	77,257,545	78,329,727	78,415,109	71,868,835	60,647,354	77,793,636	60,431,373
Basic earnings per share	\$ 1.00	\$ 0.87	\$ 1.87	\$ 1.98	\$ 1.21	\$ 1.87	\$ 2.18
Diluted earnings per share	\$ 0.98	\$ 0.85	\$ 1.77	\$ 1.90	\$ 1.17	\$ 1.83	\$ 2.11
Dividends declared per share	\$ 0.20	\$ 0.20	\$ -	\$ -	\$ -	\$ 0.40	\$ -

Validus Holdings, Ltd.

Consolidated Statements of Operations - Underwriting Income Format

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

	Three Months Ended				Six Months Ended		
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	June 30, 2008	June 30, 2007
Gross premiums written	\$ 379,919	\$ 521,594	\$ 190,996	\$ 245,271	\$ 174,300	\$ 901,513	\$ 552,370
Reinsurance premiums ceded	(1,399)	(84,900)	(4,566)	(7,906)	(26,780)	(86,299)	(57,738)
Net premiums written	378,520	436,694	186,430	237,365	147,520	815,214	494,632
Change in unearned premiums	(69,222)	(144,830)	131,601	58,161	(14,490)	(214,052)	(250,110)
Net premiums earned	309,298	291,864	318,031	295,526	133,030	601,162	244,522
Losses and loss expenses	122,089	140,024	107,567	87,263	42,675	262,113	89,162
Policy acquisition costs	56,419	56,701	53,277	50,945	17,837	113,120	30,056
General and administrative expenses	33,912	37,107	33,676	41,793	11,107	71,019	22,335
Share compensation expense	7,271	6,535	6,135	6,132	1,978	13,806	3,922
Total underwriting deductions	219,691	240,367	200,655	186,133	73,597	460,058	145,475
Underwriting income	89,607	51,497	117,376	109,393	59,433	141,104	99,047
Net investment income	36,435	36,043	37,525	36,560	19,742	72,478	38,239
Other income	1,462	935	1,971	1,330	-	2,397	-
Finance expenses	(12,762)	(21,517)	(25,423)	(17,886)	(4,003)	(34,279)	(8,444)
Operating income before tax	114,742	66,958	131,449	129,397	75,172	181,700	128,842
Taxes	3,077	1,429	(22)	1,488	-	4,506	-
Net operating income	\$ 111,665	\$ 65,529	\$ 131,471	\$ 127,909	\$ 75,172	\$ 177,194	\$ 128,842
Net realized gains (losses) on investments	(2,425)	7,744	784	1,010	(232)	5,319	(186)
Net unrealized gains (losses) on investments	(42,982)	(14,977)	9,229	7,681	(6,189)	(57,959)	(4,546)
Realized gain on repurchase of debentures	8,752	-	-	-	-	8,752	-
Foreign exchange (losses) gains	911	8,179	(2,515)	5,818	2,003	9,090	3,392
Fair value of warrants issued	-	-	-	(2,893)	-	-	-
Aquiline termination fee	-	-	-	(3,000)	-	-	-
Net income	\$ 75,921	\$ 66,475	\$ 138,969	\$ 136,525	\$ 70,754	\$ 142,396	\$ 127,502
Selected Ratios							
Net premiums written/Gross premiums written	99.6%	83.7%	97.6%	96.8%	84.6%	90.4%	89.5%
Losses and loss expenses	39.5%	48.0%	33.8%	29.5%	32.1%	43.6%	36.5%
Policy acquisition costs	18.2%	19.4%	16.8%	17.2%	13.4%	18.8%	12.3%
General and administrative expenses	13.3%	15.0%	12.5%	16.2%	9.8%	14.1%	10.7%
Expense ratio	31.6%	34.4%	29.3%	33.4%	23.2%	32.9%	23.0%
Combined ratio	71.0%	82.4%	63.1%	63.0%	55.3%	76.5%	59.5%

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					
	June 30, 2008			June 30, 2007		
	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehensive income
<i>Basic EPS calculation:</i>						
Net income	\$ 111,665	\$ 75,921	\$ 75,931	\$ 75,172	\$ 70,754	\$ 70,754
Less: Dividends and distributions declared on outstanding warrants	(1,739)	(1,739)	(1,739)	-	-	-
Net income available to common shareholders	\$ 109,926	\$ 74,182	\$ 74,192	\$ 75,172	\$ 70,754	\$ 70,754
Weighted average number of common shares outstanding	74,233,425	74,233,425	74,233,425	58,482,600	58,482,600	58,482,600
Basic earnings per share	\$ 1.48	\$ 1.00	\$ 1.00	\$ 1.29	\$ 1.21	\$ 1.21
<i>Diluted EPS calculation:</i>						
Net income	\$ 111,665	\$ 75,921	\$ 75,931	\$ 75,172	\$ 70,754	\$ 70,754
Weighted average number of common shares outstanding:	74,233,425	74,233,425	74,233,425	58,482,600	58,482,600	58,482,600
<i>Share equivalents:</i>						
Warrants	1,631,819	1,631,819	1,631,819	1,732,297	1,732,297	1,732,297
Stock options	32,894	32,894	32,894	-	-	-
Unvested restricted shares	1,359,407	1,359,407	1,359,407	432,457	432,457	432,457
Weighted average number of diluted common shares outstanding	77,257,545	77,257,545	77,257,545	60,647,354	60,647,354	60,647,354
Diluted earnings per share	\$ 1.45	\$ 0.98	\$ 0.98	\$ 1.24	\$ 1.17	\$ 1.17

	Six Months Ended					
	June 30, 2008			June 30, 2007		
	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehensive income
<i>Basic EPS calculation:</i>						
Net income	\$ 177,194	\$ 142,396	\$ 142,473	\$ 128,842	\$ 127,502	\$ 127,502
Less: Dividends and distributions declared on outstanding warrants	(3,478)	(3,478)	(3,478)	-	-	-
Net income available to common shareholders	\$ 173,716	\$ 138,918	\$ 138,995	\$ 128,842	\$ 127,502	\$ 127,502
Weighted average number of common shares outstanding	74,221,398	74,221,398	74,221,398	58,482,601	58,482,601	58,482,601
Basic earnings per share	\$ 2.34	\$ 1.87	\$ 1.87	\$ 2.20	\$ 2.18	\$ 2.18
<i>Diluted EPS calculation:</i>						
Net income	\$ 177,194	\$ 142,396	\$ 142,473	\$ 128,842	\$ 127,502	\$ 127,502
Weighted average number of common shares outstanding:	74,221,398	74,221,398	74,221,398	58,482,601	58,482,601	58,482,601
<i>Share equivalents:</i>						
Warrants	2,074,835	2,074,835	2,074,835	1,551,227	1,551,227	1,551,227
Stock options	171,366	171,366	171,366	-	-	-
Unvested restricted shares	1,326,037	1,326,037	1,326,037	397,545	397,545	397,545
Weighted average number of diluted common shares outstanding	77,793,636	77,793,636	77,793,636	60,431,373	60,431,373	60,431,373
Diluted earnings per share	\$ 2.28	\$ 1.83	\$ 1.83	\$ 2.13	\$ 2.11	\$ 2.11

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 Holdings, Ltd.

Dilutive Shares for Earnings Per Share Calculation

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

	Three Months Ended		Six Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Average fair value per share	\$ 21.60	\$ 22.01	\$ 23.15	\$ 21.44
Basic weighted average common shares outstanding	74,233,425	58,482,600	74,221,398	58,482,601
Add: weighted average unvested restricted shares	4,154,353	753,496	3,938,928	743,725
Proceeds from unrecognized restricted share expense	\$ 60,371	\$ 7,066	\$ 60,488	\$ 7,422
Less: restricted shares bought back via treasury method	(2,794,946)	(321,039)	(2,612,891)	(346,180)
Add: weighted average dilutive warrants outstanding	8,693,216	8,455,320	8,695,664	8,455,320
Weighted average exercise price per share	\$ 17.55	\$ 17.50	\$ 17.55	\$ 17.50
Less: warrants bought back via treasury method	(7,061,397)	(6,723,023)	(6,620,829)	(6,904,093)
Add: weighted average dilutive options outstanding	2,896,907	2,367,344	2,850,926	2,362,672
Weighted average exercise price per share	\$ 18.21	\$ 17.61	\$ 18.20	\$ 17.61
Proceeds from unrecognized option expense	\$ 12,078	\$ 14,148	\$ 12,535	\$ 14,427
Less: options bought back via treasury method	(2,864,013)	(2,367,344)	(2,679,560)	(2,362,672)
Weighted average dilutive shares outstanding	77,257,545	60,647,354	77,793,636	60,431,373

VALIDUS RE

Validus Holdings, Ltd.

Consolidated Segment Income Data for Quarter

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

	Three Months Ended June 30, 2008				Three Months Ended June 30, 2007			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Gross premiums written	\$ 187,820	\$ 197,235	\$ (5,136)	\$ 379,919	\$ 174,300	\$ -	\$ -	\$ 174,300
Reinsurance premiums ceded	(1,208)	(5,327)	5,136	(1,399)	(26,780)	-	-	(26,780)
Net premiums written	186,612	191,908	-	378,520	147,520	-	-	147,520
Change in unearned premiums	(22,500)	(46,722)	-	(69,222)	(14,490)	-	-	(14,490)
Net premiums earned	164,112	145,186	-	309,298	133,030	-	-	133,030
Losses and loss expenses	48,677	73,412	-	122,089	42,675	-	-	42,675
Policy acquisition costs	25,309	31,134	(24)	56,419	17,837	-	-	17,837
General and administrative expenses	9,955	19,787	4,170	33,912	6,773	-	4,334	11,107
Share compensation expense	1,597	1,126	4,548	7,271	779	-	1,199	1,978
Total underwriting deductions	85,538	125,459	8,694	219,691	68,064	-	5,533	73,597
Underwriting income (loss)	\$ 78,574	\$ 19,727	\$ (8,694)	\$ 89,607	\$ 64,966	\$ -	\$ (5,533)	\$ 59,433
Net investment income	25,725	11,726	(1,016)	36,435	19,740	-	2	19,742
Other income	24	1,462	(24)	1,462	-	-	-	-
Finance expenses	(88)	(5,400)	(7,274)	(12,762)	(112)	-	(3,891)	(4,003)
Operating income (loss) before tax	104,235	27,515	(17,008)	114,742	84,594	-	(9,422)	75,172
Taxes	20	3,057	-	3,077	-	-	-	-
Net operating income (loss)	\$ 104,215	\$ 24,458	\$ (17,008)	\$ 111,665	\$ 84,594	\$ -	\$ (9,422)	\$ 75,172
Realized gain on repurchase of debentures	-	-	8,752	8,752	-	-	-	-
Net realized gains on investments	(3,260)	835	-	(2,425)	(232)	-	-	(232)
Net unrealized (losses) gains on investments	(24,059)	(18,923)	-	(42,982)	(6,189)	-	-	(6,189)
Foreign exchange gains	(403)	1,314	-	911	2,003	-	-	2,003
Net income (loss)	\$ 76,493	\$ 7,684	\$ (8,256)	\$ 75,921	\$ 80,176	\$ -	\$ (9,422)	\$ 70,754
Selected Ratios								
Net premiums written/Gross premiums written	99.4%	97.3%		99.6%	84.6%	0.0%		84.6%
Losses and loss expenses	29.7%	50.6%		39.5%	32.1%	0.0%		32.1%
Policy acquisition costs	15.4%	21.5%		18.2%	13.4%	0.0%		13.4%
General and administrative expenses	7.0%	14.4%		13.3%	5.7%	0.0%		9.8%
Expense ratio	22.4%	35.9%		31.6%	19.1%	0.0%		23.2%
Combined ratio	52.1%	86.4%		71.0%	51.2%	0.0%		55.3%

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 June 30, 2008				Three Months Ended June 30, 2007			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Validus Re Segment								
Gross premiums written	\$ 171,308	\$ 8,750	\$ 7,762	\$ 187,820	\$ 156,681	\$ 9,147	\$ 8,472	\$ 174,300
Reinsurance premiums ceded	1,470	(2,678)	-	(1,208)	(23,674)	(3,106)	-	(26,780)
Net premiums written	172,778	6,072	7,762	186,612	133,007	6,041	8,472	147,520
Change in unearned premiums	(51,862)	20,331	9,031	(22,500)	(35,245)	13,782	6,973	(14,490)
Net premiums earned	120,916	26,403	16,793	164,112	97,762	19,823	15,445	133,030
Losses and loss expenses	31,379	12,213	5,085	48,677	36,736	3,535	2,404	42,675
Policy acquisition costs	19,430	3,356	2,523	25,309	13,874	2,349	1,614	17,837
Total underwriting deductions before G&A	<u>50,809</u>	<u>15,569</u>	<u>7,608</u>	<u>73,986</u>	<u>50,610</u>	<u>5,884</u>	<u>4,018</u>	<u>60,512</u>
Underwriting income before G&A	70,107	10,834	9,185	90,126	47,152	13,939	11,427	72,518
General and administrative expenses				9,955				6,773
Share compensation expense				1,597				779
Total underwriting deductions				<u>85,538</u>				<u>68,064</u>
Underwriting income				78,574				64,966
Net investment income				25,725				19,740
Other Income				24				-
Finance expenses				(88)				(112)
Operating income before tax (a)				104,235				84,594
Taxes				20				-
Net operating income (a)				\$ 104,215				\$ 84,594
Net realized gains on investments				(3,260)				(232)
Net unrealized gains (losses) on investments				(24,059)				(6,189)
Foreign exchange gains				(403)				2,003
Net income				\$ 76,493				\$ 80,176
Selected Ratios								
Net premiums written/Gross premiums written	100.9%	69.4%	100.0%	99.4%	84.9%	66.0%	100.0%	84.6%
Losses and loss expenses	26.0%	46.3%	30.3%	29.7%	37.6%	17.8%	15.6%	32.1%
Policy acquisition costs	16.1%	12.7%	15.0%	15.4%	14.2%	11.8%	10.4%	13.4%
General and administrative expenses				7.0%				5.7%
Expense ratio				22.4%				19.1%
Combined ratio				52.1%				51.2%

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 June 30, 2008				Three Months Ended June 30, 2007			
	Property	Marine (d)	Specialty (c) (d)	Total	Property	Marine	Specialty (c)	Total
Talbot Segment								
Gross premiums written	\$ 47,423	\$ 73,126	\$ 76,686	\$ 197,235	\$ -	\$ -	\$ -	\$ -
Reinsurance premiums ceded	(5,477)	(950)	1,100	(5,327)	-	-	-	-
Net premiums written	41,946	72,176	77,786	191,908	-	-	-	-
Change in unearned premiums	(13,431)	(11,785)	(21,506)	(46,722)	-	-	-	-
Net premiums earned	28,515	60,391	56,280	145,186	-	-	-	-
Losses and loss expenses	17,971	34,731	20,710	73,412	-	-	-	-
Policy acquisition costs	5,217	13,108	12,809	31,134	-	-	-	-
Total underwriting deductions before G&A	<u>23,188</u>	<u>47,839</u>	<u>33,519</u>	<u>104,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Underwriting income before G&A	5,327	12,552	22,761	40,640	-	-	-	-
General and administrative expenses				19,787				-
Share compensation expense				1,126				-
Total underwriting deductions				<u>125,459</u>				<u>-</u>
Underwriting income				19,727				-
Net investment income				11,726				-
Other income				1,462				-
Finance expenses				(5,400)				-
Operating income before tax (b)				27,515				-
Taxes				3,057				-
Net operating income (b)				\$ 24,458				-
Net realized gains on investments				835				-
Net unrealized gains on investments				(18,923)				-
Foreign exchange gain				1,314				-
Net income				\$ 7,684				-
Selected Ratios								
Net premiums written/Gross premiums written	88.5%	98.7%	101.4%	97.3%	0.0%	0.0%	0.0%	0.0%
Losses and loss expenses	63.0%	57.5%	36.8%	50.6%	0.0%	0.0%	0.0%	0.0%
Policy acquisition costs	18.3%	21.7%	22.8%	21.5%	0.0%	0.0%	0.0%	0.0%
General and administrative expenses				14.4%				0.0%
Expense ratio				<u>35.9%</u>				<u>0.0%</u>
Combined ratio				<u>86.4%</u>				<u>0.0%</u>

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 risk, financial institutions, aviation treaty and other classes.

(d) During the quarter, marine treaty business was reallocated from the Specialty class to the Marine class. This resulted in the reallocation of first quarter gross written premium, reinsurance ceded, change in unearned premium, loss expenses and deferred acquisition costs of \$4,731, \$3,427, \$111, \$1,226 and \$170, respectively

Validus Holdings, Ltd.

Consolidated Segment Income Data for Six Months Ended June 30

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

	Six Months Ended June 30, 2008				Six Months Ended June 30, 2007			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Gross premiums written	\$ 518,869	\$ 399,028	\$ (16,384)	\$ 901,513	\$ 552,370	\$ -	\$ -	\$ 552,370
Reinsurance premiums ceded	(24,951)	(77,732)	16,384	(86,299)	(57,738)	-	-	(57,738)
Net premiums written	493,918	321,296	-	815,214	494,632	-	-	494,632
Change in unearned premiums	(186,151)	(27,901)	-	(214,052)	(250,110)	-	-	(250,110)
Net premiums earned	307,767	293,395	-	601,162	244,522	-	-	244,522
Losses and loss expenses	107,591	154,522	-	262,113	89,162	-	-	89,162
Policy acquisition costs	45,712	67,432	(24)	113,120	30,056	-	-	30,056
General and administrative expenses	19,334	40,710	10,975	71,019	14,065	-	8,270	22,335
Share compensation expense	2,823	2,102	8,881	13,806	1,544	-	2,378	3,922
Total underwriting deductions	175,460	264,766	19,832	460,058	134,827	-	10,648	145,475
Underwriting income (loss)	\$ 132,307	\$ 28,629	\$ (19,832)	\$ 141,104	\$ 109,695	\$ -	\$ (10,648)	\$ 99,047
Net investment income	50,752	22,708	(982)	72,478	38,236	-	3	38,239
Other income	24	2,397	(24)	2,397	-	-	-	-
Finance expenses	(442)	(18,620)	(15,217)	(34,279)	(968)	-	(7,476)	(8,444)
Operating income (loss) before tax	182,641	35,114	(36,055)	181,700	146,963	-	(18,121)	128,842
Taxes	48	4,458	-	4,506	-	-	-	-
Net operating income (loss)	\$ 182,593	\$ 30,656	\$ (36,055)	\$ 177,194	\$ 146,963	\$ -	\$ (18,121)	\$ 128,842
Realized gain on repurchase of debentures	-	-	8,752	8,752	-	-	-	-
Net realized gains on investments	(1,183)	6,502	-	5,319	(186)	-	-	(186)
Net unrealized (losses) gains on investments	(42,671)	(15,288)	-	(57,959)	(4,546)	-	-	(4,546)
Foreign exchange gains	7,272	1,818	-	9,090	3,392	-	-	3,392
Net income (loss)	\$ 146,011	\$ 23,688	\$ (27,303)	\$ 142,396	\$ 145,623	\$ -	\$ (18,121)	\$ 127,502
Selected Ratios								
Net premiums written/Gross premiums written	95.2%	80.5%		90.4%	89.5%	0.0%		89.5%
Losses and loss expenses	35.0%	52.7%		43.6%	36.5%	0.0%		36.5%
Policy acquisition costs	14.9%	23.0%		18.8%	12.3%	0.0%		12.3%
General and administrative expenses	7.1%	14.6%		14.1%	6.4%	0.0%		10.7%
Expense ratio	22.0%	37.6%		32.9%	18.7%	0.0%		23.0%
Combined ratio	57.0%	90.3%		76.5%	55.1%	0.0%		59.5%

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 - Six months ended June 30 - Validus Re

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

	Six Months Ended June 30, 2008				Six Months Ended June 30, 2007			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Validus Re Segment								
Gross premiums written	\$ 374,418	\$ 92,791	\$ 51,660	\$ 518,869	\$ 395,471	\$ 110,297	\$ 46,602	\$ 552,370
Reinsurance premiums ceded	(4,893)	(19,655)	(403)	(24,951)	(23,674)	(32,639)	(1,425)	(57,738)
Net premiums written	369,525	73,136	51,257	493,918	371,797	77,658	45,177	494,632
Change in unearned premiums	(140,806)	(28,007)	(17,338)	(186,151)	(188,882)	(42,724)	(18,504)	(250,110)
Net premiums earned	228,719	45,129	33,919	307,767	182,915	34,934	26,673	244,522
Losses and loss expenses	74,286	20,451	12,854	107,591	66,671	11,351	11,140	89,162
Policy acquisition costs	35,410	5,506	4,796	45,712	23,449	3,470	3,137	30,056
Total underwriting deductions before G&A	<u>109,696</u>	<u>25,957</u>	<u>17,650</u>	<u>153,303</u>	<u>90,120</u>	<u>14,821</u>	<u>14,277</u>	<u>119,218</u>
Underwriting income before G&A	119,023	19,172	16,269	154,464	92,795	20,113	12,396	125,304
General and administrative expenses				19,334				14,065
Share compensation expense				2,823				1,544
Total underwriting deductions				<u>175,460</u>				<u>134,827</u>
Underwriting income				132,307				109,695
Net investment income				50,752				38,236
Other income				24				-
Finance expenses				(442)				(968)
Operating income before tax (a)				182,641				146,963
Taxes				48				-
Net operating income (a)				\$ 182,593				\$ 146,963
Net realized gains on investments				(1,183)				(186)
Net unrealized gains (losses) on investments				(42,671)				(4,546)
Foreign exchange gains				7,272				3,392
Net income				\$ 146,011				\$ 145,623
Selected Ratios								
Net premiums written/Gross premiums written	98.7%	78.8%	99.2%	95.2%	94.0%	70.4%	96.9%	89.5%
Losses and loss expenses	32.5%	45.3%	37.9%	35.0%	36.4%	32.5%	41.8%	36.5%
Policy acquisition costs	15.5%	12.2%	14.1%	14.9%	12.8%	9.9%	11.8%	12.3%
General and administrative expenses				7.1%				6.4%
Expense ratio				22.0%				18.7%
Combined ratio				57.0%				55.1%

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 - Six months ended June 30 - Talbot

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

	Six Months Ended June 30, 2008				Six Months Ended June 30, 2007			
	Property	Marine (d)	Specialty (c) (d)	Total	Property	Marine (d)	Specialty (c) (d)	Total
Talbot Segment								
Gross premiums written	\$ 87,790	\$ 164,101	\$ 147,137	\$ 399,028	\$ -	\$ -	\$ -	\$ -
Reinsurance premiums ceded	(23,066)	(16,293)	(38,373)	(77,732)	-	-	-	-
Net premiums written	64,724	147,808	108,764	321,296	-	-	-	-
Change in unearned premiums	(5,817)	(19,937)	(2,147)	(27,901)	-	-	-	-
Net premiums earned	58,907	127,871	106,617	293,395	-	-	-	-
Losses and loss expenses	33,477	84,285	36,760	154,522	-	-	-	-
Policy acquisition costs	11,572	29,639	26,221	67,432	-	-	-	-
Total underwriting deductions before G&A	45,049	113,924	62,981	221,954	-	-	-	-
Underwriting income before G&A	13,858	13,947	43,636	71,441	-	-	-	-
General and administrative expenses				40,710				-
Share compensation expense				2,102				-
Total underwriting deductions				264,766				-
Underwriting income				28,629				-
Net investment income				22,708				-
Other income				2,397				-
Finance expenses				(18,620)				-
Operating income before tax (b)				35,114				-
Taxes				4,458				-
Net operating income (b)				\$ 30,656				-
Net realized gains on investments				6,502				-
Net unrealized gains on investments				(15,288)				-
Foreign exchange gain				1,818				-
Net income				\$ 23,688				-
Selected Ratios								
Net premiums written/Gross premiums written	73.7%	90.1%	73.9%	80.5%	0.0%	0.0%	0.0%	0.0%
Losses and loss expenses	56.8%	65.9%	34.5%	52.7%	0.0%	0.0%	0.0%	0.0%
Policy acquisition costs	19.6%	23.2%	24.6%	23.0%	0.0%	0.0%	0.0%	0.0%
General and administrative expenses				14.6%				0.0%
Expense ratio				37.6%				0.0%
Combined ratio				90.3%				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 risk, financial institutions, aviation treaty and other classes.

(d) During the quarter, marine treaty business was reallocated from the Specialty class to the Marine class. This resulted in the reallocation of first quarter gross written premium, reinsurance ceded, change in unearned premium, loss expenses and deferred acquisition costs of \$4,731, \$3,427, \$111, \$1,226 and \$170, respectively

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>Six Months Ended</u>			
		<u>June 30, 2008</u>		<u>June 30, 2007</u>		<u>June 30, 2008</u>		<u>June 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)	\$ 126,385	67.3%	\$ 145,824	83.7%	\$ 258,407	49.8%	\$ 286,742	51.9%
	Per Risk XOL (c)	17,154	9.1%	6,120	3.5%	27,930	5.4%	18,857	3.4%
	Proportional (d)	<u>27,769</u>	<u>14.8%</u>	<u>4,737</u>	<u>2.7%</u>	<u>88,081</u>	<u>17.0%</u>	<u>89,872</u>	<u>16.3%</u>
		171,308	91.2%	156,681	89.9%	374,418	72.2%	395,471	71.6%
Marine	Cat XOL (b)	(81)	0.0%	1,242	0.7%	840	0.2%	287	0.1%
	Per Risk XOL (c)	7,278	3.9%	7,320	4.1%	67,624	13.0%	87,365	15.8%
	Proportional (d)	<u>1,553</u>	<u>0.8%</u>	<u>585</u>	<u>0.3%</u>	<u>24,327</u>	<u>4.7%</u>	<u>22,645</u>	<u>4.1%</u>
		8,750	4.7%	9,147	5.1%	92,791	17.9%	110,297	20.0%
Specialty (a)	Cat XOL (b)	2,209	1.2%	1,535	0.9%	26,367	5.1%	24,118	4.4%
	Per Risk XOL (c)	405	0.2%	-	0.0%	664	0.1%	700	0.1%
	Proportional (d)	<u>5,148</u>	<u>2.7%</u>	<u>6,937</u>	<u>4.0%</u>	<u>24,629</u>	<u>4.7%</u>	<u>21,784</u>	<u>3.9%</u>
		<u>7,762</u>	<u>4.1%</u>	<u>8,472</u>	<u>4.9%</u>	<u>51,660</u>	<u>10.0%</u>	<u>46,602</u>	<u>8.4%</u>
Total		<u>\$ 187,820</u>	<u>100.0%</u>	<u>\$ 174,300</u>	<u>100.0%</u>	<u>\$ 518,869</u>	<u>100.0%</u>	<u>\$ 552,370</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				Six Months Ended			
		June 30, 2008		June 30, 2007		June 30, 2008		June 30, 2007	
		GPW	%	GPW	%	GPW	%	GPW	%
Property	Treaty Reinsurance	\$ 187,246	49.3%	\$ 156,681	89.9%	\$ 401,723	44.6%	\$ 395,471	71.6%
	Facultative Reinsurance	11,694	3.1%	-	0.0%	22,328	2.5%	-	0.0%
	Direct Insurance	17,824	4.7%	-	0.0%	30,094	3.3%	-	0.0%
		<u>216,764</u>	<u>57.1%</u>	<u>156,681</u>	<u>89.9%</u>	<u>454,145</u>	<u>50.4%</u>	<u>395,471</u>	<u>71.6%</u>
Marine	Treaty Reinsurance	10,996	2.9%	9,147	5.2%	107,881	12.0%	110,297	20.0%
	Facultative Reinsurance	20,780	5.5%	-	0.0%	51,057	5.7%	-	0.0%
	Direct Insurance	47,265	12.4%	-	0.0%	93,645	10.4%	-	0.0%
		<u>79,041</u>	<u>20.8%</u>	<u>9,147</u>	<u>5.2%</u>	<u>252,583</u>	<u>28.0%</u>	<u>110,297</u>	<u>20.0%</u>
Specialty	Treaty Reinsurance	21,792	5.7%	8,472	4.9%	74,396	8.3%	46,602	8.4%
	Facultative Reinsurance	15,250	4.0%	-	0.0%	35,183	3.9%	-	0.0%
	Direct Insurance	47,072	12.4%	-	0.0%	85,206	9.5%	-	0.0%
		<u>84,114</u>	<u>22.1%</u>	<u>8,472</u>	<u>4.9%</u>	<u>194,785</u>	<u>21.6%</u>	<u>46,602</u>	<u>8.4%</u>
Total	Treaty Reinsurance	220,034	57.9%	174,300	100.0%	584,000	64.8%	552,370	100.0%
	Facultative Reinsurance	47,724	12.6%	-	0.0%	108,568	12.0%	-	0.0%
	Direct Insurance	112,161	29.5%	-	0.0%	208,945	23.2%	-	0.0%
	Total	\$ 379,919	100.0%	\$ 174,300	100.0%	\$ 901,513	100.0%	\$ 552,370	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				Six Months Ended		
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007	June 30, 2007	
Validus Re							
Property	\$ 171,308	\$ 203,110	\$ 16,282	\$ 86,623	\$ 156,681	\$ 374,418	\$ 395,470
Marine	8,750	84,040	18,067	8,345	9,148	92,791	110,298
Aerospace	686	18,929	7,616	5,373	3,797	19,615	23,370
Life and A&H	96	913	-	-	-	1,009	345
Financial Institutions	4,125	-	138	-	3,437	4,125	3,437
Terrorism	2,056	19,641	4,738	727	713	21,697	16,166
Workers' Comp	799	4,415	658	1,161	524	5,214	3,284
Total Validus Re Segment	187,820	331,048	47,499	102,229	174,300	518,869	552,370
Talbot (a)							
Property	47,423	40,367	20,627	28,549	62,475	87,790	102,069
Marine	73,126	90,975	59,006	55,016	72,180	164,101	149,986
Aviation & Other	13,037	13,258	7,991	3,810	4,577	26,295	33,491
Accident & Heath	5,849	3,038	6,095	2,558	3,623	8,887	5,568
Financial Institutions	10,561	11,914	9,396	11,618	10,931	22,475	22,789
War	36,034	32,986	30,599	29,249	36,784	69,020	69,033
Contingency	7,097	3,906	6,028	6,300	7,964	11,003	12,351
Bloodstock	4,108	5,349	3,755	5,942	3,847	9,457	5,899
Total Talbot Segment	197,235	201,794	143,497	143,042	202,381	399,028	401,186
Intersegment revenue							
Property	(1,967)	(6,096)	-	-	-	(8,063)	-
Marine	(2,835)	(1,474)	-	-	-	(4,309)	-
Specialty	(334)	(3,678)	-	-	-	(4,012)	-
Total Intersegment Revenue Eliminated	(5,136)	(11,248)	-	-	-	(16,384)	-
Total	\$ 379,919	\$ 521,594	\$ 190,996	\$ 245,271	\$ 376,681	\$ 901,513	\$ 953,556

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				
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
Underwriting revenues					
Gross premiums written	\$ 187,820	\$ 331,048	\$ 47,499	\$ 102,229	\$ 174,300
Reinsurance premiums ceded	(1,208)	(23,743)	(3,813)	(7,291)	(26,780)
Net premiums written	186,612	307,305	43,686	94,938	147,520
Change in unearned premiums	(22,500)	(163,651)	118,828	57,055	(14,490)
Net premiums earned	<u>164,112</u>	<u>143,654</u>	<u>162,514</u>	<u>151,993</u>	<u>133,030</u>
Underwriting deductions					
Losses and loss expenses	48,677	58,915	48,244	38,131	42,675
Policy acquisition costs	25,309	20,403	22,107	18,161	17,837
General and administrative expenses	9,955	9,379	7,858	9,527	6,773
Share compensation	1,597	1,226	1,189	1,281	779
Total underwriting deductions	<u>85,538</u>	<u>89,923</u>	<u>79,398</u>	<u>67,100</u>	<u>68,064</u>
Underwriting income	<u>\$ 78,574</u>	<u>\$ 53,731</u>	<u>\$ 83,116</u>	<u>\$ 84,893</u>	<u>\$ 64,966</u>
Selected Ratios					
Losses and loss expenses	29.7%	41.0%	29.7%	25.1%	32.1%
Policy acquisition costs	15.4%	14.2%	13.6%	11.9%	13.4%
General and administrative expenses	7.0%	7.4%	5.6%	7.1%	5.7%
Expense ratio	<u>22.5%</u>	<u>21.6%</u>	<u>19.2%</u>	<u>19.1%</u>	<u>19.1%</u>
Combined ratio	<u>52.1%</u>	<u>62.6%</u>	<u>48.9%</u>	<u>44.1%</u>	<u>51.2%</u>

VALIDUS RE

Validus Holdings, Ltd.

Talbot Segment - Underwriting Income

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

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

Notes:

(a) 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 (b)				
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
Underwriting revenues					
Net premiums written	\$ 214,724	\$ 219,525	\$ 32,600	\$ 107,907	\$ 133,007
Net premiums earned	<u>149,431</u>	<u>138,195</u>	<u>156,824</u>	<u>149,294</u>	<u>97,762</u>
Underwriting deductions					
Losses and loss expenses	49,350	58,266	44,851	41,801	36,736
Policy acquisition costs	<u>24,647</u>	<u>22,335</u>	<u>23,692</u>	<u>21,503</u>	<u>13,874</u>
Total underwriting deductions	<u>73,997</u>	<u>80,601</u>	<u>68,543</u>	<u>63,304</u>	<u>50,610</u>
Underwriting income before G&A	<u>\$ 75,434</u>	<u>\$ 57,594</u>	<u>\$ 88,281</u>	<u>\$ 85,990</u>	<u>\$ 47,152</u>
Selected underwriting ratios (a)					
Losses and loss expenses	33.0%	42.2%	28.6%	28.0%	37.6%
Policy acquisition costs	<u>16.5%</u>	<u>16.2%</u>	<u>15.1%</u>	<u>14.4%</u>	<u>14.2%</u>
Combined ratio before G&A	<u>49.5%</u>	<u>58.3%</u>	<u>43.7%</u>	<u>42.4%</u>	<u>51.8%</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)				
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
Underwriting revenues					
Net premiums written	\$ 78,248	\$ 130,142	\$ 76,433	\$ 63,391	\$ 6,041
Net premiums earned	<u>86,794</u>	<u>85,010</u>	<u>88,856</u>	<u>75,338</u>	<u>19,823</u>
Underwriting deductions					
Losses and loss expenses	46,944	56,698	47,553	31,883	3,535
Policy acquisition costs	<u>16,464</u>	<u>18,681</u>	<u>16,572</u>	<u>13,349</u>	<u>2,349</u>
Total underwriting deductions	<u>63,408</u>	<u>75,379</u>	<u>64,125</u>	<u>45,232</u>	<u>5,884</u>
Underwriting income before G&A	<u>\$ 23,386</u>	<u>\$ 9,631</u>	<u>\$ 24,731</u>	<u>\$ 30,106</u>	<u>\$ 13,939</u>
Selected underwriting ratios (a)					
Losses and loss expenses	54.1%	66.7%	53.5%	42.3%	17.8%
Policy acquisition costs	<u>19.0%</u>	<u>22.0%</u>	<u>18.7%</u>	<u>17.7%</u>	<u>11.8%</u>
Combined ratio before G&A	<u>73.1%</u>	<u>88.7%</u>	<u>72.2%</u>	<u>60.0%</u>	<u>29.7%</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)				
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
Underwriting revenues					
Net premiums written	\$ 85,548	\$ 75,779	\$ 77,397	\$ 66,067	\$ 8,472
Net premiums earned	<u>73,073</u>	<u>68,659</u>	<u>72,351</u>	<u>70,894</u>	<u>15,445</u>
Underwriting deductions					
Losses and loss expenses	25,795	25,060	15,163	13,579	2,404
Policy acquisition costs	<u>15,332</u>	<u>15,685</u>	<u>13,013</u>	<u>16,093</u>	<u>1,614</u>
Total underwriting deductions	<u>41,127</u>	<u>40,745</u>	<u>28,176</u>	<u>29,672</u>	<u>4,018</u>
Underwriting income before G&A	<u>\$ 31,946</u>	<u>\$ 27,914</u>	<u>\$ 44,175</u>	<u>\$ 41,222</u>	<u>\$ 11,427</u>
Selected underwriting ratios (a)					
Losses and loss expenses	35.3%	36.5%	21.0%	19.2%	15.6%
Policy acquisition costs	<u>21.0%</u>	<u>22.8%</u>	<u>18.0%</u>	<u>22.7%</u>	<u>10.4%</u>
Combined ratio before G&A	<u>56.3%</u>	<u>59.3%</u>	<u>38.9%</u>	<u>41.9%</u>	<u>26.0%</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.

Consolidated Analysis of Reserves for Losses and Loss Expenses

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

	At June 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	\$ 335,476	\$ 11,522	\$ 323,954	\$ 299,510	\$ 15,440	\$ 284,070
Marine	459,538	96,534	363,004	405,193	99,852	305,341
Specialty (a)	<u>234,725</u>	<u>24,824</u>	<u>209,901</u>	<u>221,414</u>	<u>19,112</u>	<u>202,302</u>
Total	<u>\$ 1,029,739</u>	<u>\$ 132,880</u>	<u>\$ 896,859</u>	<u>\$ 926,117</u>	<u>\$ 134,404</u>	<u>\$ 791,713</u>

	At June 30, 2008			At December 31, 2007		
	Case Reserves	IBNR	Total Reserves	Case Reserves	IBNR	Total Reserves
Property	\$ 207,805	\$ 127,671	\$ 335,476	\$ 162,122	\$ 137,388	\$ 299,510
Marine	259,447	200,091	459,538	236,703	168,490	405,193
Specialty (a)	<u>73,907</u>	<u>160,818</u>	<u>234,725</u>	<u>64,546</u>	<u>156,868</u>	<u>221,414</u>
Total	<u>\$ 541,159</u>	<u>\$ 488,580</u>	<u>\$ 1,029,739</u>	<u>\$ 463,371</u>	<u>\$ 462,746</u>	<u>\$ 926,117</u>
Percentage of total	<u>52.6%</u>	<u>47.4%</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					
	June 30, 2008			June 30, 2007		
	Validus Re	Talbot (a)	Total	Validus Re	Talbot (a)	Total
Net reserves at period beginning	\$ 242,897	\$ 615,764	\$ 858,661	\$ 111,105	\$ -	\$ 111,105
Incurred losses - current year	49,157	84,034	133,191	52,160	-	52,160
Change in prior accident years	(480)	(10,622)	(11,102)	(9,485)	-	(9,485)
Incurred losses	48,677	73,412	122,089	42,675	-	42,675
Exchange rate effects	-	153	153	-	-	-
Paid losses	(28,452)	(55,592)	(84,044)	(15,806)	-	(15,806)
Net reserves at period end	263,122	633,737	896,859	137,974	-	137,974
Losses recoverable	4,517	133,050	132,880	158	-	158
Gross reserves at period end	\$ 267,639	\$ 766,787	\$ 1,029,739	\$ 138,132	\$ -	\$ 138,132
Net premiums earned	\$ 164,112	\$ 145,186	\$ 309,298	\$ 133,030	\$ -	\$ 133,030
Current year loss ratio	30.0%	57.9%	43.1%	39.2%	0.0%	39.2%
Prior accident year adjustments	-0.3%	-7.3%	-3.6%	-7.1%	0.0%	-7.1%
Net loss ratio	29.7%	50.6%	39.5%	32.1%	0.0%	32.1%
Paid to incurred	58.5%	75.7%	68.8%	37.0%	0.0%	37.0%

Consolidated	At or for the Six Months Ended					
	June 30, 2008			June 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
Incurred losses - current year	113,012	172,988	286,000	101,952	-	101,952
Change in prior accident years	(5,420)	(18,467)	(23,887)	(12,790)	-	(12,790)
Incurred losses	107,592	154,521	262,113	89,162	-	89,162
Exchange rate effects	-	(615)	(615)	-	-	-
Paid losses	(41,284)	(115,068)	(156,352)	(28,551)	-	(28,551)
Net reserves at period end	263,122	633,737	896,859	137,974	-	137,974
Losses recoverable	4,517	133,050	132,880	158	-	158
Gross reserves at period end	\$ 267,639	\$ 766,787	\$ 1,029,739	\$ 138,132	\$ -	\$ 138,132
Net premiums earned	\$ 307,767	\$ 293,395	\$ 601,162	\$ 244,522	\$ -	\$ 244,522
Current year loss ratio	36.8%	59.0%	47.6%	41.7%	0.0%	41.7%
Prior accident year adjustments	-1.8%	-6.3%	-4.0%	-5.2%	0.0%	-5.2%
Net loss ratio	35.0%	52.7%	43.6%	36.5%	0.0%	36.5%
Paid to incurred	38.4%	74.5%	59.7%	32.0%	0.0%	32.0%

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 \$4,687 has been eliminated from the June 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							
	June 30, 2008				June 30, 2007			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Net reserves at period beginning	\$ 173,222	\$ 39,351	\$ 30,324	\$ 242,897	\$ 78,477	\$ 17,668	\$ 14,960	\$ 111,105
Incurred losses - current year	35,059	8,163	5,935	49,157	43,779	5,708	2,673	52,160
Change in prior accident years	(3,680)	4,050	(850)	(480)	(7,043)	(2,173)	(269)	(9,485)
Incurred losses	31,379	12,213	5,085	48,677	36,736	3,535	2,404	42,675
Exchange rate effects	-	-	-	-	-	-	-	-
Paid losses	(15,927)	(3,782)	(8,743)	(28,452)	(10,797)	(420)	(4,589)	(15,806)
Net reserves at period end	188,674	47,782	26,666	263,122	104,416	20,783	12,775	137,974
Losses recoverable	4,517	-	-	4,517	158	-	-	158
Gross reserves at period end	\$ 193,191	\$ 47,782	\$ 26,666	\$ 267,639	\$ 104,574	\$ 20,783	\$ 12,775	\$ 138,132
Net premiums earned	\$ 120,916	\$ 26,403	\$ 16,793	\$ 164,112	\$ 97,762	\$ 19,823	\$ 15,445	\$ 133,030
Current year loss ratio	29.0%	31.0%	35.4%	30.0%	44.8%	28.8%	17.3%	39.2%
Prior accident year adjustments	-3.0%	15.3%	-5.1%	-0.3%	-7.2%	-11.0%	-1.7%	-7.1%
Net loss ratio	26.0%	46.3%	30.3%	29.7%	37.6%	17.8%	15.6%	32.1%
Paid to incurred	50.8%	31.0%	171.9%	58.5%	29.4%	11.9%	190.9%	37.0%

Validus Re Segment	At or for the Six Months Ended							
	June 30, 2008				June 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	82,066	17,689	13,257	113,012	77,041	13,499	11,412	101,952
Change in prior accident years (a)	(7,927)	2,894	(387)	(5,420)	(10,370)	(2,148)	(272)	(12,790)
Incurred losses	74,139	20,583	12,870	107,592	66,671	11,351	11,140	89,162
Exchange rate effects	-	-	-	-	-	-	-	-
Paid losses	(26,430)	(5,409)	(9,445)	(41,284)	(21,641)	(434)	(6,476)	(28,551)
Net reserves at period end	188,675	47,781	26,666	263,122	104,415	20,783	12,776	137,974
Losses recoverable	4,517	-	-	4,517	158	-	-	158
Gross reserves at period end	\$ 193,192	\$ 47,781	\$ 26,666	\$ 267,639	\$ 104,573	\$ 20,783	\$ 12,776	\$ 138,132
Net premiums earned	\$ 228,719	\$ 45,129	\$ 33,919	\$ 307,767	\$ 182,915	\$ 34,934	\$ 26,673	\$ 244,522
Current year loss ratio	35.9%	39.2%	39.0%	36.8%	42.1%	38.6%	42.8%	41.7%
Prior accident year adjustments	-3.5%	6.4%	-1.1%	-1.8%	-5.7%	-6.1%	-1.0%	-5.2%
Net loss ratio	32.4%	45.6%	37.9%	35.0%	36.4%	32.5%	41.8%	36.5%
Paid to incurred	35.6%	26.3%	73.4%	38.4%	32.5%	3.8%	58.1%	32.0%

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)							
	June 30, 2008				June 30, 2007			
	Property	Marine (c)	Specialty (b) (c)	Total	Property	Marine	Specialty (b)	Total
Net reserves at period beginning	\$ 135,375	\$ 305,015	\$ 175,374	\$ 615,764	\$ -	\$ -	\$ -	\$ -
Incurred losses - current year	17,639	38,320	28,075	84,034	-	-	-	-
Change in prior accident years	332	(3,589)	(7,365)	(10,622)	-	-	-	-
Incurred losses	17,971	34,731	20,710	73,412	-	-	-	-
Exchange rate effects	413	(1,505)	1,245	153	-	-	-	-
Paid losses	(18,482)	(23,019)	(14,091)	(55,592)	-	-	-	-
Net reserves at period end	135,277	315,222	183,238	633,737	-	-	-	-
Losses recoverable	7,005	101,221	24,824	133,050	-	-	-	-
Gross reserves at period end	\$ 142,282	\$ 416,443	\$ 208,062	\$ 766,787	\$ -	\$ -	\$ -	\$ -
Net premiums earned	\$ 28,515	\$ 60,391	\$ 56,280	\$ 145,186	\$ -	\$ -	\$ -	\$ -
Current year loss ratio	61.8%	63.6%	49.9%	57.9%	0.0%	0.0%	0.0%	0.0%
Prior accident year adjustments	1.2%	-5.9%	-13.1%	-7.3%	0.0%	0.0%	0.0%	0.0%
Net loss ratio	63.0%	57.5%	36.8%	50.6%	0.0%	0.0%	0.0%	0.0%
Paid to incurred	102.8%	66.3%	68.0%	75.7%	0.0%	0.0%	0.0%	0.0%

Talbot Segment	At or for the Six Months Ended (a)							
	June 30, 2008				June 30, 2007			
	Property	Marine (c)	Specialty (b) (c)	Total	Property	Marine	Specialty (b)	Total
Net reserves at period beginning	\$ 143,102	\$ 281,368	\$ 170,429	\$ 594,899	\$ -	\$ -	\$ -	\$ -
Incurred losses - current year	39,983	79,118	53,887	172,988	-	-	-	-
Change in prior accident years	(6,506)	5,166	(17,127)	(18,467)	-	-	-	-
Incurred losses	33,477	84,284	36,760	154,521	-	-	-	-
Exchange rate effects	(260)	(1,641)	1,286	(615)	-	-	-	-
Paid losses	(41,042)	(48,789)	(25,237)	(115,068)	-	-	-	-
Net reserves at period end	135,277	315,222	183,238	633,737	-	-	-	-
Losses recoverable	7,005	101,221	24,824	133,050	-	-	-	-
Gross reserves at period end	\$ 142,282	\$ 416,443	\$ 208,062	\$ 766,787	\$ -	\$ -	\$ -	\$ -
Net premiums earned	\$ 58,907	\$ 127,871	\$ 106,617	\$ 293,395	\$ -	\$ -	\$ -	\$ -
Current year loss ratio	67.8%	61.9%	50.6%	59.0%	0.0%	0.0%	0.0%	0.0%
Prior accident year adjustments	-11.0%	4.0%	-16.1%	-6.3%	0.0%	0.0%	0.0%	0.0%
Net loss ratio	56.8%	65.9%	34.5%	52.7%	0.0%	0.0%	0.0%	0.0%
Paid to incurred	122.6%	57.9%	68.7%	74.5%	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 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 RE

Validus Holdings, Ltd.

Consolidated Reinsurance Recoverable Analysis

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

Consolidated Reinsurance Recoverable at June 30, 2008

Categories	Reinsurance recoverable	% of total	Top 10 Reinsurers	Rating (a)	Reinsurance recoverable	% of total
Top 10 reinsurers	\$ 121,701	89.8%	Hannover Ruck - AG	AA-	\$ 31,008	25.5%
Other reinsurers balances > \$1 million	11,730	8.7%	Lloyds Syndicate	A+	27,610	22.7%
Other reinsurers balances < \$1 million	2,132	1.6%	Swiss Re	AA-	14,948	12.3%
Total	\$ 135,563	100.0%	Allianz	AA-	14,230	11.7%
			Muenchener Ruckversicherungs	AA	13,898	11.4%
			Aspen Insurance UK Limited	A	5,661	4.7%
			Transatlantic Re	AA-	3,871	3.2%
			Petrel Re Ltd.	NR	4,517	3.7%
			Axa Re	AA	2,897	2.4%
			Platinum Underwriters Bermuda Ltd.	A	3,061	2.5%
					\$ 121,701	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 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 June 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 RE

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	June 30, 2008		December 31, 2007	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
U.S. Government and Government Agency	\$ 671,585	20.8%	\$ 707,703	22.8%
Corporate	483,596	15.0%	488,127	15.7%
Non-U.S. Government and Government Agency	170,363	5.3%	141,493	4.6%
Foreign Corporates	209,623	6.5%	-	0.0%
Asset-backed securities	167,775	5.2%	191,455	6.2%
Commercial mortgage-backed securities	223,081	6.9%	158,988	5.1%
Residential mortgage-backed securities	675,292	20.9%	723,632	23.3%
Total fixed maturities	2,601,315	80.5%	2,411,398	77.6%
Total short-term investments	141,638	4.4%	250,623	8.1%
Total investments	2,742,953	84.9%	2,662,021	85.7%
Cash and cash equivalents	487,260	15.1%	444,698	14.3%
Total cash and investments	\$ 3,230,213	100.0%	\$ 3,106,719	100.0%

Net investment income	Three Months Ended		Six Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Fixed maturities and short-term investments	\$ 34,519	\$ 19,027	\$ 66,210	\$ 37,103
Securities lending income	455	8	890	8
Cash and cash equivalents	2,378	1,252	7,216	2,182
Total gross investment income	37,352	20,287	74,316	39,293
Investment expenses	(916)	(545)	(1,837)	(1,054)
Net investment income	\$ 36,436	\$ 19,742	\$ 72,479	\$ 38,239

Annualized effective investment yield (a)	4.50%	4.73%	4.54%	4.80%
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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)	June 30, 2008		December 31, 2007	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
AAA	\$ 2,062,956	79.3%	\$ 2,029,573	84.2%
AA+	46,100	1.8%	37,458	1.6%
AA	68,724	2.6%	51,091	2.1%
AA-	122,228	4.7%	96,578	4.0%
A+	131,562	5.1%	88,181	3.7%
A	126,446	4.9%	70,666	2.9%
A-	37,913	1.5%	29,948	1.2%
BBB+	5,386	0.2%	7,903	0.3%
	<u>\$ 2,601,315</u>	<u>100.0%</u>	<u>\$ 2,411,398</u>	<u>100.0%</u>

Total fixed maturities by maturity	June 30, 2008		December 31, 2007	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
Due in one year or less	\$ 144,338	5.5%	\$ 198,466	8.2%
Due after one year through five years	1,327,723	51.0%	1,087,758	45.1%
Due after five years through ten years	36,901	1.4%	30,427	1.3%
Due after ten years	26,205	1.0%	20,672	0.9%
	1,535,167	59.0%	1,337,323	55.5%
Asset-backed and mortgage-backed securities	1,066,148	41.0%	1,074,075	44.5%
	<u>\$ 2,601,315</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	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
Borrowings drawn under credit facility	\$ -	\$ -	\$ -	\$ -	\$ -
Junior Subordinated Deferrable Debentures (a)	<u>304,300</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
Total debt	304,300	350,000	350,000	350,000	350,000
Ordinary shares - capital and surplus	2,056,753	1,990,640	1,934,849	1,790,000	1,323,947
Accumulated other comprehensive income (loss)	<u>28</u>	<u>18</u>	<u>(49)</u>	<u>(640)</u>	<u>-</u>
Total shareholders' equity	<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>
Total capitalization (b)	<u>\$ 2,361,081</u>	<u>\$ 2,340,658</u>	<u>\$ 2,284,800</u>	<u>\$ 2,139,360</u>	<u>\$ 1,673,947</u>
Debt to total capitalization	<u>12.9%</u>	<u>15.0%</u>	<u>15.3%</u>	<u>16.4%</u>	<u>20.9%</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. 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 three and six months ended June 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 July 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	\$ 188,060	\$ 308,942	\$ 419,930	\$ 534,744	\$ 1,397,000
California	Earthquake	64,513	129,230	179,754	258,381	1,155,000
Europe	Windstorm	86,655	189,042	283,865	395,580	890,000
Japan	Earthquake	42,427	88,812	104,164	135,701	477,000
Japan	Typhoon	21,292	55,300	80,020	100,040	445,000

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.

Pro Forma Combined - Validus Holdings Ltd. and Talbot Holdings Ltd.
Selected Financial Information - Second Quarter 2007

The following presentation is for informational purposes only

Pro Forma Combined - Validus Holdings, Ltd. and Talbot Holdings Ltd.

Pro Forma Combined Balance Sheet - June 30, 2007

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

	Historical Validus Holdings Ltd.	Historical Talbot Holdings Ltd.	Talbot Holdings Ltd. accounting adjustments	Pro Forma Purchase adjustments	Pro Forma Finance adjustments	Pro Forma Consolidated
Assets						
Fixed maturities, at fair value	\$ 1,127,591	\$ 188,067	\$ -	\$ -	\$ -	\$ 1,315,658
Short-term investments, at fair value	371,767	366,523	-	-	-	738,290
Cash and cash equivalents	314,955	353,705	-	(389,134)	309,097	588,623
Total investments and cash	1,814,313	908,295	-	(389,134)	309,097	2,642,571
Receivables	-	84,005	(84,005)	-	-	-
Accrued premium income	-	168,346	(168,346)	-	-	-
Premiums receivable	376,814	-	252,351	(5,300)	-	623,865
Deferred acquisition costs	72,518	70,029	(3,592)	-	-	138,955
Prepaid reinsurance premiums	40,747	51,525	-	(5,938)	-	86,334
Securities lending collateral	35,194	-	-	-	-	35,194
Reinsurance recoverable on paid and unpaid losses	158	191,704	-	-	-	191,862
Net payable for investments purchased	1,862	-	-	-	-	1,862
Accrued investment income	9,355	7,692	-	-	-	17,047
Current taxes recoverable	-	741	-	-	-	741
Goodwill and other intangible assets	-	-	-	153,783	-	153,783
Other assets	13,950	27,884	-	-	-	41,834
Total assets	\$ 2,364,911	\$ 1,510,221	\$ (3,592)	\$ (246,589)	\$ 309,097	\$ 3,934,048
Liabilities						
Unearned premiums	\$ 461,437	\$ 355,131	\$ -	\$ (5,938)	\$ -	\$ 810,630
Reserve for losses and loss expense	138,132	755,117	-	-	-	893,249
Reinsurance balances payable	45,927	80,108	-	(5,300)	-	120,735
Current taxation	-	(4,996)	-	-	-	(4,996)
Deferred taxation	-	17,846	-	-	-	17,846
Securities lending payable	35,194	-	-	-	-	35,194
Accounts payable and accrued expenses	10,274	68,072	-	-	-	78,346
Debentures payable	350,000	-	-	-	-	350,000
Total liabilities	1,040,964	1,271,278	-	(11,238)	-	2,301,004
Redeemable preference shares	-	80,767	-	(80,767)	-	-
Shareholders' equity						
Ordinary shares	10,234	115	-	(115)	2,671	12,905
Treasury shares	-	-	-	-	-	-
Additional paid-in capital	1,051,947	17,219	-	(17,219)	309,426	1,361,373
Accumulated other comprehensive (loss) income	-	(349)	-	349	-	-
Retained earnings (deficit)	261,766	141,191	(3,592)	(137,599)	(3,000)	258,766
Total shareholders' equity	1,323,947	158,176	(3,592)	(154,584)	309,097	1,633,044
Total liabilities and shareholders' equity	\$ 2,364,911	\$ 1,510,221	\$ (3,592)	\$ (246,589)	\$ 309,097	\$ 3,934,048
Book value per share						
Book value per share	\$ 22.64					\$ 22.14
Diluted book value per share	\$ 21.59					\$ 20.89
Common shares outstanding	58,482,600			-	15,263,303	73,745,903
Common shares and common share equivalents outstanding	70,328,760			2,118,324	15,263,303	87,710,387

Pro Forma Combined - Validus Holdings, Ltd. and Talbot Holdings Ltd.
Pro Forma Combined Income Statement - Three Months Ended June 30, 2007
(US Dollars in thousands, except share and per share information)

	Historical Validus Holdings Ltd.	Historical Talbot Holdings Ltd.	Talbot Holdings Ltd. accounting adjustments	Pro Forma Purchase adjustments	Pro Forma Finance adjustments	Pro Forma Consolidated
Revenues						
Gross premiums written	\$ 174,300	\$ 202,381	\$ -	\$ 488	\$ -	\$ 377,169
Reinsurance premiums ceded	(26,780)	(5,860)	3,799	(488)	-	(29,329)
Net premiums written	147,520	196,521	3,799	-	-	347,840
Change in unearned premiums	(14,490)	(50,890)	-	-	-	(65,380)
Net premiums earned	133,030	145,631	3,799	-	-	282,460
Net investment income	19,742	10,178	-	-	-	29,920
Net realized losses (gains) on investments	(232)	92	-	-	-	(140)
Net unrealized (losses) gains on investments	(6,189)	-	-	-	-	(6,189)
Other income	-	1,222	-	-	-	1,222
Foreign exchange gains	2,003	1,351	-	-	-	3,354
Total revenues	148,354	158,474	3,799	-	-	310,627
Expenses						
Losses and loss expense	42,675	76,257	(769)	-	-	118,163
Policy acquisition costs	17,837	31,418	-	-	-	49,255
General and administrative expenses	13,085	28,102	(2,645)	(1,163)	-	37,379
Finance expenses	4,003	19	7,541	-	4,340	15,903
Fair value of warrants issued	-	-	-	-	-	-
Total expenses	(77,600)	(135,796)	4,127	1,163	(4,340)	(212,446)
Income before taxes	70,754	22,678	(328)	1,163	(4,340)	89,927
Income tax	-	(189)	-	(381)	-	(570)
Net income	\$ 70,754	\$ 22,489	\$ (328)	\$ 783	\$ (4,340)	\$ 89,358
Operating income	\$ 75,172	\$ 21,046	\$ (328)	\$ 783	\$ (4,340)	\$ 92,333
Earnings per share						
Basic earnings per share	\$ 1.21					\$ 1.21
Diluted earnings per share	\$ 1.17					\$ 1.17
Diluted operating earnings per share	\$ 1.24					\$ 1.21
Weighted average number of common shares and common share equivalents outstanding						
Basic	58,482,600			-	15,263,303	73,745,903
Diluted	60,647,354			683,152	15,263,303	76,593,809

Pro Forma Combined - Validus Holdings, Ltd. and Talbot Holdings Ltd.
Pro Forma Combined Income Statement - Six Months Ended June 30, 2007
(US Dollars in thousands, except share and per share information)

	Historical Validus Holdings Ltd.	Historical Talbot Holdings Ltd.	Talbot Holdings Ltd. accounting adjustments	Pro Forma Purchase adjustments	Pro Forma Finance adjustments	Pro Forma Consolidated
Revenues						
Gross premiums written	\$ 552,370	\$ 401,186	\$ -	\$ (11,875)	\$ -	\$ 941,681
Reinsurance premiums ceded	(57,738)	(96,927)	8,429	11,875	-	(134,361)
Net premiums written	494,632	304,259	8,429	-	-	807,320
Change in unearned premiums	(250,110)	(27,853)	-	-	-	(277,963)
Net premiums earned	244,522	276,406	8,429	-	-	529,357
Net investment income	38,239	19,881	-	-	-	58,120
Net realized losses on investments	(186)	(1,230)	-	-	-	(1,416)
Net unrealized (losses) gains on investments	(4,546)	-	-	-	-	(4,546)
Other income	-	2,165	-	-	-	2,165
Foreign exchange gains	3,392	1,183	-	-	-	4,575
Total revenues	281,421	298,405	8,429	-	-	588,255
Expenses						
Losses and loss expense	89,162	144,842	(1,627)	-	-	232,377
Policy acquisition costs	30,056	61,465	-	-	-	91,521
General and administrative expenses	26,257	49,293	(5,665)	2,263	-	72,148
Finance expenses	8,444	184	17,028	-	8,680	34,336
Fair value of warrants issued	-	-	-	-	-	-
Total expenses	(153,919)	(255,784)	9,736	(2,263)	(8,680)	(410,910)
Income before taxes	127,502	42,621	(1,307)	(2,263)	(8,680)	157,873
Income tax	-	(1,194)	-	(42)	-	(1,236)
Net income	\$ 127,502	\$ 41,427	\$ (1,307)	\$ (2,305)	\$ (8,680)	\$ 156,637
Operating income	\$ 128,842	\$ 41,474	\$ (1,307)	\$ (2,305)	\$ (8,680)	\$ 158,024
Earnings per share						
Basic earnings per share	\$ 2.18					\$ 2.12
Diluted earnings per share	\$ 2.11					\$ 2.05
Diluted operating earnings per share	\$ 2.14					\$ 2.08
Weighted average number of common shares and common share equivalents outstanding						
Basic	58,482,601			-	15,263,303	73,745,904
Diluted	60,215,392			592,000	15,263,303	76,070,695