

VALIDUS HOLDINGS LTD

Form DEF 14A

April 04, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
SCHEDULE 14A  
(RULE 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-12

**VALIDUS HOLDINGS, LTD.**

**(Name of Registrant as Specified in Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than Registrant)**

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

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**VALIDUS HOLDINGS, LTD.**

**NOTICE OF ANNUAL GENERAL MEETING OF HOLDERS OF COMMON SHARES  
To Be Held On May 7, 2008**

Suite 1790  
48 Par-la-Ville Road  
Hamilton, HM 11  
Bermuda

April 4, 2008

TO THE HOLDERS OF COMMON SHARES OF VALIDUS HOLDINGS, LTD.

Notice is hereby given that the Annual General Meeting of holders (the Shareholders ) of Common Shares of Validus Holdings, Ltd. (the Company ) will be held at Fairmont Hamilton Princess Hotel, Bermuda, on Wednesday, May 7, 2008 at 8:30 a.m. local time for the following purposes:

1. To elect three Class I Directors to hold office until 2011;
2. To approve the selection of PricewaterhouseCoopers, to act as the independent registered public accounting firm of the Company for the year ending December 31, 2008;
3. To elect certain individuals as Designated Company Directors of certain of our non-U.S. subsidiaries, as required by our bye-laws.
4. To transact such other business as may properly come before the meeting or any adjournments thereof.

Only Shareholders of record, as shown by the transfer books of the Company at the close of business on March 20, 2008, are entitled to receive notice of and to vote at the Annual General Meeting.

**PLEASE VOTE YOUR PROXY BY TELEPHONE, INTERNET OR MAIL AS DIRECTED ON THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. IF YOU LATER DESIRE TO REVOKE YOUR PROXY FOR ANY REASON, YOU MAY DO SO IN THE MANNER DESCRIBED IN THE ATTACHED PROXY STATEMENT. YOUR SHARES WILL BE VOTED WITH THE INSTRUCTIONS CONTAINED IN THE PROXY STATEMENT. IF NO INSTRUCTION IS GIVEN, YOUR SHARES WILL BE VOTED FOR ITEMS 1 THROUGH 3 IN THE PROXY.**

By Order of the Board of Directors,

/s/ Tucker Hall

Tucker Hall  
Secretary



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ON AT THE ANNUAL GENERAL MEETING TO BE HELD ON MAY 7, 2008:

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**VALIDUS HOLDINGS, LTD.**

**PROXY STATEMENT  
FOR THE  
ANNUAL GENERAL MEETING OF HOLDERS OF COMMON SHARES  
TO BE HELD ON MAY 7, 2008**

The accompanying proxy is solicited by the Board of Directors of Validus Holdings, Ltd. (the Company) to be voted at the Annual General Meeting of holders (the Shareholders) of the Company's voting Common Shares (the Shares) to be held on May 7, 2008 and any adjournments thereof.

When such proxy is properly executed and returned, the Shares of the Company it represents will be voted at the meeting on the following: (1) the election of the three nominees for Class I Directors identified herein, (2) the approval of the selection of PricewaterhouseCoopers (the Independent Auditor), to act as the independent registered public accounting firm of the Company for the year ending December 31, 2008 and (3) the election of nominees for Designated Company Directors of certain of the Company's non-U.S. Subsidiaries, as required by the Company's bye-laws, identified herein.

Any Shareholder giving a proxy has the power to revoke it prior to its exercise by giving notice of such revocation to the General Counsel of the Company in writing at Validus Holdings, Ltd., suite 1790, 48 Par-la-Ville Road, Hamilton, HM 11, Bermuda, by attending and voting in person at the Annual General Meeting or by executing a subsequent proxy, provided that such action is taken in sufficient time to permit the necessary examination and tabulation of the subsequent proxy or revocation before the votes are taken.

Shareholders of record as of the close of business on March 20, 2008 will be entitled to vote at the Annual General Meeting. As of March 20, 2008, there were 54,483,649 outstanding Shares entitled to vote at the Annual General Meeting, and 19,771,422 non-voting Common Shares. Each Share entitles the holder of record thereof to one vote at the Annual General Meeting; however, if, and for so long as, the Shares of a shareholder, including any votes conferred by controlled shares (as defined below), would otherwise represent more than 9.09% of the aggregate voting power of all Shares entitled to vote on a matter, the votes conferred by such Shares will be reduced by whatever amount is necessary such that, after giving effect to any such reduction (and any other reductions in voting power required by our Bye-laws), the votes conferred by such shares represent 9.09% of the aggregate voting power of all Shares entitled to vote on such matter. Controlled shares include, among other things, all shares that a person is deemed to own directly, indirectly or constructively (within the meaning of Section 958 of the Internal Revenue Code of 1986 or Section 13(d)(3) of the Securities Exchange Act).

This Proxy Statement, attached Notice of Annual General Meeting, the accompanying proxy card and a copy of our Form 10-K for the fiscal year ended December 31, 2007 are first being mailed to Shareholders on or about April 4, 2008.

The Company knows of no specific matter to be brought before the Annual General Meeting that is not referred to in the Notice of Meeting. If any such matter comes before the Annual General Meeting, including any Shareholder proposal properly made, the proxy holders will vote proxies in accordance with their judgment.

The election of each nominee for Director, approval of the selection of the Independent Auditor referred to in Item 2 above and the election of each nominee for Designated Company Director require the affirmative vote of a majority of the votes cast on such proposal at the Annual General Meeting, provided there is a quorum (consisting of two or more Shareholders present in person and representing in person or by proxy holding in excess of fifty percent (50%) of the total issued voting Shares in the Company throughout the meeting). Shares owned by Shareholders electing to abstain from voting with respect to any proposal and broker non-votes will be counted towards the presence of a quorum but will not be considered present and voting with respect to the elections of nominees for Director or other matters to be voted upon at the Annual General Meeting. Therefore, abstentions and broker non-votes will have no effect on the outcome of the proposals to elect directors, to approve the selection of the Independent Auditor or to elect Designated Company Directors.

Our principal executive offices are located at 19 Par-la-Ville Road, Hamilton, Bermuda (telephone number: (441) 278-9000).

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MANAGEMENT AND CERTAIN BENEFICIAL OWNERS**

The following table sets forth information as of March 20, 2008 regarding the beneficial ownership of our common shares by:

each person known by us to beneficially own more than 5% of our outstanding common shares,

each of our directors,

each of our named executive officers, and

all of our directors and executive officers as a group.

The information provided in the table below with respect to each principal shareholder has been obtained from that shareholder.

<b>Beneficial Owner(1)(18)(19)</b>	<b>Common Shares</b>	<b>Shares Subject to Exercise of Warrants</b>	<b>Unvested Restricted Shares and Shares Subject to Exercise of Options</b>	<b>Total Beneficial Ownership (%)(2)</b>	<b>Fully Diluted Total Beneficial Ownership (%)(3)</b>
Investment funds affiliated with The Goldman Sachs Group, Inc.(4),(5)	14,057,137	1,604,410		20.65%	17.42%
Aquiline Capital Partners LLC and the funds it manages(6)	6,857,142	3,012,371		12.77%	10.98%
Funds affiliated with or managed by Vestar Capital Partners(7)	8,571,427	972,810		12.69%	10.62%
Funds affiliated with or managed by New Mountain Capital, LLC(8)	6,857,141	784,056		10.18%	8.50%
Entities affiliated with Merrill Lynch or managed by Merrill Lynch affiliates(4),(9)	5,714,285	1,067,187		9.00%	7.54%
Caisse de Depot et Placement du Quebec(10)	5,714,285	725,977		8.59%	7.16%
Edward J. Noonan(11)	171,428	29,039	1,115,215	*	1.46%
George P. Reeth(11)	57,142	7,260	608,856	*	*
C. N. Rupert Atkin(11)			426,239	*	*
Michael E. A. Carpenter(11)			303,453	*	*
Jeff Consolino(11)	7,500		436,165	*	*
Matthew J. Grayson(12),(13)		3,993		*	*
Jeffrey W. Greenberg(12),(14)	6,857,142	3,022,389		12.78%	10.99%
John J. Hendrickson(12)	57,142	72,598		*	*

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Stuart A. Katz(4),(5),(12)				20.65%	17.42%
Sander M. Levy(12),(15)				12.69%	10.62%
Jean-Marie Nessi(12)				*	*
Mandakini Puri(12),(16)				9.00%	7.54%
Alok Singh(12),(17)				10.18%	8.50%
Christopher E. Watson(12),(13)		6,026		*	*
Directors and Executive Officers as a group(19 persons)	340,069	128,934	4,124,515	*	5.11%

(\*) Indicates less than 1%.

(1) All holdings in this beneficial ownership table have been rounded to the nearest whole share.

(2) The percentage of beneficial ownership for all holders has been rounded to the nearest 1/100th of a percentage. Total beneficial ownership is determined in accordance with the rules of the Securities and Exchange

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Commission and includes common shares issuable within 60 days of March 20, 2008 upon the exercise of all options and warrants and other rights beneficially owned by the indicated person on that date. Under our Bye-laws, if, and for so long as, the common shares of a shareholder, including any votes conferred by controlled shares, would otherwise represent more than 9.09% of the aggregate voting power of all common shares entitled to vote on a matter, including an election of directors, the votes conferred by such shares will be reduced by whatever amount is necessary such that, after giving effect to any such reduction (and any other reductions in voting power required by our Bye-laws), the votes conferred by such shares represent 9.09% of the aggregate voting power of all common shares entitled to vote on such matter.

- (3) The percentage of beneficial ownership for all holders has been rounded to the nearest 1/100th of a percentage. Fully-diluted total beneficial ownership is based upon all common shares and all common shares subject to exercise of options and warrants outstanding at March 20, 2008. Under our Bye-laws, if, and for so long as, the common shares of a shareholder, including any votes conferred by controlled shares, would otherwise represent more than 9.09% of the aggregate voting power of all common shares entitled to vote on a matter, including an election of directors, the votes conferred by such shares will be reduced by whatever amount is necessary such that, after giving effect to any such reduction (and any other reductions in voting power required by our Bye-laws), the votes conferred by such shares represent 9.09% of the aggregate voting power of all common shares entitled to vote on such matter.
- (4) All of the common shares beneficially owned by funds affiliated with or managed by The Goldman Sachs Group, Inc. and Goldman, Sachs & Co. ( Goldman Sachs ) and entities affiliated with Merrill Lynch & Co, Inc. ( Merrill Lynch ) or managed by Merrill Lynch affiliates are non-voting.
- (5) Funds affiliated with or managed by Goldman Sachs (collectively, the Goldman Sachs Funds ) are GSCP V AIV, L.P. (4,798,022 shares and 638,459.4 warrants), GS Capital Partners V Employees Fund, L.P. (1,550,787 shares and 206,358.9 warrants), GS Capital Partners V Offshore, L.P. (3,279,530 shares and 436,397.9 warrants), GS Capital Partners V GmbH & Co. KG (251,708 shares and 33,494.2 warrants), GSCP V Institutional AIV, Ltd. (2,177,093 shares and 289,699.7 warrants), GS Private Equity Partners 1999, L.P. (1,039,607 shares), GS Private Equity Partners 1999 Offshore, L.P. (166,143 shares), GS Private Equity Partners 1999 Direct Investments Funds, L.P. (29,720 shares), GS Private Equity Partners 2000, L.P. (439,293 shares), GS Private Equity Partners 2000 Offshore Holdings, L.P. (154,627 shares) and GS Private Equity Partners 2000 Direct Investment Fund, L.P. (170,607 shares). The Goldman Sachs Group, Inc., and certain affiliates, including Goldman Sachs, which is a broker-dealer, and the Goldman Sachs Funds may be deemed to directly or indirectly beneficially own in the aggregate 14,057,137 of our common shares and 1,604,410 warrants which are owned directly or indirectly by the Goldman Sachs Funds. Affiliates of The Goldman Sachs Group, Inc. and Goldman Sachs are the general partner, managing general partner or managing limited partner of the Goldman Sachs Funds. Goldman Sachs is the investment manager for certain of the Goldman Sachs Funds. Goldman Sachs is a direct and indirect, wholly owned subsidiary of The Goldman Sachs Group, Inc. The Goldman Sachs Group, Inc., Goldman Sachs and the Goldman Sachs Funds share voting power and investment power with certain of their respective affiliates. Stuart A. Katz is a managing director of Goldman Sachs. Mr. Katz, The Goldman Sachs Group, Inc. and Goldman Sachs each disclaim beneficial ownership of the common shares owned directly or indirectly by the Goldman Sachs Funds, except to the extent of their pecuniary interest therein, if any. The address for the Goldman Sachs Funds and their affiliates is 85 Broad Street, 10th Floor, New York, New York 10004.
- (6) Funds managed by Aquiline Capital Partners LLC ( Aquiline ) are Aquiline Financial Services Fund L.P. (4,487,814 shares) and Aquiline Financial Services Fund (Offshore) L.P. (2,369,328 shares). Aquiline Capital Partners LLC owns the warrants shown. Matthew J. Grayson and Christopher E. Watson are senior principals at Aquiline Capital Partners LLC and Jeffrey W. Greenberg is the managing principal of Aquiline Capital

Partners LLC.

- (7) Funds affiliated with or managed by Vestar Capital Partners are Vestar AIV Employees Validus Ltd. (90,419 shares and 10,236.3 warrants), Vestar AIV Holdings B L.P. (71,538 shares and 8,130.9 warrants), and Vestar AIV Holdings A L.P. (8,409,470 shares and 954,442.5 warrants). Sander M. Levy is a managing director of Vestar Capital Partners.

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- (8) Funds affiliated with or managed by New Mountain Capital, LLC are New Mountain Partners II (Cayman), L.P. (6,262,368 shares and 716,031.5 warrants), Allegheny New Mountain Partners (Cayman), L.P. (484,642 shares and 55,392.1 warrants) and New Mountain Affiliated Investors II (Cayman), L.P. (110,131 shares and 12,632.0 warrants). Alok Singh is a managing director of New Mountain Capital, LLC.
- (9) Entities affiliated with Merrill Lynch or managed by Merrill Lynch affiliates (collectively, the Merrill Lynch Funds ) are ML Global Private Equity Fund, L.P. (4,285,714 shares and 364,803.6 warrants), Merrill Lynch Ventures L.P. 2001 (1,428,571 shares and 121,601.2 warrants) and GMI Investments, Inc. (580,782 warrants).

The general partner of ML Global Private Equity Fund, L.P. is MLGPE LTD., a Cayman Islands exempted company whose sole shareholder is ML Global Private Equity Partners, L.P., a Cayman Islands exempted limited partnership ( ML Partners ). The investment committee of ML Partners, which is composed of Merrill Lynch GP, Inc., a Delaware corporation, as the general partner of ML Partners, and certain investment professionals who are actively performing services for ML Global Private Equity Fund, L.P., retains decision-making power over the disposition and voting of shares of portfolio investments of ML Global Private Equity Fund, L.P. The consent of Merrill Lynch GP, Inc., as ML Partners' general partner, is required for any such vote. Merrill Lynch GP, Inc. is a wholly owned subsidiary of Merrill Lynch Group, Inc., a Delaware corporation, which in turn is a wholly owned subsidiary of Merrill Lynch. MLGPE LTD., as general partner of ML Global Private Equity Fund, L.P.; ML Partners, the special limited partner of ML Global Private Equity Fund, L.P.; Merrill Lynch GP, Inc., by virtue of its right to consent to the voting of shares of portfolio investments of ML Global Private Equity Fund, L.P.; the individuals who are members of the investment committee of ML Partners; and each of Merrill Lynch Group, Inc. and Merrill Lynch, because they control Merrill Lynch GP, Inc., may therefore be deemed to beneficially own the shares that ML Global Private Equity Fund, L.P. holds of record or may be deemed to beneficially own. Each such entity or individual expressly disclaims beneficial ownership of these shares.

The general partner of Merrill Lynch Ventures L.P. 2001 is Merrill Lynch Ventures, L.L.C. ( ML Ventures ), which is a wholly owned subsidiary of Merrill Lynch Group, Inc. Decisions regarding the voting or disposition of shares of portfolio investments of Merrill Lynch Ventures L.P. 2001 are made by the management and investment committee of the board of directors of ML Ventures, which is composed of three individuals. Each of ML Ventures, because it is the general partner of Merrill Lynch Ventures L.P. 2001; Merrill Lynch Group, Inc. and Merrill Lynch, because they control ML Ventures; and the three members of the ML Ventures investment committee, by virtue of their shared decision making power, may be deemed to beneficially own the shares held by Merrill Lynch Ventures L.P. 2001. Such entities and individuals expressly disclaim beneficial ownership of the shares that Merrill Lynch Ventures L.P. 2001 holds of record or may be deemed to beneficially own.

Merrill Lynch Ventures L.P. 2001 disclaims beneficial ownership of the shares that ML Global Private Equity Fund, L.P. holds of record or may be deemed to beneficially own. ML Global Private Equity Fund, L.P. disclaims beneficial ownership of the shares that Merrill Lynch Ventures, L.P. 2001 holds of record or may be deemed to beneficially own. The address for the Merrill Lynch Funds and their affiliates is 4 World Financial Center, 23rd Floor, New York, NY 10080. Mandakini Puri is a managing director of Merrill Lynch Global Private Equity.

- (10) The natural persons who have investment or voting power for the shares owned by Caisse de Depot et Placement du Quebec are determined pursuant to a delegation of authority to specified individuals adopted by its board of directors.

- (11) Unvested restricted shares held by our named executive officers and included in common shares accumulate dividends and may be voted. Unvested restricted shares held by our named executive officers are Mr. Noonan (375,374 shares), Mr. Reeth (238,936 shares), Mr. Atkin (426,239 shares), Mr. Carpenter (303,453 shares), and Mr. Consolino (189,551 shares).
- (12) See Election of Directors for biographies of the directors, including their relationships with certain beneficial owners of common shares listed in this table.
- (13) Does not include shares and warrants beneficially owned by Aquiline Capital Partners LLC and the funds it manages. Mr. Grayson and Mr. Watson each disclaim existence of a group and beneficial ownership of the shares and warrants owned by Aquiline Capital Partners LLC and the funds it manages.

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- (14) Includes shares and warrants beneficially owned by Aquiline Capital Partners LLC and the funds it manages. Mr. Greenberg disclaims existence of a group and disclaims beneficial ownership of the shares, options and warrants owned by entities affiliated with or managed by Aquiline Capital Partners LLC.
- (15) Includes shares and warrants beneficially owned by entities affiliated with or managed by Vestar Capital Partners. Mr. Levy disclaims existence of a group and disclaims beneficial ownership of the shares, options and warrants owned by entities affiliated with or managed by Vestar Capital Partners.
- (16) Includes shares and warrants beneficially owned by entities affiliated with Merrill Lynch or managed by Merrill Lynch affiliates. Ms. Puri disclaims existence of a group and disclaims beneficial ownership of the shares, options and warrants owned by Merrill Lynch or managed by Merrill Lynch affiliates.
- (17) Includes shares, options and warrants beneficially owned by entities affiliated with or managed by New Mountain Capital LLC. Mr. Singh disclaims existence of a group and disclaims beneficial ownership of the shares, options and warrants owned by entities affiliated with or managed by New Mountain Capital Group, LLC.
- (18) Excludes shares as to which beneficial ownership is disclaimed.
- (19) The addresses of each beneficial owner are as follows: Funds affiliated with or managed by Goldman, Sachs & Company, c/o Goldman, Sachs & Co., 85 Broad Street, New York, NY 10004; Aquiline Financial Services Fund L.P., c/o Aquiline Capital Partners LLC, 535 Madison Avenue, New York, NY 10022; Funds affiliated with or managed by Vestar, c/o Vestar Capital Partners, 245 Park Avenue, 41st Floor, New York, NY 10167; Funds affiliated with or managed by New Mountain Capital, LLC, c/o New Mountain Capital, LLC, 787 Seventh Avenue, 49th Floor, New York, NY 10019; Funds affiliated with or managed by Merrill Lynch Global Private Equity, c/o Merrill Lynch Global Private Equity, 4 World Financial Center, 23rd Floor, New York, NY 10080; Caisse de Depot et Placement de Quebec, Centre CDP Capital, 1000, place Jean-Paul-Riopolle, Montreal, Quebec, Canada H2Z 2B3. The address of each other beneficial owner listed is c/o Validus Holdings, Ltd., suite 1790, 48 Par-la-Ville Road, Hamilton, HM 11, Bermuda.

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### **BOARD OF DIRECTORS**

The Company's Amended and Restated Bye-laws provide that the Board of Directors (sometimes referred to herein as the Board) shall consist of 11 persons, unless determined by resolution of the Board to be another number not less than nine nor more than 12, divided into three classes, designated Class I, Class II and Class III, with each class consisting as nearly as possible of one-third of the total number of Directors constituting the entire Board of Directors.

The term of office for each Director in Class I expires at the 2008 Annual General Meeting; the term of office for each Director in Class II expires at the 2009 Annual General Meeting; and the term of office for each Director in Class III expires at the 2010 Annual General Meeting of the Company. At each Annual General Meeting, the successors of the class of Directors whose term expires at that meeting shall be elected to hold office for a term expiring at the Annual General Meeting to be held in the third year of their election. In 2007, there were five meetings of the Board and all incumbent Directors attended at least 75% of such meetings and of the meetings held by all committees of the Board of which they were a member. The Company expects the Directors to attend the Annual General Meeting. In connection with each regularly scheduled meeting of the Board, the non-management Directors meet in executive session without any member of management in attendance. The Board considers annually the selection of a non-management Director to serve as presiding Director at executive sessions of non-management Directors. Mr. Greenberg is the non-management Director that the Board has selected to preside over these sessions. In addition, in 2008 and going forward, the independent Directors will meet as a group at least annually.

### **Independence Determination**

The Board of Directors has determined that each of John J. Hendrickson, Stuart A. Katz, Sander M. Levy, Jean-Marie Nessi, Mandakini Puri and Alok Singh is independent under the listing standards of the New York Stock Exchange (NYSE) and Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). In making such determination, the Board considered the matters described under Certain Relationships and Related Party Transactions.

### **Website Access to Corporate Governance Documents**

Copies of the charters for the audit committee, the compensation committee, the corporate governance and nominating committee, the finance committee and the underwriting committee, as well as the Company's Corporate Governance Guidelines, Code of Business Conduct and Ethics for Directors, Officers and Employees, which applies to all of the Company's directors, officers and employees, and Code of Ethics for Senior Officers, which applies to the Company's principal executive officer, principal accounting officer and other persons holding a comparable position, are available free of charge on the Company's website at [www.validusre.bm](http://www.validusre.bm) or by writing to Investor Relations, Validus Holdings, Ltd., suite 1790, 48 Par-la-Ville Road, Hamilton, HM 11, Bermuda. The Company will also post on its website any amendment to the Code and any waiver of the Code granted to any of its directors or executive officers to the extent required by applicable rules.

### **Board Committees**

The Board has established an audit committee, a compensation committee, an executive committee, a finance committee, a corporate governance and nominating committee and an underwriting committee. Under the applicable requirements of the NYSE, each of the audit, compensation and corporate governance and nominating committees will consist exclusively of members who qualify as independent directors within one year of our listing.





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The following table details the composition of our Board committees:

<b>Director Name</b>	<b>Audit</b>	<b>Compensation</b>	<b>Executive</b>	<b>Finance</b>	<b>Governance</b>	<b>Underwriting</b>
Edward J. Noonan			ü	ü		ü
Matthew J. Grayson	ü		ü	Chair		
Jeffrey W. Greenberg		Chair	ü		ü	
John J. Hendrickson	Chair	ü				ü
Stuart A. Katz		ü			ü	ü
Sander M. Levy				ü	ü	ü
Jean-Marie Nessi	ü				Chair	ü
Mandakini Puri		ü	ü			
Alok Singh	ü	ü		ü		
George P. Reeth			Chair			
Christopher E. Watson	ü	ü				Chair

**Audit Committee.** Our audit committee is composed of John J. Hendrickson, Matthew J. Grayson, Jean-Marie Nessi, Alok Singh and Christopher E. Watson, and is chaired by Mr. Hendrickson. The audit committee assists the Board of Directors in its oversight of the integrity of our financial statements and our system of internal controls, the independent auditors' qualifications, independence and performance, the performance of our internal audit function and our compliance with legal and regulatory requirements. The audit committee will also prepare the report required to be included in our annual proxy statement. Each member of the audit committee will be independent within the meaning of the rules of the NYSE within one year of our initial public offering ( IPO ). Mr. Hendrickson is an audit committee financial expert as defined by the Securities Exchange Commission ( SEC ). The duties and responsibilities of the audit committee are set forth in the committee's charter. The audit committee met five times during 2007. The audit committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act.

**Compensation Committee.** Our compensation committee is composed of Jeffrey W. Greenberg, John J. Hendrickson, Stuart A. Katz, Mandakini Puri, Alok Singh and Christopher E. Watson, and is chaired by Mr. Greenberg. The compensation committee assists the Board in matters relating to compensation of our Chief Executive Officer, executive officers and other matters of non-executive officer compensation that are subject to Board approval. The compensation committee also prepares the report on executive officer compensation required to be included in the Company's annual proxy statement, in accordance with applicable rules and regulations. Each member of the compensation committee will be independent within the meaning of the rules of the NYSE within one year of our IPO. The duties and responsibilities of the compensation committee are set forth in the committee's charter. The compensation committee met five times during 2007.

**Corporate Governance and Nominating Committee.** Our governance committee is composed of Jean-Marie Nessi, Jeffrey W. Greenberg, Stuart A. Katz and Sander M. Levy, and is chaired by Mr. Nessi. The governance committee assists the Board in (1) identifying individuals qualified to become board members or members of the committees of the Board, and recommending individuals that the Board of Directors select as director nominees to be considered for election at the next annual general meeting of shareholders or to fill vacancies; (2) developing and recommending to the Board appropriate corporate governance guidelines; and (3) overseeing the evaluation of the Board, management and the Board committees and taking a leadership role in shaping the Company's corporate governance policies. Each member of the governance committee will be independent within the meaning of the rules of the NYSE within one year of our IPO. The duties and responsibilities of the corporate governance and nominating committee are set forth in the committee's charter. The governance committee met four times during 2007.

*Identifying and Evaluating Nominees.* The corporate governance and nominating committee is responsible for reviewing with the Board, on an annual basis, the skills and characteristics appropriate for new Board members as well as an assessment of the skills and characteristics of the Board as a whole. When the Board determines to seek a new member, whether to fill a vacancy or otherwise, the corporate governance and nominating committee may

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employ third-party search firms and will consider recommendations from Board members, management and others, including Shareholders.

*Nominees Recommended by Shareholders.* The corporate governance and nominating committee will consider, for Director nominees, persons recommended by Shareholders, who may submit recommendations to the corporate governance and nominating committee in care of the General Counsel at Validus Holdings, Ltd., suite 1790, 48 Par-la-Ville Road, Hamilton, HM 11, Bermuda. To be considered by the corporate governance and nominating committee, such recommendations must be accompanied by a description of the qualifications of the proposed candidate and a written statement from the proposed candidate that he or she is willing to be nominated and desires to serve if elected. Nominees for Director who are recommended by Shareholders to the corporate governance and nominating committee will be evaluated in the same manner as any other nominee for Director.

*Executive Committee.* Our executive committee is composed of George P. Reeth, Matthew J. Grayson, Jeffrey W. Greenberg, Edward J. Noonan and Mandakini Puri, and is chaired by Mr. Reeth. The duties and responsibilities of the executive committee are set forth in the committee's charter. The executive committee exercises the power and authority of the Board when the entire Board is not available to meet. In furtherance of these purposes, the committee provides guidance and advice, as requested, to the Chairman of the Board and the Chief Executive Officer regarding business strategy and long range business planning. The executive committee did not meet during 2007.

*Finance Committee.* Our finance committee is composed of Matthew J. Grayson, Sander M. Levy, Edward J. Noonan and Alok Singh, and is chaired by Mr. Grayson. The duties and responsibilities of the finance committee are set forth in the committee's charter. The finance committee oversees the finance function of the Company, including the investment of funds and financing facilities. In furtherance of this purpose, the committee approves the appointment of the Company's investment managers, evaluates their performance and fees, and approves the investment policies and guidelines established by the Company. In addition, the committee approves the Company's strategic asset allocation plan, reviews the adequacy of existing financing facilities, monitors compliance with debt facility covenants and monitors the status of rating agency evaluations and discussions. The finance committee met six times during 2007.

*Underwriting Committee.* Our underwriting committee is composed of Christopher E. Watson, John J. Hendrickson, Stuart A. Katz, Sander M. Levy, Jean-Marie Nessi and Edward J. Noonan, and is chaired by Mr. Watson. The duties and responsibilities of the underwriting committee are set forth in the committee's charter. The underwriting committee oversees the underwriting function of the Company, including all aspects of risk and reinsurance. The underwriting committee met five times during 2007.

## **Communications with Members of the Board of Directors**

Shareholders may communicate directly with one or more Directors (including any presiding director or all non-management Directors as a group) by mail in care of the Company's General Counsel, at Validus Holdings, Ltd., suite 1790, 48 Par-la-Ville Road, Hamilton, HM 11, Bermuda and specifying the intended recipient(s). All such communications will be forwarded to the appropriate Director(s) for review, other than unsolicited commercial solicitations or communications.

**Table of Contents****DIRECTOR COMPENSATION****Director Summary Compensation Table**

The following table sets forth the compensation paid by the Company to Directors for services rendered in the fiscal year ended December 31, 2007:

<b>Name(1)</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>Stock Awards (\$)</b>	<b>Total (\$)</b>
Edward J. Noonan	\$	\$	\$
George P. Reeth			
Matthew J. Grayson			
Jeffrey W. Greenberg			
John J. Hendrickson	100,000		100,000
Stuart A. Katz			
Sander M. Levy			