

VALIDUS RE

Validus Holdings, Ltd.
Investor Financial Supplement - Fourth Quarter 2008

February 12, 2009

Validus Reinsurance, Ltd.
19 Par-la-ville Road
Hamilton, HM 11 Bermuda
Telephone: (441) 278-9000
Facsimile: (441) 278-9090
Website: www.validusre.bm
Mailing Address: Suite 1790 48 Par-la-ville Road
Hamilton, HM 11 Bermuda

VALIDUS RE

Validus Holdings, Ltd. Table of Contents

	Section	Page
Table of Contents.....		2
Explanatory Notes.....		3
Consolidated Financial Highlights.....		4
Summary Consolidated Balance Sheets.....		5
Computation of Book Value per Common Share and Diluted Book Value per Common Share.....		6
Consolidated Statements of Cash Flows.....		7
Consolidated Statements of Operations and Comprehensive Income (Loss).....		8
Consolidated Statements of Operations - Underwriting Income Format.....		9
Computation of Earnings Per Share Data.....		10
Dilutive Shares for Earnings Per Share Calculation.....		11
Consolidated Segment Income Data for Quarter.....		12
Underwriting Results by Class of Business - Quarter - Validus Re.....		13
Underwriting Results by Class of Business - Quarter - Talbot.....		14
Consolidated Segment Income Data for Year.....		15
Underwriting Results by Class of Business - Year ended December 31 - Validus Re.....		16
Underwriting Results by Class of Business - Year ended December 31 - Talbot.....		17
Class of Business Treaty Type Detail (Gross Premium Written) - Validus Re.....		18
Consolidated Class of Business Policy Type Detail (Gross Premium Written).....		19
Gross Premiums Written by Segment by Class of Business.....		20
Validus Re Segment - Underwriting Income		21
Talbot Segment - Underwriting Income		22
Class of Business - Property - Underwriting Income		23
Class of Business - Marine - Underwriting Income		24
Class of Business - Specialty - Underwriting Income		25
Consolidated Analysis of Reserves for Losses and Loss Expenses.....		26
Consolidated Losses and Loss Ratios by Segment.....		27
Losses and Loss Ratios by Class - Validus Re.....		28
Losses and Loss Ratios by Class - Talbot.....		29
Consolidated Reinsurance Recoverable Analysis.....		30
Consolidated Investment Portfolio Composition and Net Investment Income.....		31
Consolidated Fixed Maturity Portfolio Credit Quality and Maturity Profile.....		32
Capitalization.....		33
Estimated Exposures to Peak Zone Property Catastrophe Losses - As of January 1, 2009.....		34
Estimated Exposures to Specified Loss Scenarios - As of January 1, 2009.....		35
Non-GAAP Financial Measure Reconciliation.....		36

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, 2008, 2007 and 2006 is derived from or agrees to audited financial information.
- Unless otherwise noted, dollar amounts are in thousands of U.S. 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 of 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 \$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 Capital Partners LLC 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 initial public offering and the Company paid in full to Aquiline the remaining unpaid advisory fees of \$3,000 at that time.
- "NA" = Not applicable
- "NM" = Not meaningful
- On July 2, 2007, Validus announced it completed its acquisition of Talbot Holdings Ltd. ("Talbot"). Operating results of Talbot have been included in the consolidated financial statements from the acquisition date of July 2, 2007. The Validus data for 2006 and first six months of 2007 refer only to the company prior to its acquisition of Talbot.

Financial Measures

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

- In the basic earnings per share calculation, dividends and distributions declared on warrants are deducted from net income. In calculating diluted earnings per share, we consider the application of the treasury stock method and the two-class method and which ever is more dilutive is included into the calculation of diluted earnings per share.
- 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-U.S.\$ 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-U.S.\$ 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-U.S.\$ 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

(U.S. Dollars in thousands, except share and per share information)

	At or for the Three Months Ended						At or for the Year Ended		
	December 31,	September 30,	June 30,	March 31,	December 31,	September 30,	June 30,	December 31,	December 31,
	2008	2008	2008	2008	2007	2007	2007	2008	2007 (e)
Highlights									
Net income (loss)	\$ 37,015	\$ (126,300)	\$ 75,921	\$ 66,475	\$ 138,969	\$ 136,525	\$ 70,754	\$ 53,111	\$ 402,996
Net operating income (loss) (a)	50,911	(53,051)	111,665	65,529	131,471	127,909	75,172	175,054	388,221
Gross premiums written	191,736	269,236	379,919	521,594	190,996	245,271	174,300	1,362,484	988,637
Net premiums earned	316,031	339,326	309,298	291,864	318,031	295,526	133,030	1,256,518	858,079
Total assets	4,322,480	4,509,596	4,569,742	4,535,638	4,144,224	4,126,602	2,364,911	4,322,480	4,144,224
Total shareholders' equity	1,938,734	1,916,611	2,056,781	1,990,658	1,934,800	1,789,360	1,323,947	1,938,734	1,934,800
Per share data									
<u>Earnings per basic share</u>									
Net income (loss)	\$ 0.47	\$ (1.71)	\$ 1.00	\$ 0.87	\$ 1.87	\$ 1.98	\$ 1.21	\$ 0.62	\$ 6.19
Net operating income (loss)	0.65	(0.73)	1.48	0.86	1.77	1.85	1.29	2.25	5.97
<u>Earnings per diluted share</u>									
Net income (loss)	\$ 0.47	\$ (1.71)	\$ 0.98	\$ 0.85	\$ 1.77	\$ 1.90	\$ 1.17	\$ 0.61	\$ 5.95
Net operating income (loss)	0.65	(0.73)	1.45	0.84	1.68	1.78	1.24	2.22	5.73
<u>Book value per share</u>									
Reported	\$ 25.64	\$ 25.60	\$ 27.70	\$ 26.82	\$ 26.08	\$ 24.12	\$ 22.64	\$ 25.64	\$ 26.08
With investments at amortized cost	27.08	26.39	28.31	26.84	25.90	24.06	22.70	27.08	25.97
<u>Diluted book value per share (b)</u>									
Reported	\$ 23.78	\$ 23.58	\$ 25.12	\$ 24.43	\$ 24.00	\$ 22.37	\$ 21.59	\$ 23.78	\$ 24.00
With investments at amortized cost	24.99	24.24	25.62	24.45	23.85	22.32	21.64	24.99	23.91
<u>Diluted book value per common share plus accumulated dividends</u>	\$ 24.58	\$ 24.18	\$ 25.52	\$ 24.63	\$ 24.00	\$ 22.37	\$ 21.59	\$ 24.58	\$ 24.00
Financial ratios									
Losses and loss expenses ratio	60.6%	93.9%	39.5%	48.0%	33.8%	29.5%	32.1%	61.5%	33.1%
Policy acquisition costs ratio	19.4%	17.8%	18.2%	19.4%	16.8%	17.2%	13.4%	18.7%	15.6%
General and administrative expenses ratio	9.5%	10.6%	13.3%	15.0%	12.5%	16.2%	9.8%	12.0%	13.3%
Expense ratio	28.9%	28.4%	31.6%	34.4%	29.3%	33.4%	23.2%	30.7%	28.9%
Combined ratio	89.5%	122.3%	71.0%	82.4%	63.1%	63.0%	55.3%	92.2%	62.0%
Annualized return on average equity (c)	7.7%	-25.4%	15.0%	13.5%	29.9%	35.1%	22.0%	2.7%	26.9%
Annualized operating return on average equity (d)	10.6%	-10.7%	22.1%	13.4%	28.2%	32.9%	23.4%	8.9%	25.9%

Notes:

(a) Net operating income (loss), a non-GAAP financial measure, is defined as net income excluding net realized and unrealized gains or losses on investments, foreign exchange gains and losses and non-recurring items. 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-U.S.\$ 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-U.S.\$ denominated balances are unrelated to our underlying business.

(b) In the basic earnings per share calculation, dividends and distributions declared on warrants are deducted from net income. In calculating diluted earnings per share, we consider the application of the treasury stock method and the two-class method and which ever is more dilutive is included into the calculation of diluted earnings per share.

(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.

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

Validus Holdings, Ltd.

Summary Consolidated Balance Sheets

(U.S. Dollars in thousands, except share and per share information)

	December 31, 2008	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	\$ 2,454,501	\$ 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	377,036	325,273	141,638	133,711	250,623	580,765	371,767	350,136	531,530
Cash and cash equivalents	449,848	335,367	487,260	347,347	444,698	651,428	314,955	88,317	63,643
Total investments and cash	3,281,385	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	408,259	529,039	609,757	572,175	401,241	505,001	376,814	356,294	142,408
Deferred acquisition costs	108,156	129,946	146,216	135,789	105,562	122,572	72,518	66,694	28,203
Prepaid reinsurance premiums	22,459	49,824	45,717	71,855	22,817	59,623	40,747	27,064	8,245
Securities lending collateral	98,954	158,411	199,075	191,256	164,324	60,018	35,194	16,258	12,327
Loss reserves recoverable	208,796	173,463	132,880	118,575	134,404	165,115	158	450	-
Paid losses recoverable	1,388	3,516	2,683	7,008	7,810	8,174	-	-	-
Net receivable for investments sold	490	11,820	-	-	-	-	1,862	-	-
Taxes recoverable	1,365	2,331	3,258	-	3,325	6,283	-	-	-
Goodwill and other intangible assets	147,610	148,651	149,691	150,732	151,772	152,812	-	-	-
Accrued investment income	20,433	15,596	16,177	22,187	19,960	15,476	9,355	7,683	6,456
Other assets	23,185	30,883	34,075	25,119	26,290	27,214	13,950	10,422	8,754
Total assets	\$ 4,322,480	\$ 4,509,596	\$ 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 expenses	\$ 1,305,303	\$ 1,272,844	\$ 1,029,739	\$ 977,236	\$ 926,117	\$ 924,531	\$ 138,132	\$ 111,555	\$ 77,363
Unearned premiums	539,450	693,304	793,356	750,257	557,344	727,293	461,437	433,263	178,824
Reinsurance balances payable	33,042	53,253	66,386	88,356	36,848	56,553	45,927	25,708	7,438
Securities lending payable	105,688	161,727	199,968	192,468	164,324	60,018	35,194	16,258	12,327
Taxes payable	-	-	-	1,531	-	-	-	-	-
Deferred taxation	21,779	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	74,184	86,440	89,934	119,404	126,702	110,515	10,274	7,276	15,098
Debentures payable	304,300	304,300	304,300	350,000	350,000	350,000	350,000	150,000	150,000
Total liabilities	\$ 2,383,746	\$ 2,592,985	\$ 2,512,961	\$ 2,544,980	\$ 2,209,424	\$ 2,337,242	\$ 1,040,964	\$ 761,269	\$ 453,900
Shareholders' equity									
Ordinary shares	\$ 13,235	\$ 13,104	\$ 12,993	\$ 12,990	\$ 12,985	\$ 12,985	\$ 10,234	\$ 10,234	\$ 10,234
Additional paid-in capital	1,412,635	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	(7,858)	(1,528)	28	18	(49)	(640)	-	-	875
Retained earnings	520,722	501,131	644,847	586,347	537,260	398,291	261,766	191,012	133,389
Total shareholders' equity	1,938,734	1,916,611	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	\$ 4,322,480	\$ 4,509,596	\$ 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	\$ 25.64	\$ 25.60	\$ 27.70	\$ 26.82	\$ 26.08	\$ 24.12	\$ 22.64	\$ 21.39	\$ 20.39
Diluted book value per common share	\$ 23.78	\$ 23.58	\$ 25.12	\$ 24.43	\$ 24.00	\$ 22.37	\$ 21.59	\$ 20.56	\$ 19.73
Diluted book value per common share plus accumulated dividends	\$ 24.58	\$ 24.18	\$ 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

(U.S. Dollars in thousands, except share and per share information)

	At December 31, 2008				At December 31, 2007			
	Equity		Exercise Price (a)	Book Value per Share	Equity		Exercise Price (a)	Book Value per Share
	Amount	Shares			Amount	Shares		
<i>Book Value per Common Share, Reported</i>								
<i>Book Value per Common Share</i>								
Total shareholders' equity	\$ 1,938,734	75,624,697		<u>25.64</u>	\$ 1,934,800	74,199,836		<u>\$ 26.08</u>
<i>Diluted Book Value per Common Share</i>								
Total shareholders' equity	\$ 1,938,734	75,624,697	-		\$ 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)	51,043	2,799,938	\$ 18.23		49,196	2,761,176	\$ 17.82	
Unvested restricted shares	-	<u>2,986,619</u>	-		-	<u>3,367,961</u>	-	
Diluted book value per common share	<u>\$ 2,142,093</u>	<u>90,091,403</u>		<u>23.78</u>	<u>\$ 2,136,865</u>	<u>89,040,702</u>		<u>\$ 24.00</u>
<i>Book Value per Common Share - Adjusted (c)</i>								
<i>Book Value per Common Share</i>								
Total shareholders' equity	\$ 1,938,734				\$ 1,934,800			
Accumulated Other Comprehensive Income	7,858				49			
Unrealized gain (loss) on investments	<u>101,018</u>				<u>(7,797)</u>			
Total shareholders' equity, as adjusted	<u>\$ 2,047,610</u>	75,624,697		<u>\$ 27.08</u>	<u>\$ 1,927,052</u>	74,199,836		<u>\$ 25.97</u>
<i>Diluted Book Value per Common Share</i>								
Total shareholders' equity	\$ 2,047,610	75,624,697	-		\$ 1,927,052	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)	51,043	2,799,938	\$ 18.23		49,196	2,761,176	\$ 17.82	
Unvested restricted shares	-	<u>2,986,619</u>	-		-	<u>3,367,961</u>	-	
Diluted book value per common share, as adjusted	<u>\$ 2,250,969</u>	<u>90,091,403</u>		<u>\$ 24.99</u>	<u>\$ 2,129,117</u>	<u>89,040,702</u>		<u>\$ 23.91</u>

Notes:

(a) Weighted average exercise price for those warrants and stock options that have an 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.

(c) Adjusted book value excludes Unrealized gains (losses) on investments and Accumulated Other Comprehensive Income.

Validus Holdings, Ltd.

Consolidated Statements of Cash Flows

(U.S. Dollars in thousands, except share and per share information)

	Three Months Ended						Year Ended		
	December 31,	September 30,	June 30,	March 31,	December 31,	September 30,	June 30,	December 31,	December 31,
	2008	2008	2008	2008	2007	2007	2007	2008	2007
Cash flows provided by (used in) operating activities									
Net income (loss) for the period	\$ 37,015	\$ (126,300)	\$ 75,921	\$ 66,475	\$ 138,969	\$ 136,525	\$ 70,754	\$ 53,111	\$ 402,996
Adjustments to reconcile net income to net cash provided by operating activities:									
Stock compensation expense	7,279	6,012	7,271	6,535	6,135	6,132	1,977	27,097	16,189
Realized gain on repurchase of debentures	-	-	(8,752)	-	-	-	-	(8,752)	-
Net realized (gains) losses on sales of investments	(6,757)	13,667	2,425	(7,744)	(785)	(1,009)	232	1,591	(1,608)
Net unrealized losses (gains) on investments	7,099	14,649	42,982	14,977	(9,228)	(7,682)	6,189	79,707	(12,364)
Fair value of warrants expensed	-	-	-	-	-	2,893	-	-	2,893
Amortization of goodwill and other intangible assets	1,041	1,040	1,041	1,040	1,041	1,040	-	4,162	2,081
Foreign exchange (gains) losses on cash and cash equivalents included in net income	20,706	26,022	(553)	(5,701)	1,739	(3,116)	(1,357)	40,474	(5,975)
Amortization of discounts on fixed maturities	1,484	473	1,527	226	(1,571)	(5,428)	(1,113)	3,710	(10,739)
Change in:									
Premiums receivable	110,989	73,609	(37,568)	(170,863)	102,641	124,730	(20,520)	(23,833)	(7,035)
Deferred acquisition costs	23,845	14,080	(10,397)	(30,318)	16,659	16,756	(5,824)	(2,790)	(10,900)
Prepaid reinsurance premiums	26,987	(5,282)	26,125	(48,992)	36,454	32,738	(13,683)	(1,162)	36,690
Loss reserves recoverable	(41,540)	(42,625)	(14,302)	15,782	30,200	2,477	292	(82,685)	32,519
Paid losses recoverable	2,002	(843)	4,311	811	340	16,480	-	6,281	16,820
Taxes recoverable	(591)	1,954	(4,219)	4,701	2,963	(525)	-	1,845	2,438
Accrued investment income	3,993	54	(2,294)	(2,226)	(4,507)	1,593	(1,671)	(473)	(5,812)
Other assets	9,047	4,561	(785)	85	258	6,893	(1,528)	12,908	3,955
Unearned premiums	(164,493)	(88,732)	42,972	193,221	(168,046)	(90,909)	28,173	(17,032)	23,657
Reserve for losses and loss expense	74,187	265,678	52,349	51,935	6,030	27,514	26,577	444,149	94,313
Reinsurance balances payable	(19,180)	(11,722)	(21,946)	51,447	(19,555)	(56,599)	20,219	(1,401)	(37,665)
Deferred taxation	5,838	2,594	6,731	(3,242)	(3,123)	2,096	-	11,921	(1,027)
Accounts payable and accrued expenses	(10,345)	1,081	(46,005)	(7,576)	18,665	8,111	2,998	(62,845)	21,952
Net cash provided by (used in) operating activities	88,606	149,970	116,834	130,573	155,279	220,710	111,715	485,983	563,378
Cash flows provided by (used in) investing activities									
Proceeds on sales and maturity of investments	1,030,780	824,672	570,329	639,994	523,322	470,580	256,864	3,065,775	1,414,524
Purchases of fixed maturities	(929,812)	(894,184)	(487,833)	(973,142)	(1,207,618)	(615,481)	(320,733)	(3,284,971)	(2,545,787)
Net Maturities (purchases) of short-term investments, net	(34,960)	(183,870)	(7,577)	117,157	326,183	(48,026)	(20,565)	(109,250)	441,548
Increase in securities lending collateral	56,039	38,241	(7,500)	(28,144)	(104,307)	(24,824)	(18,935)	58,636	(151,998)
Purchase of subsidiary, net of cash acquired	-	-	-	-	-	(18,809)	-	-	(18,809)
Net cash provided by (used in) investing activities	122,047	(215,141)	67,419	(244,135)	(462,420)	(236,560)	(103,369)	(269,810)	(860,522)
Cash flows provided by (used in) financing activities									
Net proceeds on issuance of debentures payable	-	-	(36,948)	-	-	-	198,000	(36,948)	198,000
Issue of common shares, net	1,582	(909)	342	169	(256)	320,504	-	1,184	320,248
Dividends paid	(17,364)	(16,928)	(16,821)	(16,821)	-	-	-	(67,934)	-
Increase in securities lending payable	(56,039)	(38,241)	7,500	28,144	104,307	24,824	18,935	(58,636)	151,998
Net cash (used in) provided by financing activities	(71,821)	(56,078)	(45,927)	11,492	104,051	345,328	216,935	(162,334)	670,246
Effect of foreign currency rate changes on cash and cash equivalents	(24,351)	(30,644)	1,587	4,719	(3,640)	6,995	1,357	(48,689)	7,953
Net increase (decrease) in cash	114,481	(151,893)	139,913	(97,351)	(206,730)	336,473	226,638	5,150	381,055
Cash and cash equivalents - Beginning of period	335,367	487,260	347,347	444,698	651,428	314,955	88,317	444,698	63,643
Cash and cash equivalents - End of period	\$ 449,848	\$ 335,367	\$ 487,260	\$ 347,347	\$ 444,698	\$ 651,428	\$ 314,955	\$ 449,848	\$ 444,698
Taxes (recovered) paid during the period	\$ (43)	\$ (2,877)	\$ 524	\$ (114)	\$ 20	\$ 37	\$ -	\$ (2,510)	\$ 57
Interest paid during the period	\$ 6,672	\$ 6,177	\$ 6,984	\$ 7,641	\$ 7,446	\$ 8,329	\$ 3,401	\$ 27,474	\$ 22,577
Losses paid during the period	\$ 154,921	\$ 95,197	\$ 84,044	\$ 72,308	\$ 71,256	\$ 57,064	\$ 15,806	\$ 406,469	\$ 156,872

Validus Holdings, Ltd.

Consolidated Statements of Operations and Comprehensive Income (Loss)

(U.S. Dollars in thousands, except share and per share information)

	Three Months Ended						Year Ended		
	December 31,	September 30,	June 30,	March 31,	December 31,	September 30,	June 30,	December 31,	December 31,
	2008	2008	2008	2008	2007	2007	2007	2008	2007
Revenues									
Gross premiums written	\$ 191,736	\$ 269,236	\$ 379,919	\$ 521,594	\$ 190,996	\$ 245,271	\$ 174,300	\$ 1,362,484	\$ 988,637
Reinsurance premiums ceded	(2,722)	(35,139)	(1,399)	(84,900)	(4,566)	(7,906)	(26,780)	(124,160)	(70,210)
Net premiums written	189,014	234,097	378,520	436,694	186,430	237,365	147,520	1,238,324	918,427
Change in unearned premiums	127,017	105,229	(69,222)	(144,830)	131,601	58,161	(14,490)	18,194	(60,348)
Net premiums earned	316,031	339,326	309,298	291,864	318,031	295,526	133,030	1,256,518	858,079
Net investment income	30,671	36,379	36,435	36,043	37,525	36,560	19,742	139,528	112,324
Realized gain on repurchase of debentures	-	-	8,752	-	-	-	-	8,752	-
Net realized gains (losses) on investments	6,757	(13,667)	(2,425)	7,744	784	1,010	(232)	(1,591)	1,608
Net unrealized (losses) gains on investments	(7,099)	(14,649)	(42,982)	(14,977)	9,229	7,681	(6,189)	(79,707)	12,364
Other income	1,598	1,269	1,462	935	1,971	1,330	-	5,264	3,301
Foreign exchange (losses) gains	(13,554)	(44,933)	911	8,179	(2,515)	5,818	2,003	(49,397)	6,696
Total revenues	334,404	303,725	311,451	329,788	365,025	347,925	148,354	1,279,367	994,372
Expenses									
Losses and loss expenses	191,576	318,464	122,089	140,024	107,567	87,263	42,675	772,154	283,993
Policy acquisition costs	61,407	60,425	56,419	56,701	53,277	50,945	17,837	234,951	134,277
General and administrative expenses	22,809	30,120	33,912	37,107	33,676	44,793	11,107	123,948	100,765
Share compensation expense	7,279	6,012	7,271	6,535	6,135	6,132	1,978	27,097	16,189
Finance expenses	8,522	14,517	12,762	21,517	25,423	17,886	4,003	57,318	51,754
Fair value of warrants issued	-	-	-	-	-	2,893	-	-	2,893
Total expenses	291,593	429,538	232,453	261,884	226,078	209,912	77,600	1,215,468	589,871
Net income (loss) before taxes	42,811	(125,813)	78,998	67,904	138,947	138,013	70,754	63,899	404,501
Taxes	(5,796)	(487)	(3,077)	(1,429)	22	(1,488)	-	(10,788)	(1,505)
Net income (loss)	\$ 37,015	\$ (126,300)	\$ 75,921	\$ 66,475	\$ 138,969	\$ 136,525	\$ 70,754	\$ 53,111	\$ 402,996
Comprehensive income									
Foreign currency translation adjustments	(6,330)	(1,556)	10	67	591	(640)	-	(7,809)	(49)
Comprehensive income (loss)	\$ 30,685	\$ (127,856)	\$ 75,931	\$ 66,542	\$ 139,560	\$ 135,885	\$ 70,754	\$ 45,302	\$ 402,947
Earnings per share									
Weighted average number of common shares and share equivalents outstanding:									
Basic	75,404,091	74,864,724	74,233,425	74,209,371	74,199,836	69,107,336	58,482,600	74,677,903	65,068,093
Diluted	75,740,546	74,864,724	77,257,545	78,329,727	78,415,109	71,868,835	60,647,354	75,819,413	67,786,673
Basic earnings (loss) per share	\$ 0.47	\$ (1.71)	\$ 1.00	\$ 0.87	\$ 1.87	\$ 1.98	\$ 1.21	\$ 0.62	\$ 6.19
Diluted earnings (loss) per share	\$ 0.47	\$ (1.71)	\$ 0.98	\$ 0.85	\$ 1.77	\$ 1.90	\$ 1.17	\$ 0.61	\$ 5.95
Dividends declared per share	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ -	\$ -	\$ -	\$ 0.80	\$ -

Validus Holdings, Ltd.

Consolidated Statements of Operations - Underwriting Income Format

(U.S. Dollars in thousands, except share and per share information)

	Three Months Ended						Year Ended		
	December 31,	September 30,	June 30,	March 31,	December 31,	September 30,	June 30,	December 31,	December 31,
	2008	2008	2008	2008	2007	2007	2007	2008	2007 (b)
Gross premiums written	\$ 191,736	\$ 269,236	\$ 379,919	\$ 521,594	\$ 190,996	\$ 245,271	\$ 174,300	\$ 1,362,484	\$ 988,637
Reinsurance premiums ceded	(2,722)	(35,139)	(1,399)	(84,900)	(4,566)	(7,906)	(26,780)	(124,160)	(70,210)
Net premiums written	189,014	234,097	378,520	436,694	186,430	237,365	147,520	1,238,324	918,427
Change in unearned premiums	127,017	105,229	(69,222)	(144,830)	131,601	58,161	(14,490)	18,194	(60,348)
Net premiums earned	316,031	339,326	309,298	291,864	318,031	295,526	133,030	1,256,518	858,079
Losses and loss expenses	191,576	318,464	122,089	140,024	107,567	87,263	42,675	772,154	283,993
Policy acquisition costs	61,407	60,425	56,419	56,701	53,277	50,945	17,837	234,951	134,277
General and administrative expenses	22,809	30,120	33,912	37,107	33,676	41,793	11,107	123,948	97,765
Share compensation expense	7,279	6,012	7,271	6,535	6,135	6,132	1,978	27,097	16,189
Total underwriting deductions	283,071	415,021	219,691	240,367	200,655	186,133	73,597	1,158,150	532,224
Underwriting income	32,960	(75,695)	89,607	51,497	117,376	109,393	59,433	98,368	325,855
Net investment income	30,671	36,379	36,435	36,043	37,525	36,560	19,742	139,528	112,324
Other income	1,598	1,269	1,462	935	1,971	1,330	-	5,264	3,301
Finance expenses	(8,522)	(14,517)	(12,762)	(21,517)	(25,423)	(17,886)	(4,003)	(57,318)	(51,754)
Operating income (loss) before tax	56,707	(52,564)	114,742	66,958	131,449	129,397	75,172	185,842	389,726
Taxes	(5,796)	(487)	(3,077)	(1,429)	22	(1,488)	-	(10,788)	(1,505)
Net operating income (loss) (a)	\$ 50,911	\$ (53,051)	\$ 111,665	\$ 65,529	\$ 131,471	\$ 127,909	\$ 75,172	\$ 175,054	\$ 388,221
Net realized gains (losses) on investments	6,757	(13,667)	(2,425)	7,744	784	1,010	(232)	(1,591)	1,608
Net unrealized (losses) gains on investments	(7,099)	(14,649)	(42,982)	(14,977)	9,229	7,681	(6,189)	(79,707)	12,364
Realized gain on repurchase of debentures	-	-	8,752	-	-	-	-	8,752	-
Foreign exchange (losses) gains	(13,554)	(44,933)	911	8,179	(2,515)	5,818	2,003	(49,397)	6,696
Fair value of warrants issued	-	-	-	-	-	(2,893)	-	-	(2,893)
Aquiline termination fee	-	-	-	-	-	(3,000)	-	-	(3,000)
Net income (loss)	\$ 37,015	\$ (126,300)	\$ 75,921	\$ 66,475	\$ 138,969	\$ 136,525	\$ 70,754	\$ 53,111	\$ 402,996
Selected Ratios									
Net premiums written/Gross premiums written	98.6%	86.9%	99.6%	83.7%	97.6%	96.8%	84.6%	90.9%	92.9%
Losses and loss expenses	60.6%	93.9%	39.5%	48.0%	33.8%	29.5%	32.1%	61.5%	33.1%
Policy acquisition costs	19.4%	17.8%	18.2%	19.4%	16.8%	17.2%	13.4%	18.7%	15.6%
General and administrative expenses	9.5%	10.6%	13.3%	15.0%	12.5%	16.2%	9.8%	12.0%	13.3%
Expense ratio	<u>28.9%</u>	<u>28.4%</u>	<u>31.5%</u>	<u>34.4%</u>	<u>29.3%</u>	<u>33.4%</u>	<u>23.2%</u>	<u>30.7%</u>	<u>28.9%</u>
Combined ratio	<u>89.5%</u>	<u>122.3%</u>	<u>71.0%</u>	<u>82.4%</u>	<u>63.1%</u>	<u>63.0%</u>	<u>55.3%</u>	<u>92.2%</u>	<u>62.0%</u>

Notes:

(a) Net operating income (loss), a non-GAAP financial measure, is defined as net income excluding net realized and unrealized gains or losses on investments, foreign exchange gains and losses and non-recurring items. 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-U.S.\$ 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-U.S.\$ 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.
Computation of Earnings Per Share Data

(U.S. Dollars in thousands, except share and per share information)

	Three Months Ended					
	December 31, 2008			December 31, 2007		
	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehensive income
<i>Basic EPS calculation:</i>						
Net income	\$ 50,911	\$ 37,015	\$ 30,685	\$ 131,471	\$ 138,969	\$ 139,560
Less: Dividends and distributions declared on outstanding warrants	(1,736)	(1,736)	(1,736)	-	-	-
Net income available to common shareholders	\$ 49,175	\$ 35,279	\$ 28,949	\$ 131,471	\$ 138,969	\$ 139,560
Weighted average number of common shares outstanding	75,404,091	75,404,091	75,404,091	74,199,836	74,199,836	74,199,836
Basic earnings per share	\$ 0.65	\$ 0.47	\$ 0.38	\$ 1.77	\$ 1.87	\$ 1.88
<i>Diluted EPS calculation:</i>						
Net income	\$ 50,911	\$ 37,015	\$ 30,685	\$ 131,471	\$ 138,969	\$ 139,560
Less: Dividends and distributions declared on outstanding warrants	(1,736)	(1,736)	(1,736)	-	-	-
Net income available to common shareholders	\$ 49,175	\$ 35,279	\$ 28,949	\$ 131,471	\$ 138,969	\$ 139,560
Weighted average number of common shares outstanding:	75,404,091	75,404,091	75,404,091	74,199,836	74,199,836	74,199,836
<i>Share equivalents:</i>						
Warrants	-	-	-	2,734,928	2,734,928	2,734,928
Stock options	-	-	-	354,290	354,290	354,290
Unvested restricted shares	336,455	336,455	336,455	1,126,055	1,126,055	1,126,055
Weighted average number of diluted common shares outstanding	75,740,546	75,740,546	75,740,546	78,415,109	78,415,109	78,415,109
Diluted earnings per share	\$ 0.65	\$ 0.47	\$ 0.38	\$ 1.68	\$ 1.77	\$ 1.78

	Year Ended					
	December 31, 2008			December 31, 2007		
	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehensive income
<i>Basic EPS calculation:</i>						
Net income	\$ 175,054	\$ 53,111	\$ 45,302	\$ 388,221	\$ 402,996	\$ 402,947
Less: Dividends and distributions declared on outstanding warrants	(6,947)	(6,947)	(6,947)	-	-	-
Net income available to common shareholders	\$ 168,107	\$ 46,164	\$ 38,355	\$ 388,221	\$ 402,996	\$ 402,947
Weighted average number of common shares outstanding	74,677,903	74,677,903	74,677,903	65,068,093	65,068,093	65,068,093
Basic earnings per share	\$ 2.25	\$ 0.62	\$ 0.51	\$ 5.97	\$ 6.19	\$ 6.19
<i>Diluted EPS calculation:</i>						
Net income	\$ 175,054	\$ 53,111	\$ 45,302	\$ 388,221	\$ 402,996	\$ 402,947
Less: Dividends and distributions declared on outstanding warrants	(6,947)	(6,947)	(6,947)	-	-	-
Net income available to common shareholders	\$ 168,107	\$ 46,164	\$ 38,355	\$ 388,221	\$ 402,996	\$ 402,947
Weighted average number of common shares outstanding:	74,677,903	74,677,903	74,677,903	65,068,093	65,068,093	65,068,093
<i>Share equivalents:</i>						
Warrants	-	-	-	1,973,983	1,973,983	1,973,983
Stock options	136,701	136,701	136,701	97,039	97,039	97,039
Unvested restricted shares	1,004,809	1,004,809	1,004,809	647,558	647,558	647,558
Weighted average number of diluted common shares outstanding	75,819,413	75,819,413	75,819,413	67,786,673	67,786,673	67,786,673
Diluted earnings per share	\$ 2.22	\$ 0.61	\$ 0.51	\$ 5.73	\$ 5.95	\$ 5.94

Notes:

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

In the basic earnings per share calculation, dividends and distributions declared on warrants are deducted from net income. In calculating diluted earnings per share, we consider the application of the treasury stock method and the two-class method and which ever is more dilutive is included into the calculation of diluted earnings per share.

VALIDUS RE

Validus Holdings, Ltd.

Dilutive Shares for Earnings Per Share Calculation

(U.S. Dollars in thousands, except share and per share information)

	Three Months Ended		Year Ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Average fair value per share	\$ 20.33	\$ 25.58	\$ 22.40	\$ 22.87
Basic weighted average common shares outstanding	75,404,091	74,199,836	74,677,903	65,068,093
Add: weighted average unvested restricted shares	2,986,619	3,367,961	3,614,093	2,006,561
Proceeds from unrecognized restricted share expense	\$ 53,878	\$ 57,348	\$ 58,448	\$ 31,080
Less: restricted shares bought back via treasury method	(2,650,164)	(2,241,906)	(2,609,284)	(1,359,003)
Add: weighted average dilutive warrants outstanding	-	8,711,729	-	8,567,305
Weighted average exercise price per share	\$ 17.55	\$ 17.55	\$ 17.55	\$ 17.52
Less: warrants bought back via treasury method	-	(5,976,801)	-	(6,593,322)
Add: weighted average dilutive options outstanding	2,799,938	2,761,176	2,848,306	2,685,694
Weighted average exercise price per share	\$ 18.23	\$ 17.82	\$ 18.21	\$ 17.70
Proceeds from unrecognized option expense	\$ 10,188	\$ 12,372	\$ 11,618	\$ 14,116
Less: options bought back via treasury method	(2,799,938)	(2,406,886)	(2,711,605)	(2,588,655)
Weighted average dilutive shares outstanding	75,740,546	78,415,109	75,819,413	67,786,673

VALIDUS RE

Validus Holdings, Ltd.

Consolidated Segment Income Data for Quarter

(U.S. Dollars in thousands, except share and per share information)

	Three Months Ended December 31, 2008				Three Months Ended December 31, 2007			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Gross premiums written	\$ 43,873	\$ 152,662	\$ (4,799)	\$ 191,736	\$ 47,499	\$ 143,497	\$ -	\$ 190,996
Reinsurance premiums ceded	(1,696)	(5,825)	4,799	(2,722)	(3,813)	(753)	-	(4,566)
Net premiums written	42,177	146,837	-	189,014	43,686	142,744	-	186,430
Change in unearned premiums	122,191	4,826	-	127,017	118,828	12,773	-	131,601
Net premiums earned	164,368	151,663	-	316,031	162,514	155,517	-	318,031
Losses and loss expenses	95,972	95,604	-	191,576	48,244	59,323	-	107,567
Policy acquisition costs	28,011	33,560	(164)	61,407	22,107	31,170	-	53,277
General and administrative expenses	7,301	12,882	2,626	22,809	7,858	23,628	2,190	33,676
Share compensation expense	2,197	1,436	3,646	7,279	1,189	978	3,968	6,135
Total underwriting deductions	133,481	143,482	6,108	283,071	79,398	115,099	6,158	200,655
Underwriting income	\$ 30,887	\$ 8,181	\$ (6,108)	\$ 32,960	\$ 83,116	\$ 40,418	\$ (6,158)	\$ 117,376
Net investment income	25,258	7,075	(1,662)	30,671	25,039	12,446	40	37,525
Other income	164	1,598	(164)	1,598	-	1,971	-	1,971
Finance expenses	(224)	(1,530)	(6,768)	(8,522)	(236)	(17,228)	(7,959)	(25,423)
Operating income before tax	56,085	15,324	(14,702)	56,707	107,919	37,607	(14,077)	131,449
Taxes	(10)	(5,786)	-	(5,796)	(14)	36	-	22
Net operating income (a)	\$ 56,075	\$ 9,538	\$ (14,702)	\$ 50,911	\$ 107,905	\$ 37,643	\$ (14,077)	\$ 131,471
Realized gain on repurchase of debentures	-	-	-	-	-	-	-	-
Net realized gains (losses) on investments	3,993	2,764	-	6,757	(493)	1,277	-	784
Net unrealized (losses) gains on investments	(26,097)	18,998	-	(7,099)	7,221	2,008	-	9,229
Foreign exchange (losses) gains	(1,054)	(12,500)	-	(13,554)	(269)	(2,246)	-	(2,515)
Fair value of warrants issued	-	-	-	-	-	-	-	-
Aquiline termination fee	-	-	-	-	-	-	-	-
Net income	\$ 32,917	\$ 18,800	\$ (14,702)	\$ 37,015	\$ 114,364	\$ 38,682	\$ (14,077)	\$ 138,969
Selected Ratios								
Net premiums written/Gross premiums written	96.1%	96.2%		98.6%	92.0%	99.5%		97.6%
Losses and loss expenses	58.4%	63.0%		60.6%	29.7%	38.1%		33.8%
Policy acquisition costs	17.0%	22.1%		19.4%	13.6%	20.1%		16.8%
General and administrative expenses	<u>5.8%</u>	<u>9.4%</u>		<u>9.5%</u>	<u>5.6%</u>	<u>15.8%</u>		<u>12.5%</u>
Expense ratio	<u>22.8%</u>	<u>31.5%</u>		<u>28.9%</u>	<u>19.2%</u>	<u>35.9%</u>		<u>29.3%</u>
Combined ratio	<u>81.2%</u>	<u>94.5%</u>		<u>89.5%</u>	<u>48.9%</u>	<u>74.0%</u>		<u>63.1%</u>

Notes:

(a) Net operating income (loss), a non-GAAP financial measure, is defined as net income excluding net realized and unrealized gains or losses on investments, foreign exchange gains and losses and non-recurring items. 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-U.S.\$ 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-U.S.\$ denominated balances are unrelated to our underlying business.

Validus Holdings, Ltd.

Underwriting Results by Class of Business - Quarter - Validus Re

(U.S. Dollars in thousands, except share and per share information)

	Three Months Ended December 31, 2008				Three Months Ended December 31, 2007			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Validus Re Segment								
Gross premiums written	\$ 21,004	\$ 5,799	\$ 17,070	\$ 43,873	\$ 16,282	\$ 18,067	\$ 13,150	\$ 47,499
Reinsurance premiums ceded (c)	2,446	(4,125)	(17)	(1,696)	(3,213)	440	(1,040)	(3,813)
Net premiums written	23,450	1,674	17,053	42,177	13,069	18,507	12,110	43,686
Change in unearned premiums	94,046	27,697	448	122,191	111,450	4,426	2,952	118,828
Net premiums earned	117,496	29,371	17,501	164,368	124,519	22,933	15,062	162,514
Losses and loss expenses	66,412	21,514	8,046	95,972	31,186	7,589	9,469	48,244
Policy acquisition costs	21,279	4,222	2,510	28,011	17,223	2,634	2,250	22,107
Total underwriting deductions before G&A	87,691	25,736	10,556	123,983	48,409	10,223	11,719	70,351
Underwriting income before G&A	29,805	3,635	6,945	40,385	76,110	12,710	3,343	92,163
General and administrative expenses				7,301				7,858
Share compensation expense				2,197				1,189
Total underwriting deductions				133,481				79,398
Underwriting income				30,887				83,116
Net investment income				25,258				25,039
Other income				164				-
Finance expenses				(224)				(236)
Operating income before tax				56,085				107,919
Taxes				(10)				(14)
Net operating income (a)				\$ 56,075				\$ 107,905
Net realized gains (losses) on investments				3,993				(493)
Net unrealized (losses) gains on investments				(26,097)				7,221
Foreign exchange (losses)				(1,054)				(269)
Net income				\$ 32,917				\$ 114,364
Selected Ratios								
Net premiums written/Gross premiums written	111.6%	28.9%	99.9%	96.1%	80.3%	102.4%	92.1%	92.0%
Losses and loss expenses	56.4%	73.3%	46.0%	58.4%	25.0%	33.1%	62.9%	29.7%
Policy acquisition costs	18.1%	14.4%	14.3%	17.0%	13.8%	11.5%	14.9%	13.6%
General and administrative expenses				5.8%				5.6%
Expense ratio				22.8%				19.2%
Combined ratio				81.2%				48.9%

Notes:

(a) Net operating income (loss) is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-U.S.\$ 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-U.S.\$ 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-U.S.\$ denominated balances are unrelated to our underlying business.

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

(c) During the quarter, an adjustment was made to reclassify a retrocessional cover from property to marine, covering risks in multiple lines.

Validus Holdings, Ltd.

Underwriting Results by Class of Business - Quarter - Talbot

(U.S. Dollars in thousands, except share and per share information)

	Three Months Ended December 31, 2008				Three Months Ended December 31, 2007			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Talbot Segment								
Gross premiums written	\$ 29,159	\$ 56,919	\$ 66,584	\$ 152,662	\$ 20,626	\$ 59,006	\$ 63,865	\$ 143,497
Reinsurance premiums ceded	(5,840)	(341)	356	(5,825)	(1,095)	(1,080)	1,422	(753)
Net premiums written	23,319	56,578	66,940	146,837	19,531	57,926	65,287	142,744
Change in unearned premiums	4,937	7,391	(7,502)	4,826	12,774	7,997	(7,998)	12,773
Net premiums earned	28,256	63,969	59,438	151,663	32,305	65,923	57,289	155,517
Losses and loss expenses	40,968	25,517	29,119	95,604	13,665	39,964	5,694	59,323
Policy acquisition costs	5,082	14,210	14,268	33,560	6,469	13,938	10,763	31,170
Total underwriting deductions before G&A	46,050	39,727	43,387	129,164	20,134	53,902	16,457	90,493
Underwriting (loss) income before G&A	(17,794)	24,242	16,051	22,499	12,171	12,021	40,832	65,024
General and administrative expenses				12,882				23,628
Share compensation expense				1,436				978
Total underwriting deductions				143,482				115,099
Underwriting income				8,181				40,418
Net investment income				7,075				12,446
Other income				1,598				1,971
Finance expenses				(1,530)				(17,228)
Operating income before tax				15,324				37,607
Taxes				(5,786)				36
Net operating income (a)				\$ 9,538				\$ 37,643
Net realized gains on investments				2,764				1,277
Net unrealized gains on investments				18,998				2,008
Foreign exchange (losses)				(12,500)				(2,246)
Net income				\$ 18,800				\$ 38,682
Selected Ratios								
Net premiums written/Gross premiums written	80.0%	99.4%	100.5%	96.2%	94.7%	98.2%	102.2%	99.5%
Losses and loss expenses	145.0%	39.8%	49.0%	63.1%	42.3%	60.6%	9.9%	38.1%
Policy acquisition costs	18.0%	22.2%	24.0%	22.1%	20.0%	21.1%	18.8%	20.1%
General and administrative expenses				9.4%				15.8%
Expense ratio				31.5%				35.9%
Combined ratio				94.6%				74.0%

Notes:

(a) Net operating income (loss) is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-U.S.\$ 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-U.S.\$ 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-U.S.\$ denominated balances are unrelated to our underlying business.

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

Validus Holdings, Ltd.

Consolidated Segment Income Data for Year

(U.S. Dollars in thousands, except share and per share information)

	Year Ended December 31, 2008				Year Ended December 31, 2007 (b)			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Gross premiums written	\$ 687,771	\$ 708,996	\$ (34,283)	\$ 1,362,484	\$ 702,098	\$ 286,539	\$ -	\$ 988,637
Reinsurance premiums ceded	(62,933)	(95,510)	34,283	(124,160)	(68,842)	(1,368)	-	(70,210)
Net premiums written	624,838	613,486	-	1,238,324	633,256	285,171	-	918,427
Change in unearned premiums	28,693	(10,499)	-	18,194	(74,227)	13,879	-	(60,348)
Net premiums earned	653,531	602,987	-	1,256,518	559,029	299,050	-	858,079
Losses and loss expenses	420,645	351,509	-	772,154	175,538	108,455	-	283,993
Policy acquisition costs	100,243	135,017	(309)	234,951	70,323	63,954	-	134,277
General and administrative expenses	34,607	71,443	17,898	123,948	31,412	48,886	17,467	97,765
Share compensation expense	6,829	4,702	15,566	27,097	4,013	1,709	10,467	16,189
Total underwriting deductions	562,324	562,671	33,155	1,158,150	281,286	223,004	27,934	532,224
Underwriting income	\$ 91,207	\$ 40,316	\$ (33,155)	\$ 98,368	\$ 277,743	\$ 76,046	\$ (27,934)	\$ 325,855
Net investment income	101,994	41,520	(3,986)	139,528	85,981	25,805	538	112,324
Other income	309	5,264	(309)	5,264	-	3,301	-	3,301
Finance expenses	(879)	(27,351)	(29,088)	(57,318)	(1,378)	(26,086)	(24,290)	(51,754)
Operating income before tax	192,631	59,749	(66,538)	185,842	362,346	79,066	(51,686)	389,726
Taxes	(88)	(10,700)	-	(10,788)	(61)	(1,444)	-	(1,505)
Net operating income (a)	\$ 192,543	\$ 49,049	\$ (66,538)	\$ 175,054	\$ 362,285	\$ 77,622	\$ (51,686)	\$ 388,221
Realized gain on repurchase of debentures	-	-	8,752	8,752	-	-	-	-
Net realized (losses) gains on investments	(9,718)	8,127	-	(1,591)	443	1,165	-	1,608
Net unrealized (losses) gains on investments	(84,714)	5,007	-	(79,707)	8,556	3,808	-	12,364
Foreign exchange (losses) gains	(16,701)	(32,696)	-	(49,397)	7,495	(799)	-	6,696
Fair value of warrants issued	-	-	-	-	-	-	(2,893)	(2,893)
Aquiline termination fee	-	-	-	-	-	-	(3,000)	(3,000)
Net income	\$ 81,410	\$ 29,487	\$ (57,786)	\$ 53,111	\$ 378,779	\$ 81,796	\$ (57,579)	\$ 402,996
Selected Ratios								
Net premiums written/Gross premiums written	90.8%	86.5%		90.9%	90.2%	99.5%		92.9%
Losses and loss expenses	64.4%	58.3%		61.5%	31.4%	36.3%		33.1%
Policy acquisition costs	15.3%	22.4%		18.7%	12.6%	21.4%		15.6%
General and administrative expenses	6.3%	12.6%		12.0%	6.3%	16.9%		13.3%
Expense ratio	21.6%	35.0%		30.7%	18.9%	38.3%		28.9%
Combined ratio	86.0%	93.3%		92.2%	50.3%	74.6%		62.0%

Notes:

(a) Net operating income (loss) is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-U.S.\$ 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-U.S.\$ 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-U.S.\$ 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 - Year ended December 31 - Validus Re

(U.S. Dollars in thousands, except share and per share information)

	Year Ended December 31, 2008				Year Ended December 31, 2007			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Validus Re Segment								
Gross premiums written	\$ 492,967	\$ 117,744	\$ 77,060	\$ 687,771	\$ 498,375	\$ 136,710	\$ 67,013	\$ 702,098
Reinsurance premiums ceded	(34,712)	(27,652)	(569)	(62,933)	(34,609)	(31,768)	(2,465)	(68,842)
Net premiums written	458,255	90,092	76,491	624,838	463,766	104,942	64,548	633,256
Change in unearned premiums	20,268	14,387	(5,962)	28,693	(39,789)	(26,258)	(8,180)	(74,227)
Net premiums earned	478,523	104,479	70,529	653,531	423,977	78,684	56,368	559,029
Losses and loss expenses	297,362	98,715	24,568	420,645	124,778	26,284	24,476	175,538
Policy acquisition costs	75,717	14,718	9,808	100,243	55,472	7,410	7,441	70,323
Total underwriting deductions before G&A	373,079	113,433	34,376	520,888	180,250	33,694	31,917	245,861
Underwriting income (loss) before G&A	105,444	(8,954)	36,153	132,643	243,727	44,990	24,451	313,168
General and administrative expenses				34,607				31,412
Share compensation expense				6,829				4,013
Total underwriting deductions				562,324				281,286
Underwriting income				91,207				277,743
Net investment income				101,994				85,981
Other income				309				-
Finance expenses				(879)				(1,378)
Operating income before tax				192,631				362,346
Taxes				(88)				(61)
Net operating income (a)				\$ 192,543				\$ 362,285
Net realized (losses) gains on investments				(9,718)				443
Net unrealized (losses) gains on investments				(84,714)				8,556
Foreign exchange (losses) gains				(16,701)				7,495
Net income				\$ 81,410				\$ 378,779
Selected Ratios								
Net premiums written/Gross premiums written	93.0%	76.5%	99.3%	90.8%	93.1%	76.8%	96.3%	90.2%
Losses and loss expenses	62.1%	94.4%	34.8%	64.4%	29.4%	33.4%	43.4%	31.4%
Policy acquisition costs	15.8%	14.1%	13.9%	15.3%	13.1%	9.4%	13.2%	12.6%
General and administrative expenses				6.3%				6.3%
Expense ratio				21.6%				18.9%
Combined ratio				86.0%				50.3%

Notes:

(a) Net operating income (loss) is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-U.S.\$ 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-U.S.\$ 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-U.S.\$ denominated balances are unrelated to our underlying business.

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

Validus Holdings, Ltd.

Underwriting Results by Class of Business - Year ended December 31 - Talbot

(U.S. Dollars in thousands, except share and per share information)

	Year Ended December 31, 2008				Year Ended December 31, 2007			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Talbot Segment								
Gross premiums written	\$ 152,142	\$ 287,696	\$ 269,158	\$ 708,996	\$ 49,177	\$ 114,022	\$ 123,340	\$ 286,539
Reinsurance premiums ceded	(33,372)	(20,297)	(41,841)	(95,510)	(1,080)	(1,040)	752	(1,368)
Net premiums written	118,770	267,399	227,317	613,486	48,097	112,982	124,092	285,171
Change in unearned premiums	1,113	(4,429)	(7,183)	(10,499)	16,517	7,905	(10,543)	13,879
Net premiums earned	119,883	262,970	220,134	602,987	64,614	120,887	113,549	299,050
Losses and loss expenses	119,846	153,785	77,878	351,509	28,544	64,503	15,408	108,455
Policy acquisition costs	21,937	59,654	53,426	135,017	13,173	25,981	24,800	63,954
Total underwriting deductions before G&A	141,783	213,439	131,304	486,526	41,717	90,484	40,208	172,409
Underwriting income (loss) before G&A	(21,900)	49,531	88,830	116,461	22,897	30,403	73,341	126,641
General and administrative expenses				71,443				48,886
Share compensation expense				4,702				1,709
Total underwriting deductions				562,671				223,004
Underwriting income				40,316				76,046
Net investment income				41,520				25,805
Other income				5,264				3,301
Finance expenses				(27,351)				(26,086)
Operating income before tax				59,749				79,066
Taxes				(10,700)				(1,444)
Net operating income (a)				\$ 49,049				\$ 77,622
Net realized gains on investments				8,127				1,165
Net unrealized gains on investments				5,007				3,808
Foreign exchange (losses)				(32,696)				(799)
Net income				\$ 29,487				\$ 81,796
Selected Ratios								
Net premiums written/Gross premiums written	78.1%	92.9%	84.5%	86.5%	97.8%	99.1%	100.6%	99.5%
Losses and loss expenses	100.0%	58.5%	35.4%	58.3%	44.2%	53.4%	13.6%	36.3%
Policy acquisition costs	18.3%	22.7%	24.3%	22.4%	20.4%	21.5%	21.8%	21.4%
General and administrative expenses				12.6%				16.9%
Expense ratio				35.0%				38.3%
Combined ratio				93.3%				74.6%

Notes:

(a) Net operating income (loss) is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-U.S.\$ 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-U.S.\$ 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-U.S.\$ denominated balances are unrelated to our underlying business.

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

VALIDUS RE

Validus Holdings, Ltd.

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

(U.S. Dollars in thousands, except share and per share information)

Validus Re Segment		Three Months Ended				Year Ended			
		December 31, 2008		December 31, 2007		December 31, 2008		December 31, 2007	
Class of Business	Treaty Type	GPW	%	GPW	%	GPW	%	GPW	%
Property	Cat XOL (b)	\$ 9,911	22.6%	\$ 1,711	3.6%	\$ 328,216	47.6%	\$ 351,968	50.1%
	Per Risk XOL	1,763	4.0%	2,762	5.8%	54,056	7.9%	47,641	6.8%
	Proportional (c)	<u>9,330</u>	<u>21.3%</u>	<u>11,809</u>	<u>24.9%</u>	<u>110,695</u>	<u>16.1%</u>	<u>98,766</u>	<u>14.1%</u>
		21,004	47.9%	16,282	34.3%	492,967	71.6%	498,375	71.0%
Marine	Cat XOL (b)	6,592	15.0%	-	0.0%	37,128	5.4%	39,122	5.6%
	Per Risk XOL	2,328	5.3%	1,967	4.1%	54,049	7.9%	54,156	7.7%
	Proportional (c)	<u>(3,121)</u>	<u>-7.1%</u>	<u>16,100</u>	<u>33.9%</u>	<u>26,567</u>	<u>3.9%</u>	<u>43,432</u>	<u>6.2%</u>
		5,799	13.2%	18,067	38.0%	117,744	17.2%	136,710	19.5%
Specialty (a)	Cat XOL (b)	(758)	-1.7%	6,099	12.8%	30,022	4.4%	33,114	4.7%
	Per Risk XOL	3,983	9.1%	601	1.3%	5,144	0.7%	1,295	0.2%
	Proportional (c)	<u>13,845</u>	<u>31.6%</u>	<u>6,450</u>	<u>13.6%</u>	<u>41,894</u>	<u>6.1%</u>	<u>32,604</u>	<u>4.6%</u>
		<u>17,070</u>	<u>39.0%</u>	<u>13,150</u>	<u>27.7%</u>	<u>77,060</u>	<u>11.2%</u>	<u>67,013</u>	<u>9.5%</u>
Total	Cat XOL (b)	15,745	36.0%	7,810	16.4%	395,366	57.5%	424,204	60.4%
	Per Risk XOL	8,074	18.4%	5,330	11.2%	113,249	16.5%	103,092	14.7%
	Proportional (c)	<u>20,054</u>	<u>45.7%</u>	<u>34,359</u>	<u>72.3%</u>	<u>179,156</u>	<u>26.0%</u>	<u>174,802</u>	<u>24.9%</u>
	Total	<u>43,873</u>	<u>100.1%</u>	<u>47,499</u>	<u>100.0%</u>	<u>687,771</u>	<u>100.0%</u>	<u>702,098</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, Per Event XOL, Second Event and Third Event covers. During the quarter internal re-categorization by type of contract occurred.

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

Validus Holdings, Ltd.

Consolidated Class of Business Policy Type Detail (Gross Premium Written)

(U.S. Dollars in thousands, except share and per share information)

Class of business	Treaty Type	Three Months Ended				Year Ended			
		December 31, 2008		December 31, 2007		December 31, 2008		December 31, 2007	
		GPW	%	GPW	%	GPW	%	GPW	%
Property	Treaty Reinsurance	\$ 22,771	11.9%	\$ 18,010	9.4%	\$ 521,946	38.3%	\$ 504,098	51.0%
	Facultative Reinsurance	11,534	6.0%	6,199	3.3%	46,128	3.4%	17,524	1.8%
	Direct Insurance	11,105	5.8%	12,699	6.6%	55,312	4.1%	25,930	2.6%
		<u>45,410</u>	<u>23.7%</u>	<u>36,908</u>	<u>19.3%</u>	<u>623,386</u>	<u>45.8%</u>	<u>547,552</u>	<u>55.4%</u>
Marine	Treaty Reinsurance	10,360	5.4%	21,262	11.1%	141,038	10.4%	141,537	14.3%
	Facultative Reinsurance	12,670	6.6%	7,186	3.8%	79,573	5.8%	22,005	2.2%
	Direct Insurance	38,010	19.8%	48,625	25.5%	176,286	12.9%	87,190	8.8%
		<u>61,040</u>	<u>31.8%</u>	<u>77,073</u>	<u>40.4%</u>	<u>396,897</u>	<u>29.1%</u>	<u>250,732</u>	<u>25.3%</u>
Specialty (a)	Treaty Reinsurance	29,115	15.2%	18,164	9.5%	115,635	8.5%	79,492	8.0%
	Facultative Reinsurance	17,122	8.9%	18,270	9.6%	65,162	4.8%	31,795	3.2%
	Direct Insurance	39,049	20.4%	40,581	21.2%	161,404	11.8%	79,066	8.0%
		<u>85,286</u>	<u>44.5%</u>	<u>77,015</u>	<u>40.3%</u>	<u>342,201</u>	<u>25.1%</u>	<u>190,353</u>	<u>19.3%</u>
Total	Treaty Reinsurance	62,246	32.5%	57,436	30.1%	778,619	57.2%	725,127	73.4%
	Facultative Reinsurance	41,326	21.5%	31,655	16.6%	190,863	14.0%	71,324	7.2%
	Direct Insurance	88,164	46.0%	101,905	53.3%	393,002	28.8%	192,186	19.4%
	Total	\$ 191,736	100.0%	\$ 190,996	100.0%	\$ 1,362,484	100.0%	\$ 988,637	100.0%

Notes:

(a) For Validus Re segment, Specialty class includes aviation, workers' compensation, terrorism, life and A&H, and financial lines of business. For Talbot segment, 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 Class of Business

(U.S. Dollars in thousands, except share and per share information)

	Three Months Ended				Year Ended	
	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	December 31, 2007
Validus Re						
Property	\$ 21,004	\$ 97,545	\$ 171,308	\$ 203,110	\$ 16,282	\$ 492,967
Marine	5,799	19,154	8,750	84,040	18,067	117,744
Aerospace	14,141	5,567	686	18,929	7,616	39,323
Life and A&H	-	-	96	913	-	1,009
Financial Institutions	-	-	4,125	-	138	4,125
Terrorism	2,207	1,598	2,056	19,641	4,738	25,502
Workers' Comp	722	1,165	799	4,415	658	7,101
Total Validus Re Segment	43,873	125,029	187,820	331,048	47,499	687,771
Talbot						
Property	29,161	35,194	47,423	40,367	20,627	152,143
Marine	56,916	66,676	73,126	90,976	59,006	287,694
Aviation & Other	7,485	6,248	13,037	13,258	7,991	40,028
Accident & Heath	3,002	6,425	5,849	3,038	6,095	18,314
Financial Institutions	12,065	7,723	10,561	11,914	9,396	42,263
War	35,309	24,364	36,034	32,986	30,599	128,693
Contingency	4,818	7,103	7,097	3,906	6,028	22,924
Bloodstock	3,906	3,574	4,108	5,349	3,755	16,937
Total Talbot Segment	152,662	157,307	197,235	201,794	143,497	708,996
Intersegment revenue						
Property	(4,753)	(8,908)	(1,967)	(6,096)	-	(21,724)
Marine	(1,677)	(2,557)	(2,835)	(1,474)	-	(8,543)
Specialty	1,631	(1,635)	(334)	(3,678)	-	(4,016)
Total Intersegment Revenue Eliminated	(4,799)	(13,100)	(5,136)	(11,248)	-	(34,283)
Total	\$ 191,736	\$ 269,236	\$ 379,919	\$ 521,594	\$ 190,996	\$ 1,362,484
						\$ 1,389,823

Validus Holdings, Ltd.

Validus Re Segment - Underwriting Income

(U.S. Dollars in thousands, except share and per share information)

	Three Months Ended						
	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
Underwriting revenues							
Gross premiums written	\$ 43,873	\$ 125,029	\$ 187,820	\$ 331,048	\$ 47,499	\$ 102,229	\$ 174,300
Reinsurance premiums ceded	(1,696)	(36,286)	(1,208)	(23,743)	(3,813)	(7,291)	(26,780)
Net premiums written	42,177	88,743	186,612	307,305	43,686	94,938	147,520
Change in unearned premiums	122,191	92,653	(22,500)	(163,651)	118,828	57,055	(14,490)
Net premiums earned	<u>164,368</u>	<u>181,396</u>	<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	95,972	217,081	48,677	58,915	48,244	38,131	42,675
Policy acquisition costs	28,011	26,520	25,309	20,403	22,107	18,161	17,837
General and administrative expenses	7,301	7,972	9,955	9,379	7,858	9,527	6,773
Share compensation expense	2,197	1,809	1,597	1,226	1,189	1,281	779
Total underwriting deductions	<u>133,481</u>	<u>253,382</u>	<u>85,538</u>	<u>89,923</u>	<u>79,398</u>	<u>67,100</u>	<u>68,064</u>
Underwriting income (loss)	<u>\$ 30,887</u>	<u>\$ (71,986)</u>	<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	58.4%	119.7%	29.7%	41.0%	29.7%	25.1%	32.1%
Policy acquisition costs	17.0%	14.6%	15.4%	14.2%	13.6%	11.9%	13.4%
General and administrative expenses	5.8%	5.4%	7.0%	7.4%	5.6%	7.1%	5.7%
Expense ratio	<u>22.8%</u>	<u>20.0%</u>	<u>22.4%</u>	<u>21.6%</u>	<u>19.2%</u>	<u>19.0%</u>	<u>19.1%</u>
Combined ratio	<u>81.2%</u>	<u>139.7%</u>	<u>52.1%</u>	<u>62.6%</u>	<u>48.9%</u>	<u>44.1%</u>	<u>51.2%</u>

Validus Holdings, Ltd.

Talbot Segment - Underwriting Income

(U.S. Dollars in thousands, except share and per share information)

	Three Months Ended						
	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
Underwriting revenues							
Gross premiums written	\$ 152,662	\$ 157,307	\$ 197,235	\$ 201,794	\$ 143,497	\$ 143,042	\$ -
Reinsurance premiums ceded	(5,825)	(11,953)	(5,327)	(72,405)	(753)	(615)	-
Net premiums written	146,837	145,354	191,908	129,389	142,744	142,427	-
Change in unearned premiums	4,826	12,576	(46,722)	18,821	12,773	1,106	-
Net premiums earned	151,663	157,930	145,186	148,210	155,517	143,533	-
Underwriting deductions							
Losses and loss expenses	95,604	101,383	73,412	81,109	59,323	49,132	-
Policy acquisition costs	33,560	34,026	31,134	36,298	31,170	32,784	-
General and administrative expenses	12,882	17,851	19,787	20,923	23,628	25,258	-
Share compensation expense	1,436	1,164	1,126	976	978	731	-
Total underwriting deductions	143,482	154,424	125,459	139,306	115,099	107,905	-
Underwriting income	\$ 8,181	\$ 3,506	\$ 19,727	\$ 8,904	\$ 40,418	\$ 35,628	\$ -
Selected Ratios							
Losses and loss expenses	63.0%	64.2%	50.6%	54.7%	38.1%	34.2%	-
Policy acquisition costs	22.1%	21.5%	21.4%	24.5%	20.1%	22.8%	-
General and administrative expenses	9.4%	12.0%	14.4%	14.8%	15.8%	18.1%	-
Expense ratio	31.5%	33.5%	35.8%	39.3%	35.9%	40.9%	-
Combined ratio	94.5%	97.7%	86.4%	94.0%	74.0%	75.2%	-

Validus Holdings, Ltd.

Class of Business - Property - Underwriting Income

(U.S. Dollars in thousands, except share and per share information)

	Three Months Ended (b)						
	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
Underwriting revenues							
Net premiums written	\$ 46,769	\$ 96,008	\$ 214,724	\$ 219,525	\$ 32,600	\$ 107,907	\$ 133,007
Net premiums earned	<u>145,752</u>	<u>165,028</u>	<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	107,380	202,066	49,350	58,266	44,851	41,801	36,736
Policy acquisition costs	<u>26,361</u>	<u>24,310</u>	<u>24,647</u>	<u>22,335</u>	<u>23,692</u>	<u>21,503</u>	<u>13,874</u>
Total underwriting deductions	<u>133,741</u>	<u>226,376</u>	<u>73,997</u>	<u>80,601</u>	<u>68,543</u>	<u>63,304</u>	<u>50,610</u>
Underwriting income (loss) before G&A	<u>\$ 12,011</u>	<u>\$ (61,348)</u>	<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	73.7%	122.4%	33.0%	42.2%	28.6%	28.0%	37.6%
Policy acquisition costs	<u>18.1%</u>	<u>14.7%</u>	<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>91.8%</u>	<u>137.1%</u>	<u>49.5%</u>	<u>58.4%</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 Holdings, Ltd.

Class of Business - Marine - Underwriting Income

(U.S. Dollars in thousands, except share and per share information)

	Three Months Ended (b)						
	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
Underwriting revenues							
Net premiums written	\$ 58,252	\$ 78,296	\$ 78,248	\$ 130,142	\$ 76,433	\$ 63,391	\$ 6,041
Net premiums earned	<u>93,340</u>	<u>101,110</u>	<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	47,031	100,733	46,944	56,698	47,553	31,883	3,535
Policy acquisition costs	<u>18,432</u>	<u>20,796</u>	<u>16,464</u>	<u>18,681</u>	<u>16,572</u>	<u>13,349</u>	<u>2,349</u>
Total underwriting deductions	<u>65,463</u>	<u>121,529</u>	<u>63,408</u>	<u>75,379</u>	<u>64,125</u>	<u>45,232</u>	<u>5,884</u>
Underwriting income (loss) before G&A	\$ <u>27,877</u>	\$ <u>(20,419)</u>	\$ <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	50.4%	99.6%	54.1%	66.7%	53.5%	42.3%	17.8%
Policy acquisition costs	<u>19.7%</u>	<u>20.6%</u>	<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>70.1%</u>	<u>120.2%</u>	<u>73.1%</u>	<u>88.7%</u>	<u>72.2%</u>	<u>60.0%</u>	<u>29.6%</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 Holdings, Ltd.

Class of Business - Specialty - Underwriting Income

(U.S. Dollars in thousands, except share and per share information)

	Three Months Ended (b)						
	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
Underwriting revenues							
Net premiums written	\$ 83,993	\$ 59,793	\$ 85,548	\$ 75,779	\$ 77,397	\$ 66,067	\$ 8,472
Net premiums earned	<u>76,939</u>	<u>73,188</u>	<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	37,165	15,665	25,795	25,060	15,163	13,579	2,404
Policy acquisition costs	<u>16,778</u>	<u>15,440</u>	<u>15,332</u>	<u>15,685</u>	<u>13,013</u>	<u>16,093</u>	<u>1,614</u>
Total underwriting deductions	<u>53,943</u>	<u>31,105</u>	<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>\$ 22,996</u>	<u>\$ 42,083</u>	<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	48.3%	21.4%	35.3%	36.5%	21.0%	19.2%	15.6%
Policy acquisition costs	<u>21.8%</u>	<u>21.1%</u>	<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>70.1%</u>	<u>42.5%</u>	<u>56.3%</u>	<u>59.3%</u>	<u>39.0%</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

(U.S. Dollars in thousands, except share and per share information)

	At December 31, 2008			At December 31, 2007		
	Reserve for losses and loss expenses	Loss reserves recoverable	Net	Reserve for losses and loss expenses	Loss reserves recoverable	Net
Property	\$ 471,194	\$ 12,554	\$ 458,640	\$ 299,510	\$ 15,440	\$ 284,070
Marine	595,509	164,398	431,111	405,193	99,852	305,341
Specialty (a)	238,600	31,844	206,756	221,414	19,112	202,302
Total	<u>\$ 1,305,303</u>	<u>\$ 208,796</u>	<u>\$ 1,096,507</u>	<u>\$ 926,117</u>	<u>\$ 134,404</u>	<u>\$ 791,713</u>

	At December 31, 2008			At December 31, 2007		
	Case Reserves	IBNR	Total Reserves	Case Reserves	IBNR	Total Reserves
Property	\$ 287,903	\$ 183,291	\$ 471,194	\$ 162,122	\$ 137,388	\$ 299,510
Marine	344,998	250,511	595,509	236,703	168,490	405,193
Specialty (a)	74,816	163,784	238,600	64,546	156,868	221,414
Total	<u>\$ 707,717</u>	<u>\$ 597,586</u>	<u>\$ 1,305,303</u>	<u>\$ 463,371</u>	<u>\$ 462,746</u>	<u>\$ 926,117</u>
Percentage of total	<u>54.2%</u>	<u>45.8%</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

(U.S. Dollars in thousands, except share and per share information)

Consolidated	At or for the Three Months Ended						
	December 31, 2008				December 31, 2007		
	Validus Re	Talbot	Eliminations	Total	Validus Re	Talbot (a)	Total
Net reserves at period beginning	\$ 439,962	\$ 659,418	\$ -	\$ 1,099,380	\$ 163,390	\$ 596,027	\$ 759,417
Incurred losses - current year	102,089	109,156	-	211,245	49,184	88,993	138,177
Change in prior accident years	(6,117)	(13,552)	-	(19,669)	(940)	(29,670)	(30,610)
Incurred losses	95,972	95,604	-	191,576	48,244	59,323	107,567
Exchange rate effects	(4,222)	(35,306)	-	(39,528)	-	(4,016)	(4,016)
Paid losses	(80,347)	(74,574)	-	(154,921)	(14,820)	(56,435)	(71,255)
Net reserves at period end	451,365	645,142	-	1,096,507	196,814	594,899	791,713
Losses recoverable	84,523	145,057	(20,784)	208,796	-	134,404	134,404
Gross reserves at period end	\$ 535,888	\$ 790,199	\$ (20,784)	\$ 1,305,303	\$ 196,814	\$ 729,303	\$ 926,117
Net premiums earned	\$ 164,368	\$ 151,663		\$ 316,031	\$ 162,514	\$ 155,517	\$ 318,031
Current year loss ratio	62.1%	71.9%		66.8%	30.3%	57.2%	43.4%
Prior accident year adjustments	-3.7%	-8.9%		-6.2%	-0.6%	-19.1%	-9.6%
Net loss ratio	58.4%	63.0%		60.6%	29.7%	38.1%	33.8%
Paid to incurred	83.7%	78.0%		80.9%	30.7%	95.1%	66.2%

Consolidated	At or for the Year Ended						
	December 31, 2008				December 31, 2007		
	Validus Re	Talbot	Eliminations	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	435,695	406,161	-	841,856	192,795	159,055	351,850
Change in prior accident years	(15,050)	(54,652)	-	(69,702)	(17,257)	(50,600)	(67,857)
Incurred losses	420,645	351,509	-	772,154	175,538	108,455	283,993
Exchange rate effects	(4,222)	(56,669)	-	(60,891)	-	(839)	(839)
Paid losses	(161,872)	(244,597)	-	(406,469)	(56,087)	(100,785)	(156,872)
Net reserves at period end	451,365	645,142	-	1,096,507	196,814	594,899	791,713
Losses recoverable	84,523	145,057	(20,784)	208,796	-	134,404	134,404
Gross reserves at period end	\$ 535,888	\$ 790,199	\$ (20,784)	\$ 1,305,303	\$ 196,814	\$ 729,303	\$ 926,117
Net premiums earned	\$ 653,531	\$ 602,987		\$ 1,256,518	\$ 559,029	\$ 299,050	\$ 858,079
Current year loss ratio	66.7%	67.4%		67.0%	34.5%	53.2%	41.0%
Prior accident year adjustments	-2.3%	-9.1%		-5.5%	-3.1%	-16.9%	-7.9%
Net loss ratio	64.4%	58.3%		61.5%	31.4%	36.3%	33.1%
Paid to incurred	38.5%	69.6%		52.6%	32.0%	92.9%	55.2%

Notes:

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

Validus Holdings, Ltd.

Losses and Loss Ratios by Class - Validus Re

(U.S. Dollars in thousands, except share and per share information)

Validus Re Segment	At or for the Three Months Ended							
	December 31, 2008				December 31, 2007			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Net reserves at period beginning	\$ 309,084	\$ 102,109	\$ 28,769	\$ 439,962	\$ 122,778	\$ 25,938	\$ 14,674	\$ 163,390
Incurred losses - current year	69,775	24,699	7,615	102,089	31,300	7,134	10,750	49,184
Change in prior accident years	(3,363)	(3,185)	431	(6,117)	(114)	455	(1,281)	(940)
Incurred losses	66,412	21,514	8,046	95,972	31,186	7,589	9,469	48,244
Exchange rate effects	(4,354)	156	(24)	(4,222)	-	-	-	-
Paid losses	(73,515)	(4,140)	(2,692)	(80,347)	(12,998)	(920)	(902)	(14,820)
Net reserves at period end	297,627	119,639	34,099	451,365	140,966	32,607	23,241	196,814
Losses recoverable	14,058	70,465	-	84,523	-	-	-	-
Gross reserves at period end	\$ 311,685	\$ 190,104	\$ 34,099	\$ 535,888	\$ 140,966	\$ 32,607	\$ 23,241	\$ 196,814
Net premiums earned	\$ 117,496	\$ 29,371	\$ 17,501	\$ 164,368	\$ 124,519	\$ 22,933	\$ 15,062	\$ 162,514
Current year loss ratio	59.4%	84.1%	43.5%	62.1%	25.1%	31.1%	71.4%	30.3%
Prior accident year adjustments	-3.0%	-10.8%	2.5%	-3.7%	-0.1%	2.0%	-8.5%	-0.6%
Net loss ratio	56.4%	73.3%	46.0%	58.4%	25.0%	33.1%	62.9%	29.7%
Paid to incurred	110.7%	19.2%	33.5%	83.7%	41.7%	12.1%	9.5%	30.7%

Validus Re Segment	At or for the Year Ended							
	December 31, 2008				December 31, 2007			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Net reserves at period beginning	\$ 140,966	\$ 32,607	\$ 23,241	\$ 196,814	\$ 59,385	\$ 9,866	\$ 8,112	\$ 77,363
Incurred losses - current year	314,935	94,596	26,164	435,695	138,057	28,320	26,418	192,795
Change in prior accident years (a)	(17,573)	4,119	(1,596)	(15,050)	(13,279)	(2,036)	(1,942)	(17,257)
Incurred losses	297,362	98,715	24,568	420,645	124,778	26,284	24,476	175,538
Exchange rate effects	(4,354)	156	(24)	(4,222)	-	-	-	-
Paid losses	(136,347)	(11,839)	(13,686)	(161,872)	(43,197)	(3,543)	(9,347)	(56,087)
Net reserves at period end	297,627	119,639	34,099	451,365	140,966	32,607	23,241	196,814
Losses recoverable	14,058	70,465	-	84,523	-	-	-	-
Gross reserves at period end	\$ 311,685	\$ 190,104	\$ 34,099	\$ 535,888	\$ 140,966	\$ 32,607	\$ 23,241	\$ 196,814
Net premiums earned	\$ 478,523	\$ 104,479	\$ 70,529	\$ 653,531	\$ 423,977	\$ 78,684	\$ 56,368	\$ 559,029
Current year loss ratio	65.8%	90.5%	37.1%	66.7%	32.6%	36.0%	46.9%	34.5%
Prior accident year adjustments	-3.7%	3.9%	-2.3%	-2.3%	-3.1%	-2.6%	-3.4%	-3.1%
Net loss ratio	62.1%	94.4%	34.8%	64.4%	29.4%	33.4%	43.4%	31.4%
Paid to incurred	45.9%	12.0%	55.7%	38.5%	34.6%	13.5%	38.2%	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

(U.S. Dollars in thousands, except share and per share information)

Talbot Segment	At or for the Three Months Ended (a)							
	December 31, 2008				December 31, 2007			
	Property	Marine (c)	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Net reserves at period beginning	\$ 155,806	\$ 326,729	\$ 176,883	\$ 659,418	\$ 148,360	\$ 260,927	\$ 186,740	\$ 596,027
Incurred losses - current year	40,270	35,019	33,867	109,156	13,660	40,217	35,116	88,993
Change in prior accident years	698	(9,502)	(4,748)	(13,552)	5	(253)	(29,422)	(29,670)
Incurred losses	40,968	25,517	29,119	95,604	13,665	39,964	5,694	59,323
Exchange rate effects	(8,337)	(14,638)	(12,331)	(35,306)	(369)	(1,507)	(2,140)	(4,016)
Paid losses	(27,423)	(26,137)	(21,014)	(74,574)	(18,554)	(26,650)	(11,231)	(56,435)
Net reserves at period end	161,014	311,471	172,657	645,142	143,102	272,734	179,063	594,899
Losses recoverable	9,263	103,937	31,857	145,057	15,440	99,852	19,112	134,404
Gross reserves at period end	\$ 170,277	\$ 415,408	\$ 204,514	\$ 790,199	\$ 158,542	\$ 372,586	\$ 198,175	\$ 729,303
Net premiums earned	\$ 28,256	\$ 63,969	\$ 59,438	\$ 151,663	\$ 32,305	\$ 65,923	\$ 57,289	\$ 155,517
Current year loss ratio	142.5%	54.7%	57.0%	71.9%	42.3%	61.0%	61.3%	57.2%
Prior accident year adjustments	2.5%	-14.9%	-8.0%	-8.9%	0.0%	-0.4%	-51.4%	-19.1%
Net loss ratio	145.0%	39.8%	49.0%	63.0%	42.3%	60.6%	9.9%	38.1%
Paid to incurred	66.9%	102.4%	72.2%	78.0%	135.8%	66.7%	197.2%	95.1%

Talbot Segment	At or for the Year Ended (a)							
	December 31, 2008				December 31, 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	125,714	170,389	110,058	406,161	34,502	71,540	53,013	159,055
Change in prior accident years	(5,868)	(16,604)	(32,180)	(54,652)	(5,958)	(7,037)	(37,605)	(50,600)
Incurred losses	119,846	153,785	77,878	351,509	28,544	64,503	15,408	108,455
Exchange rate effects	(12,530)	(16,833)	(27,306)	(56,669)	1,030	(4,156)	2,287	(839)
Paid losses	(89,404)	(98,215)	(56,978)	(244,597)	(29,803)	(50,548)	(20,434)	(100,785)
Net reserves at period end	161,014	311,471	172,657	645,142	143,102	272,734	179,063	594,899
Losses recoverable	9,263	103,937	31,857	145,057	15,440	99,852	19,112	134,404
Gross reserves at period end	\$ 170,277	\$ 415,408	\$ 204,514	\$ 790,199	\$ 158,542	\$ 372,586	\$ 198,175	\$ 729,303
Net premiums earned	\$ 119,883	\$ 262,970	\$ 220,134	\$ 602,987	\$ 64,614	\$ 120,887	\$ 113,549	\$ 299,050
Current year loss ratio	104.9%	64.8%	50.0%	67.4%	53.4%	59.2%	46.7%	53.2%
Prior accident year adjustments	-4.9%	-6.3%	-14.6%	-9.1%	-9.2%	-5.8%	-33.1%	-16.9%
Net loss ratio	100.0%	58.5%	35.4%	58.3%	44.2%	53.4%	13.6%	36.3%
Paid to incurred	74.6%	63.9%	73.2%	69.6%	104.4%	78.4%	132.6%	92.9%

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 year ended December 31, 2008.

Validus Holdings, Ltd.

Consolidated Reinsurance Recoverable Analysis

(U.S. Dollars in thousands, except share and per share information)

Consolidated Reinsurance Recoverable at December 31, 2008

Categories	Reinsurance recoverable (b)	% of total	Top 10 Reinsurers	Rating (a)	Reinsurance recoverable	% of total
Top 10 reinsurers	\$ 198,403	94.4%	Fully collateralized reinsurers	NR	\$ 83,511	41.9%
Other reinsurers balances > \$1 million	8,987	4.3%	Hannover Re	AA-	32,855	16.6%
Other reinsurers balances < \$1 million	2,794	1.3%	Lloyds Syndicates	A+	25,533	12.9%
Total	\$ 210,184	100.0%	Allianz	AA	14,988	7.6%
			Swiss Re	AA-	13,207	6.7%
			Munich Re	AA-	12,813	6.5%
			Aspen	A	6,040	3.0%
			Platinum Underwriters	A	3,270	1.6%
			Transatlantic Re	A+	3,096	1.6%
			Axa	AA	3,090	1.6%
					\$ 198,403	100.0%

Consolidated Reinsurance Recoverable at December 31, 2007

Categories	Reinsurance recoverable (b)	% 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	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 December 31, 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

(U.S. Dollars in thousands, except share and per share information)

Total cash and investments	December 31, 2008		December 31, 2007	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
U.S. Government and Government Agency	\$ 768,344	23.4%	\$ 707,703	22.8%
Non-U.S. Government and Government Agency	96,073	2.9%	141,493	4.6%
States, municipalities, political subdivision	15,516	0.5%	-	0.0%
Agency residential mortgage-backed securities	433,736	13.2%	421,665	13.6%
Non-Agency residential mortgage-backed securities	231,131	7.0%	301,967	9.7%
U.S. corporate	443,847	13.5%	488,127	15.7%
Non-U.S. corporate	125,700	3.8%	-	0.0%
Catastrophe bonds	10,872	0.3%	-	0.0%
Asset-backed securities	137,023	4.2%	191,455	6.2%
Commercial mortgage-backed securities	<u>192,259</u>	<u>5.9%</u>	<u>158,988</u>	<u>5.1%</u>
Total fixed maturities	2,454,501	74.7%	2,411,398	77.6%
Total short-term investments	<u>377,036</u>	<u>11.5%</u>	<u>250,623</u>	<u>8.1%</u>
Total investments	2,831,537	86.3%	2,662,021	85.7%
Cash and cash equivalents	<u>449,848</u>	<u>13.7%</u>	<u>444,698</u>	<u>14.3%</u>
Total cash and investments	<u>\$ 3,281,385</u>	<u>100.0%</u>	<u>\$ 3,106,719</u>	<u>100.0%</u>

Net investment income	Three Months Ended		Year Ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Fixed maturities and short-term investments	\$ 29,035	\$ 29,720	\$ 127,689	\$ 98,559
Securities lending income	625	175	1,775	242
Cash and cash equivalents	<u>1,892</u>	<u>8,339</u>	<u>13,416</u>	<u>16,111</u>
Total gross investment income	31,552	38,234	142,880	114,912
Investment expenses	<u>(881)</u>	<u>(709)</u>	<u>(3,352)</u>	<u>(2,588)</u>
Net investment income	<u>\$ 30,671</u>	<u>\$ 37,525</u>	<u>\$ 139,528</u>	<u>\$ 112,324</u>

Annualized effective investment yield (a)	<u>3.75%</u>	<u>4.91%</u>	<u>4.37%</u>	<u>4.94%</u>
---	--------------	--------------	--------------	--------------

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 Holdings, Ltd.

Consolidated Fixed Maturity Portfolio Credit Quality and Maturity Profile

(U.S. Dollars in thousands, except share and per share information)

Total fixed maturities by ratings (a)	December 31, 2008		December 31, 2007	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
AAA	\$ 1,941,349	79.2%	\$ 2,029,573	84.2%
AA+	7,582	0.3%	37,458	1.6%
AA	84,500	3.4%	51,091	2.1%
AA-	54,841	2.2%	96,578	4.0%
A+	105,512	4.3%	88,181	3.7%
A	191,164	7.8%	70,666	2.9%
A-	42,290	1.7%	29,948	1.2%
BBB+	4,316	0.2%	7,903	0.3%
BBB	8,111	0.3%	-	0.0%
Investment grade	2,439,665	99.4%	2,411,398	100.0%
BB+	7,416	0.3%	-	0.0%
B+	3,455	0.1%	-	0.0%
B	3,965	0.2%	-	0.0%
Non-Investment grade	14,836	0.6%	-	0.0%
	<u>\$ 2,454,501</u>	<u>100.0%</u>	<u>\$ 2,411,398</u>	<u>100.0%</u>

Total fixed maturities by maturity	December 31, 2008		December 31, 2007	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
Due in one year or less	\$ 279,727	11.4%	\$ 198,466	8.2%
Due after one year through five years	1,134,275	46.2%	1,087,758	45.1%
Due after five years through ten years	17,493	0.7%	30,427	1.3%
Due after ten years	28,858	1.2%	20,672	0.9%
	1,460,353	59.5%	1,337,323	55.5%
Asset-backed and mortgage-backed securities	994,148	40.5%	1,074,075	44.5%
	<u>\$ 2,454,501</u>	<u>100.0%</u>	<u>\$ 2,411,398</u>	<u>100.0%</u>

Notes:

(a) Ratings used are S&P. For investments where S&P ratings are not available, AM Best ratings are used and presented in S&P's equivalent rating.

Validus Holdings, Ltd.

Capitalization

(U.S. Dollars in thousands, except share and per share information)

<u>Capitalization</u>	<u>December 31, 2008</u>	<u>September 30, 2008</u>	<u>June 30, 2008</u>	<u>March 31, 2008</u>	<u>December 31, 2007</u>
Borrowings drawn under credit facility	\$ -	\$ -	\$ -	\$ -	\$ -
Junior Subordinated Deferrable Debentures (a)	304,300	304,300	304,300	350,000	350,000
Total debt	304,300	304,300	304,300	350,000	350,000
Ordinary shares - capital and surplus	1,946,592	1,918,139	2,056,753	1,990,640	1,934,849
Accumulated other comprehensive income (loss)	(7,858)	(1,528)	28	18	(49)
Total shareholders' equity	1,938,734	1,916,611	2,056,781	1,990,658	1,934,800
Total capitalization (b)	\$ 2,243,034	\$ 2,220,911	\$ 2,361,081	\$ 2,340,658	\$ 2,284,800
Debt to total capitalization	13.6%	13.7%	12.9%	15.0%	15.3%
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 year ended December 31, 2008.

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

Validus Holdings, Ltd.

Estimated Exposures to Peak Zone Property Catastrophe Losses - As of January 1, 2009

(U.S. Dollars in thousands, except share and per share information)

Probable Maximum Losses by Zone and Peril

		Consolidated (Validus Re and Talbot) Estimated Net Loss				Validus Re
Zones	Perils	20 Year Return Period	50 Year Return Period	100 Year Return Period	250 Year Return Period	Net Maximum Zonal Aggregate
United States	Hurricane	\$ 200,940	\$ 369,361	\$ 494,834	\$ 635,319	\$ 1,389,500
California	Earthquake	58,160	148,542	237,819	364,307	1,223,000
Europe	Windstorm	78,996	199,107	290,338	402,025	915,000
Japan	Earthquake	30,879	59,620	71,049	108,227	515,000
Japan	Typhoon	17,562	49,271	73,578	98,013	431,000

Net loss estimates are before income tax, net of reinstatement premiums, and net of reinsurance and 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 mis-estimate actual losses. Such estimates, therefore, should not be considered as a representation of actual losses.

The Company has developed the estimates of losses expected from certain catastrophes for its portfolio of property, marine, workers' compensation, and personal accident contracts using commercially available catastrophe models such as RMS, AIR and EQECAT, 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, policy terms and conditions and the cost of rebuilding property in a zone, among other assumptions. These assumptions will evolve following any actual event. Accordingly, if the estimates and assumptions that are entered into the risk model are incorrect, or if the risk model proves to be an inaccurate forecasting tool, the losses the Company might incur from an actual catastrophe could be materially higher than its expectation of losses generated from modeled catastrophe scenarios. In addition, many risks such as second-event covers, aggregate excess of loss, or attritional loss components cannot be fully evaluated using the vendor models. Further, the Company cannot assure that such third party models are free of defects in the modeling logic or in the software code.

Investors should not rely on the information set forth in this presentation when considering investment in the Company. The information contained in this presentation has not been audited nor has it been subject to independent verification. The estimates set forth above speak only as of the date of this presentation and the Company undertakes no obligation to update or revise such information to reflect the occurrence of future events, including, but not limited to, the composition of the Company's business. The events presented reflect a specific set of proscribed calculations and do not necessarily reflect all events that may impact the Company.

Validus Holdings, Ltd.

Estimated Exposures to Specified Loss Scenarios - As of January 1, 2009

(U.S. Dollars in millions, except share and per share information)

Consolidated (Validus Re and Talbot) Realistic Disaster Scenarios (RDS)

Type	Catastrophe Scenarios	Description	Estimated	
			(Validus Re and Talbot) Net Loss	% of 2008 Consolidated Net Premiums Earned
Terrorism	Rockefeller Center	Midtown Manhattan suffers a 2-ton conventional bomb blast	\$ 118.1	9%
Terrorism	Exchange Place	Lower Manhattan suffers a 2-ton conventional bomb blast	112.9	9%
Marine	Marine collision in Prince William Sound	Fully laden tanker collides with a cruise vessel in Prince William Sound	168.3	13%
Marine	Major cruise vessel incident	U.S.-owned cruise vessel sunk or severely damaged	108.5	9%
Marine	Loss of major complex	Total loss to all platforms and bridge links of a major oil complex	188.3	15%
Aviation	Aviation collision	Collision of two aircraft over a major city	122.1	10%
Satellite	Proton flare	Large single or sequence of proton flares results in loss to all satellites in synchronous orbit	11.4	1%
Satellite	Generic defect	Undetected defect in a number of operational satellites causing major loss	52.8	4%
Liability	Professional lines	Failure or collapse of a major corporation	23.8	2%
Liability	Professional lines	UK pensions mis-selling	12.5	1%
Political Risks	South East Asia	Chinese economy has a "hard landing" with sharp fall in growth rates; regional contagion	61.8	5%
Political Risks	South America	Severe economic crisis in Brazil due to political upheaval; regional contagion	45.1	4%
Political Risks	Middle East	U.S. and Iran escalate into military confrontation; regional contagion	40.5	3%
Political Risks	Turkey	Severe economic crisis in Turkey due to political upheaval	43.3	3%

The Company has presented the Company Realistic Disaster Scenarios for non-natural catastrophe events. Twice yearly, Lloyd's syndicates' including the Company's Talbot Syndicate 1183 are required to provide details of their potential exposures to specific disaster scenarios. Lloyd's makes its updated Realistic Disaster Scenarios (RDS) guidance available to the market annually. The RDS scenario specification document for 2009 can be accessed at the RDS part of the Lloyd's public website (http://www.lloyds.com/Lloyds_Market/Tools_and_reference/Exposure_Management/Realistic_Disaster_Scenarios/).

Modeling catastrophe threat scenarios is a complex exercise involving numerous variables and is inherently subject to significant uncertainties and contingencies. These uncertainties and contingencies can affect actual losses and could cause actual losses incurred by the Company to differ materially from those expressed above. Should an event occur, the modeled outcomes may prove inadequate, possibly materially so. This may occur for a number of reasons including, legal requirements, model deficiency, non-modeled risks or data inaccuracies.

A modeled outcome of net loss from a single event also relies in significant part on the reinsurance and retrocession arrangements in place, or expected to be in place at the time of the analysis, and may change during the year. Modeled outcomes assume that the reinsurance and retrocession in place responds as expected with minimal reinsurance failure or dispute. Reinsurance is purchased to match the original exposure as far as possible, but it is possible for there to be a mismatch or gap in cover which could result in higher than modeled losses to the Company. In addition, many parts of the reinsurance program are purchased with limited reinstatements and, therefore, the number of claims or events which may be recovered from second or subsequent events is limited. It should also be noted that renewal dates of the reinsurance program do not necessarily coincide with those of the inwards business written. Where original business is not protected by risks attaching reinsurance or retrocession programs, the programs could expire resulting in an increase in the possible net loss retained by the Company.

Investors should not rely on the information set forth in this presentation when considering investment in the Company. The information contained in this presentation has not been audited nor has it been subject to independent verification. The estimates set forth above speak only as of the date of this presentation and the Company undertakes no obligation to update or revise such information to reflect the occurrence of future events. The events presented reflect a specific set of proscribed calculations and do not necessarily reflect all events that may impact the Company.

Validus Holdings, Ltd

Non-GAAP Financial Measure Reconciliation

Net Operating Income, Net Operating Income per share and Annualized Net Operating Return on Average Equity

(U.S. Dollars in thousands, except share and per share information)

	Three months ended		Year ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Net income	\$ 37,015	\$ 138,969	\$ 53,111	\$ 402,996
Adjustment for realized gain on repurchase of debentures	-	-	(8,752)	-
Adjustment for Aquiline termination fee	-	-	-	3,000
Adjustment for fair value of warrants issued	-	-	-	2,893
Adjustment for net realized losses (gains) on investments	(6,757)	(784)	1,591	(1,608)
Adjustment for net unrealized losses (gains) on investments	7,099	(9,229)	79,707	(12,364)
Adjustment for foreign exchange losses (gains)	13,554	2,515	49,397	(6,696)
Net operating income	<u>\$ 50,911</u>	<u>\$ 131,471</u>	<u>\$ 175,054</u>	<u>\$ 388,221</u>
Net income	\$ 37,015	\$ 138,969	\$ 53,111	\$ 402,996
Less: Dividends and distributions declared on outstanding warrants	(1,736)	-	(6,947)	-
Net income available to common shareholders	<u>\$ 35,279</u>	<u>\$ 138,969</u>	<u>\$ 46,164</u>	<u>\$ 402,996</u>
Net income per share - diluted	\$ 0.47	\$ 1.77	\$ 0.61	\$ 5.95
Adjustment for realized gain on repurchase of debentures	-	-	(0.12)	-
Adjustment for Aquiline termination fee	-	-	-	0.04
Adjustment for fair value of warrants issued	-	-	-	0.04
Adjustment for net realized losses (gains) on investments	(0.09)	-	0.02	(0.02)
Adjustment for net unrealized losses (gains) on investments	0.09	(0.12)	1.06	(0.18)
Adjustment for foreign exchange losses (gains)	0.18	0.03	0.65	(0.10)
Net operating income per share - diluted	<u>\$ 0.65</u>	<u>\$ 1.68</u>	<u>\$ 2.22</u>	<u>\$ 5.73</u>
Weighted average number of common shares	<u>75,740,546</u>	<u>78,415,109</u>	<u>75,819,413</u>	<u>67,786,673</u>
Net Operating income	\$ 50,911	\$ 131,471	\$ 175,054	\$ 388,221
Average shareholders' equity	1,927,673	1,862,080	1,967,517	1,498,369
Annualized net operating return on average equity	<u>10.6%</u>	<u>28.2%</u>	<u>8.9%</u>	<u>25.9%</u>