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VALIDUS ANNOUNCES FIRST QUARTER 2010 NET LOSS OF (\$118.4) MILLION

Loss Ratio of 104.6%, Combined Ratio of 134.3%

Diluted Book Value Per Share of \$28.66 at March 31, 2010

Pembroke, Bermuda, May 6, 2010 — Validus Holdings, Ltd. (“Validus” or the “Company”) (NYSE: VR) today reported a net (loss) of (\$118.4) million, or (\$0.95) per diluted common share for the three months ended March 31, 2010, compared with net income of \$94.9 million, or \$1.20 per diluted common share, for the three months ended March 31, 2009.

The Company’s net operating (loss) for the three months ended March 31, 2010 was (\$136.4) million, or (\$1.09) per diluted share, compared with net operating income of \$100.4 million, or \$1.27 per diluted common share, for the three months ended March 31, 2009.

Net operating (loss) income, a non-GAAP financial measure, is defined as net (loss) income excluding net realized and unrealized gains or losses on investments, foreign exchange gains and losses and non-recurring items. Reconciliations of this measure to net income, the most directly comparable GAAP measure, are presented at the end of this release.

Ed Noonan, Chairman and Chief Executive Officer of Validus commented on the results: “Our results were affected by the elevated level of catastrophe activity during the quarter, principally the Chilean earthquake which stands among the most costly industry losses in history outside of the United States.”

First quarter 2010 results

Highlights for the first quarter include the following:

- Gross premiums written for the three months ended March 31, 2010 were \$870.9 million compared to \$609.9 million for the three months ended March 31, 2009, an increase of \$261.0 million, or 42.8%.
- Net premiums earned for the three months ended March 31, 2010 were \$457.7 million compared to \$318.8 million for the three months ended March 31, 2009, an increase of \$138.9 million, or 43.6%.
- Combined ratio of 134.3% which included \$26.7 million of favorable prior year loss reserve development, benefiting the loss ratio by 5.8 percentage points.

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- Net operating loss for the three months ended March 31, 2010 of (\$136.4) million compared to net operating income of \$100.4 million for the three months ended March 31, 2009, a decrease of \$236.8 million, or 235.9%, reflecting losses of \$306.9 million, net of reinstatement premiums, from the Chilean earthquake, windstorm Xynthia and the Melbourne hailstorm, higher finance charges of \$7.4 million, offset by increased investment income of \$7.5 million.
- Net loss for the three months ended March 31, 2010 of (\$118.4) million compared to income of \$94.9 million for the three months ended March 31, 2009, a decrease of \$213.3 million, or 224.7%, reflecting a decrease in operating income of \$236.8 million, a decrease in net unrealized investment gains of \$6.7 million, an increase in foreign exchange losses of \$4.6 million, offset by an increase in net realized investment gains of \$34.8 million.
- Annualized return on average equity of -12.2% and annualized operating return on average equity of -14.0%.

Net Impact of Chile, Xynthia and Melbourne

The Company recorded \$306.9 million of net negative impact from the Chilean earthquake, windstorm Xynthia and the Melbourne hailstorm in the first quarter of 2010. Net negative impact includes the sum of estimates of net claims and claim expenses incurred, and earned reinstatement premiums assumed and ceded. These amounts are based on management's estimates following a review of the Company's potential exposure and discussions with certain clients and brokers. Given the magnitude and recent occurrence of these events, and other uncertainties inherent in loss estimation, meaningful uncertainty remains regarding losses from these events and the Company's actual ultimate net losses from these events may vary materially from these estimates.

See the supplemental financial data below for additional information detailing the net negative impact from the Chilean earthquake, windstorm Xynthia and the Melbourne hailstorm on the Company's consolidated financial statements and its Validus Re and Talbot segment results.

During the three months ended March 31, 2010, the Company incurred losses of \$293.1 million related to the Chilean earthquake, \$12.6 million related to windstorm Xynthia and \$18.2 million related to the Melbourne hailstorm, as detailed in the chart below.



| (Dollars in thousands) | Net Losses and Loss Expenses (1) | Net Reinstatement Premiums | Net Effect on Net (Loss) Income (2) |
|--|-------------------------------------|-------------------------------|--|
| Chilean earthquake | | | |
| <i>Validus Re</i> | | | |
| Property | \$ 235,355 | \$ (13,424) | \$ 221,931 |
| Marine | 8,315 | (1,615) | 6,700 |
| Specialty | - | - | - |
| All lines | <u>243,670</u> | <u>(15,039)</u> | <u>228,631</u> |
| <i>Talbot</i> | | | |
| Property | 42,492 | 212 | 42,704 |
| Marine | 5,654 | (830) | 4,824 |
| Specialty | 1,300 | - | 1,300 |
| All lines | <u>49,446</u> | <u>(618)</u> | <u>48,828</u> |
| <i>Total</i> | | | |
| Property | 277,847 | (13,212) | 264,635 |
| Marine | 13,969 | (2,445) | 11,524 |
| Specialty | 1,300 | - | 1,300 |
| All lines | <u>\$ 293,116</u> | <u>\$ (15,657)</u> | <u>\$ 277,459</u> |
| Windstorm Xynthia | | | |
| <i>Validus Re</i> | | | |
| Property | \$ 12,558 | \$ (1,365) | \$ 11,193 |
| Marine | - | - | - |
| Specialty | - | - | - |
| All lines | <u>12,558</u> | <u>(1,365)</u> | <u>11,193</u> |
| <i>Talbot</i> | | | |
| Property | - | - | - |
| Marine | - | - | - |
| Specialty | - | - | - |
| All lines | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Total</i> | | | |
| Property | 12,558 | (1,365) | 11,193 |
| Marine | - | - | - |
| Specialty | - | - | - |
| All lines | <u>\$ 12,558</u> | <u>\$ (1,365)</u> | <u>\$ 11,193</u> |
| Melbourne hailstorm | | | |
| <i>Validus Re</i> | | | |
| Property | \$ 18,200 | \$ - | \$ 18,200 |
| Marine | - | - | - |
| Specialty | - | - | - |
| All lines | <u>18,200</u> | <u>-</u> | <u>18,200</u> |
| <i>Talbot</i> | | | |
| Property | - | - | - |
| Marine | - | - | - |
| Specialty | - | - | - |
| All lines | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Total</i> | | | |
| Property | 18,200 | - | 18,200 |
| Marine | - | - | - |
| Specialty | - | - | - |
| All lines | <u>\$ 18,200</u> | <u>\$ -</u> | <u>\$ 18,200</u> |
| Chilean earthquake, windstorm Xynthia & Melbourne hailstorm | | | |
| Property | \$ 308,605 | \$ (14,577) | \$ 294,028 |
| Marine | 13,969 | (2,445) | 11,524 |
| Specialty | 1,300 | - | 1,300 |
| All lines | <u>\$ 323,874</u> | <u>\$ (17,022)</u> | <u>\$ 306,852</u> |

- (1) Net of reinsurance. Under intergroup reinsurance agreements Talbot cedes 85% and 10% under two quota share agreements with Validus Re.
- (2) Net effect on net (loss) income includes the sum of estimates of net claims and claim expenses incurred, and earned reinstatement premiums assumed and ceded.



Validus Re Segment Results

Gross premiums written for the three months ended March 31, 2010 were \$640.3 million compared to \$410.1 million for the three months ended March 31, 2009, an increase of \$230.2 million, or 56.1%. Gross premiums written for the three months ended March 31, 2010 were comprised of \$412.4 million of property premiums, \$170.0 million of marine premiums and \$57.9 million of specialty premiums compared to \$240.7 million of property premiums, \$121.5 million of marine premiums and \$47.8 million of specialty premiums in the three months ended March 31, 2009.

Net premiums earned for the three months ended March 31, 2010 were \$283.9 million compared to \$174.4 million for the three months ended March 31, 2009, an increase of \$109.5 million, or 62.8%.

The combined ratio for the three months ended March 31, 2010 was 144.5% compared to 57.1% for the three months ended March 31, 2009, an increase of 87.4 percentage points.

The loss ratio for the three months ended March 31, 2010 was 122.9% compared to 31.8% for the three months ended March 31, 2009, an increase of 91.1 percentage points, due primarily to significant property and marine loss events in the three months ended March 31, 2010, which added 96.6 points to the loss ratio. The loss ratio for the three months ended March 31, 2010 included favorable prior year loss reserve development of \$11.5 million (benefiting the loss ratio by 4.0 percentage points).

Talbot Segment Results

Gross premiums written for the three months ended March 31, 2010 were \$270.5 million compared to \$227.9 million for the three months ended March 31, 2009, an increase of \$42.6 million, or 18.7%. Gross premiums written for the three months ended March 31, 2010 were comprised of \$85.9 million of property premiums, \$102.8 million of marine premiums and \$81.8 million of specialty premiums compared to \$60.7 million of property premiums, \$92.4 million of marine premiums and \$74.8 million of specialty premiums in the three months ended March 31, 2009.

Net premiums earned for the three months ended March 31, 2010 were \$173.8 million compared to \$144.3 million for the three months ended March 31, 2009, an increase of \$29.5 million, or 20.4%.

The combined ratio for the three months ended March 31, 2010 was 110.3% compared to 91.5% for the three months ended March 31, 2009, an increase of 18.8 percentage points.

The loss ratio for the three months ended March 31, 2010 was 74.6% compared to 52.9% for the three months ended March 31, 2009, an increase of 21.7 percentage points. For the three months ended March 31, 2010, Talbot incurred \$49.4 million of losses attributable to the Chilean earthquake, which represented 28.5 percentage points of the loss ratio. The loss ratio for the three months ended March 31, 2010 included favorable prior year loss reserve development of \$15.3 million (benefiting the loss ratio by 8.8 percentage points).



Corporate Segment Results

Corporate results are comprised of executive and board expenses, internal and external audit expenses, interest and costs incurred in connection with the Company's senior notes and junior subordinated deferrable debentures and other costs relating to the Company as a whole. General and administrative expenses for the three months ended March 31, 2010 were \$11.7 million compared to \$4.1 million for the three months ended March 31, 2009, an increase of \$7.6 million, or 187.5%. During the quarter, to better align the Company's operating and reporting structure with its current strategy, there was a change in the segment structure. This change was to allocate all 'non-core underwriting' expenses, predominately general and administration and stock compensation expenses to the Corporate segment which comprised approximately \$5.5 million of the increase. Share compensation expenses for the three months ended March 31, 2010 were \$3.4 million compared to \$3.3 million for the three months ended March 31, 2009, an increase of \$0.1 million, or 1.2%.

Investments

Net investment income for the three months ended March 31, 2010 was \$34.3 million compared to \$26.8 million for the three months ended March 31, 2009, an increase of \$7.5 million, or 28.1%. Net investment income increased as a result of higher average investment balances slightly offset by reduced market yields.

Net realized gains on investments for the three months ended March 31, 2010 were \$11.4 million compared to net realized (losses) of (\$23.4) million for the three months ended March 31, 2009.

Net unrealized gains on investments for the three months ended March 31, 2010 were \$15.4 million compared to \$22.2 million for the three months ended March 31, 2009. The net unrealized gains for the period resulted primarily from improved market conditions for fixed income securities.

Finance Expenses

Finance expenses for the three months ended March 31, 2010 were \$15.2 million compared to \$7.7 million for the three months ended March 31, 2009, an increase of \$7.4 million, or 96.2%. This increase primarily related to the interest on the senior notes issued at the beginning of 2010 as well as higher expenses related to the third party FAL facility. Finance expenses consisted principally of interest on the Company's senior notes, junior subordinated deferrable debentures and third-party capital costs for Talbot.

Shareholders' Equity and Capitalization

As at March 31, 2010, shareholders' equity was \$3.76 billion. Diluted book value per common share was \$28.66 compared to \$29.68 at December 31, 2009. Diluted book value per common share is a non-GAAP financial measure. A reconciliation of this measure to shareholders' equity is presented at the end of this release.

Total capitalization at March 31, 2010 was \$4.3 billion, including \$289.8 million of junior subordinated deferrable debentures and \$246.8 million of senior notes.

Share Repurchase Program

The following is a summary of the share repurchases made to date under the Company's previously announced share repurchase program.

Share Repurchase Activity

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| Effect of share repurchases: | As at December 31, 2009 | January | February | March | As at March 31, 2010 |
|---|--------------------------------|----------------|-----------------|--------------|-----------------------------|
| Aggregate purchase price (1) | \$ 84,243 | \$ 31,425 | \$ 36,733 | \$ 60,120 | \$ 128,278 |
| Shares repurchased | 3,156,871 | 1,181,000 | 1,377,200 | 2,268,400 | 4,826,600 |
| Average price (1) | \$ 26.69 | \$ 26.61 | \$ 26.67 | \$ 26.50 | \$ 26.58 |
| Estimated net accretive (dilutive) impact on: | | | | | |
| Diluted BV per common share (2) | \$ 0.07 | | | | 0.10 |
| Diluted EPS - Annual (3) | \$ 0.02 | | | | |
| Diluted EPS - Quarter (3) | \$ 0.01 | | | | |

Share Repurchase Activity

| Effect of share repurchases: | As at March 31, 2010 | April | May | As at May 5, 2010 | Cumulative to Date Effect |
|---|-----------------------------|--------------|------------|--------------------------|----------------------------------|
| Aggregate purchase price (1) | \$ 128,278 | \$ 8,590 | \$ - | \$ 8,590 | \$ 221,111 |
| Shares repurchased | 4,826,600 | 314,923 | - | 314,923 | 8,298,394 |
| Average price (1) | \$ 26.58 | \$ 27.28 | \$ - | \$ 27.28 | \$ 26.65 |
| Estimated net accretive (dilutive) impact on: | | | | | |
| Diluted BV per common share (2) | 0.10 | | | - | 0.17 |
| Diluted EPS - Annual (3) | | | | | |
| Diluted EPS - Quarter (3) | | | | | |

(1) Share transactions are on a trade date basis through May 5, 2010 and are inclusive of commissions. Average share price is rounded to two decimal places.

(2) As the average price per share repurchased during the periods 2009 and 2010 was lower than the book value per common share, the repurchase of shares increased the ending book value per share.

(3) The estimated impact on diluted earnings per share was calculated by comparing reported results versus i) net income per share plus an estimate of lost net investment income on the cumulative share repurchases divided by ii) weighted average diluted shares outstanding excluding the weighted average impact of cumulative share repurchases. The impact of cumulative share repurchases was accretive to diluted earnings per share.



Self-Tender Offer

The Company also announced today that its Board of Directors has approved a self tender offer pursuant to which the Company may repurchase up to \$300.0 million in common shares. The tender offer is part of the Company's program announced on February 17, 2010, whereby the Company's Board of Directors authorized the Company to return up to \$750 million to shareholders through share repurchases or other means. The tender offer will proceed by way of a "modified Dutch auction", pursuant to which Validus shareholders may tender all or a portion of their common shares (1) at a price of not less than \$24.00 and not more than \$27.50, in increments of \$0.25 per share or (2) without specifying a purchase price, in which case their common shares will be purchased at the purchase price determined in accordance with the tender offer. When the tender offer expires, the Company will select the lowest price within the range of prices specified above (the "purchase price") enabling the Company to purchase up to \$300 million of its common shares. Shareholders will receive the purchase price in cash, without interest, for common shares tendered at prices equal to or less than the purchase price, subject to the conditions of the tender offer, including the provisions relating to proration, "odd lot" priority and conditional tender in the event that the aggregate cost to purchase all of the common shares tendered at or less than the purchase price exceeds \$300 million. These provisions will be described in the Offer to Purchase relating to the tender offer that will be distributed to shareholders. All common shares purchased by the Company will be purchased at the same price. All common shares tendered at prices higher than the purchase price will be returned promptly to shareholders.

The tender offer will not be conditional upon obtaining financing or any minimum number of common shares being tendered; however, the tender offer will be subject to a number of other terms and conditions, which will be specified in the Offer to Purchase. The tender offer will expire at 5:00 p.m., New York City time, on June 8, 2010, unless withdrawn or extended by the Company. Georgeson Inc. will serve as information agent for the tender offer.

While the Company's Board of Directors has authorized the tender offer, it has not, nor has the Company, the dealer manager, the information agent or the depositary made any recommendation to the Company's shareholders as to whether to tender or refrain from tendering their common shares or as to the price or prices at which they may choose to tender their common shares. Shareholders must make their own decision as to whether to tender their common shares and, if so, how many common shares to tender and the price or prices at which they will tender them. Shareholders are urged to discuss their decision with their tax advisors, financial advisors and/or brokers.

Conference Call

The Company will host a conference call for analysts and investors on May 7, 2010 at 9:00 AM (Eastern) to discuss the first quarter 2010 financial results and related matters. The conference call can be accessed via telephone by dialing 1-800-299-8538 (toll-free U.S.) or 1-617-786-2902 (international) and entering the pass code 15506711#. Those who intend to participate in the conference call should register at least ten minutes in advance to ensure access to the call. A telephone replay of the conference call will be available through May 21, 2010 by dialing 1-888-286-8010 (toll-free U.S) or 1-617-801-6888 (international) and entering the pass code 93595570#.

This conference call will also be available through a live audio webcast accessible through the Investor Relations section of the Company's website located at www.validusholdings.com. A replay of the webcast will be available at the Investor Relations section of the Company's website through May 21, 2010. In addition, a financial supplement relating to our financial results for the three months ended March 31, 2010 is available in the Investor Relations section of the Company's website.



About Validus Holdings, Ltd.

Validus Holdings, Ltd. is a provider of reinsurance and insurance, conducting its operations worldwide through two wholly-owned subsidiaries, Validus Reinsurance, Ltd. (“Validus Re”) and Talbot Holdings Ltd. (“Talbot”). Validus Re is a Bermuda based reinsurer focused on short-tail lines of reinsurance. Talbot is the Bermuda parent of the specialty insurance group primarily operating within the Lloyd’s insurance market through Syndicate 1183.

Validus Holdings, Ltd.

Consolidated Balance Sheets

As at March 31, 2010 (unaudited) and December 31, 2009

(Expressed in thousands of U.S. dollars, except share and per share information)

| | March 31, 2010 | December 31, 2009 |
|--|---------------------------|------------------------------|
| | (unaudited) | |
| Assets | | |
| Fixed maturities, at fair value (amortized cost: 2010 - \$5,173,255; 2009 - \$4,870,395) | \$ 5,181,042 | \$ 4,869,378 |
| Short-term investments, at fair value (amortized cost: 2010 - \$308,514; 2009 - \$482,632) | 308,502 | 481,766 |
| Other investments, at fair value (amortized cost: 2010 - \$31,717; 2009 - \$35,941) | 34,398 | 37,615 |
| Cash and cash equivalents | 478,476 | 387,585 |
| Total investments and cash | 6,002,418 | 5,776,344 |
| Premiums receivable | 803,921 | 551,616 |
| Deferred acquisition costs | 165,158 | 112,329 |
| Prepaid reinsurance premiums | 103,950 | 73,164 |
| Securities lending collateral | 99,230 | 90,350 |
| Loss reserves recoverable | 198,956 | 181,765 |
| Paid losses recoverable | 18,261 | 14,782 |
| Net receivable for investments sold | 13,879 | - |
| Income taxes recoverable | 2,261 | 2,043 |
| Intangible assets | 122,015 | 123,055 |
| Goodwill | 20,393 | 20,393 |
| Accrued investment income | 42,867 | 38,077 |
| Other assets | 39,267 | 35,222 |
| Total assets | \$ 7,632,576 | \$ 7,019,140 |
| Liabilities | | |
| Reserve for losses and loss expenses | \$ 1,976,889 | \$ 1,622,134 |
| Unearned premiums | 1,083,591 | 724,104 |
| Reinsurance balances payable | 44,715 | 65,414 |
| Securities lending payable | 100,000 | 90,106 |
| Deferred income taxes | 24,104 | 24,508 |
| Net payable for investments purchased | - | 44,145 |
| Accounts payable and accrued expenses | 107,119 | 127,809 |
| Senior notes payable | 246,793 | - |
| Debentures payable | 289,800 | 289,800 |
| Total liabilities | 3,873,011 | 2,988,020 |
| Commitments and contingent liabilities | | |
| Shareholders' equity | | |
| Common shares, 571,428,571 authorized, par value \$0.175 | | |
| Issued and outstanding (2010 -123,910,430; 2009 - 128,459,478) | 23,081 | 23,033 |
| Treasury shares | (1,397) | (553) |
| Additional paid-in-capital | 2,555,243 | 2,675,680 |
| Accumulated other comprehensive (loss) | (6,658) | (4,851) |
| Retained earnings | 1,189,296 | 1,337,811 |
| Total shareholders' equity | 3,759,565 | 4,031,120 |
| Total liabilities and shareholders' equity | \$ 7,632,576 | \$ 7,019,140 |

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Validus Holdings, Ltd.
Consolidated Statements of Operations
For the three months ended March 31, 2010 and 2009 (unaudited)

(Expressed in thousands of U.S. dollars, except share and per share information)

| (Dollars in thousands) | Three Months Ended March 31, | | |
|---|------------------------------|------------|-------------------|
| | 2010 | 2009 | Proforma 2009 (1) |
| Gross premiums written | \$ 870,934 | \$ 609,892 | \$ 844,237 |
| Reinsurance premiums ceded | (90,739) | (72,512) | (73,981) |
| Net premiums written | 780,195 | 537,380 | 770,256 |
| Change in unearned premiums | (322,501) | (218,621) | (352,789) |
| Net premiums earned | 457,694 | 318,759 | 417,467 |
| Losses and loss expenses | 478,531 | 131,834 | 170,943 |
| Policy acquisition costs | 76,176 | 61,449 | 71,287 |
| General and administrative expenses | 53,569 | 38,079 | 48,233 |
| Share compensation expenses | 6,576 | 7,354 | 9,843 |
| Total underwriting deductions | 614,852 | 238,716 | 300,306 |
| Underwriting (loss) income | (157,158) | 80,043 | 117,161 |
| Net investment income | 34,299 | 26,772 | 44,447 |
| Other income | 888 | 757 | 764 |
| Finance expenses | (15,151) | (7,723) | (8,106) |
| Operating (loss) income before taxes | (137,122) | 99,849 | 154,266 |
| Tax benefit | 697 | 526 | 526 |
| Net operating (loss) income | (136,425) | 100,375 | 154,792 |
| Net realized gains (losses) on investments | 11,398 | (23,421) | (27,339) |
| Net unrealized gains (losses) on investments | 15,413 | 22,153 | (9,501) |
| Foreign exchange (losses) | (8,764) | (4,200) | (7,346) |
| Net (loss) income | \$ (118,378) | \$ 94,907 | 110,606 |
| Selected ratios: | | | |
| Net premiums written / Gross premiums written | 89.6% | 88.1% | 91.2% |
| Losses and loss expenses | 104.6% | 41.4% | 40.9% |
| Policy acquisition costs | 16.6% | 19.3% | 17.1% |
| General and administrative expenses | 13.1% | 14.3% | 13.9% |
| Expense ratio | 29.7% | 33.6% | 31.0% |
| Combined ratio | 134.3% | 75.0% | 71.9% |

(1) Includes Q1 2009 IPC results

Validus Holdings, Ltd.
Consolidated Segment Underwriting Income
For the three months ended March 31, 2010 and 2009 (unaudited)

(Expressed in thousands of U.S. dollars, except share and per share information)

| | Three Months Ended March 31, | | |
|--|-------------------------------------|-------------|--------------------------|
| | 2010 | 2009 | Proforma 2009 (1) |
| <u>Validus Re</u> | | | |
| Gross premiums written | \$ 640,295 | \$ 410,126 | \$ 644,471 |
| Reinsurance premiums ceded | (13,110) | (13,289) | (14,758) |
| Net premiums written | 627,185 | 396,837 | 629,713 |
| Change in unearned premiums | (343,264) | (222,390) | (356,558) |
| Net premiums earned | 283,921 | 174,447 | 273,155 |
| Losses and loss expenses | 348,920 | 55,462 | 94,571 |
| Policy acquisition costs | 43,503 | 28,577 | 38,415 |
| General and administrative expenses | 16,312 | 13,792 | 23,946 |
| Share compensation expenses | 1,629 | 1,672 | 4,161 |
| Total underwriting deductions | 410,364 | 99,503 | 161,093 |
| Underwriting (loss) income | (126,443) | 74,944 | 112,062 |
| <u>Talbot</u> | | | |
| Gross premiums written | \$ 270,541 | \$ 227,920 | \$ 227,920 |
| Reinsurance premiums ceded | (117,531) | (87,377) | (87,377) |
| Net premiums written | 153,010 | 140,543 | 140,543 |
| Change in unearned premiums | 20,763 | 3,769 | 3,769 |
| Net premiums earned | 173,773 | 144,312 | 144,312 |
| Losses and loss expenses | 129,611 | 76,372 | 76,372 |
| Policy acquisition costs | 34,945 | 33,157 | 33,157 |
| General and administrative expenses | 25,548 | 20,214 | 20,214 |
| Share compensation expenses | 1,559 | 2,335 | 2,335 |
| Total underwriting deductions | 191,663 | 132,078 | 132,078 |
| Underwriting (loss) income | (17,890) | 12,234 | 12,234 |
| <u>Corporate & Eliminations</u> | | | |
| Gross premiums written | \$ (39,902) | \$ (28,154) | \$ (28,154) |
| Reinsurance premiums ceded | 39,902 | 28,154 | 28,154 |
| Net premiums written | - | - | - |
| Change in unearned premiums | - | - | - |
| Net premiums earned | - | - | - |
| Losses and loss expenses | - | - | - |
| Policy acquisition costs | (2,272) | (285) | (285) |
| General and administrative expenses | 11,709 | 4,073 | 4,073 |
| Share compensation expenses | 3,388 | 3,347 | 3,347 |
| Total underwriting deductions | 12,825 | 7,135 | 7,135 |
| Underwriting (loss) income | (12,825) | (7,135) | (7,135) |
| Total underwriting (loss) income | \$ (157,158) | \$ 80,043 | \$ 117,161 |

(1) Includes Q1 2009 IPC results

Validus Holdings, Ltd.

Non-GAAP Financial Measure Reconciliation

Net Operating Income, Net Operating Income per share,
and Annualized Net Operating Return on Average Equity**For the three and three months ended March 31, 2010 and 2009 (unaudited)**

(Expressed in thousands of U.S. dollars, except share and per share information)

| | Three Months Ended | |
|--|---------------------------|---------------------------|
| | March 31, 2010 | March 31, 2009 |
| Net (loss) income | \$ (118,378) | \$ 94,907 |
| Adjustments for: | | |
| Net realized (gains) losses on investments | (11,398) | 23,421 |
| Net unrealized (gains) on investments | (15,413) | (22,153) |
| Foreign exchange losses | 8,764 | 4,200 |
| Net operating (loss) income | (136,425) | 100,375 |
| less: Dividends and distributions declared on outstanding warrants | (1,749) | - |
| Net operating (loss) income, adjusted | \$ (138,174) | 100,375 |
| Net (loss) income per share - diluted | \$ (0.95) | \$ 1.20 |
| Adjustments for: | | |
| Net realized (gains) losses on investments | (0.09) | 0.30 |
| Net unrealized (gains) on investments | (0.12) | (0.28) |
| Foreign exchange losses | 0.07 | 0.05 |
| Net operating (loss) income per share - diluted | \$ (1.09) | \$ 1.27 |
| Weighted average number of common shares and common share equivalents - diluted | 126,633,277 | 79,102,643 |
| Average shareholders' equity | 3,895,343 | 1,980,860 |
| Annualized operating return on average equity | (14.0)% | 20.3% |

Validus Holdings, Ltd.
Non-GAAP Financial Measure Reconciliation
Diluted Book Value Per Common Share
As at March 31, 2010 and December 31, 2009

(Expressed in thousands of U.S. dollars, except share and per share information)

| | <u>As at March 31, 2010</u> | | | |
|---|--------------------------------|--------------------|-------------------------------|---------------------------------|
| | <u>Equity Amount</u> | <u>Shares</u> | <u>Exercise Price (a)</u> | <u>Book Value Per Share</u> |
| Book value per common share | | | | |
| Total shareholders' equity | \$ 3,759,565 | 123,910,430 | | \$ 30.34 |
| Diluted book value per common share | | | | |
| Total shareholders' equity | 3,759,565 | 123,910,430 | | |
| Assumed exercise of outstanding warrants | 139,576 | 7,952,138 | \$ 17.55 | |
| Assumed exercise of outstanding stock options | 63,942 | 3,223,274 | \$ 19.84 | |
| Unvested restricted shares | - | 3,186,816 | | |
| Diluted book value per common share | <u>\$ 3,963,083</u> | <u>138,272,658</u> | | <u>\$ 28.66</u> |
| | <u>As at December 31, 2009</u> | | | |
| | <u>Equity Amount</u> | <u>Shares</u> | <u>Exercise Price (a)</u> | <u>Book Value Per Share</u> |
| Book value per common share | | | | |
| Total shareholders' equity | \$ 4,031,120 | 128,459,478 | | \$ 31.38 |
| Diluted book value per common share | | | | |
| Total shareholders' equity | 4,031,120 | 128,459,478 | | |
| Assumed exercise of outstanding warrants | 139,576 | 7,952,138 | \$ 17.55 | |
| Assumed exercise of outstanding stock options | 65,159 | 3,278,015 | \$ 19.88 | |
| Unvested restricted shares | - | 3,020,651 | | |
| Diluted book value per common share | <u>\$ 4,235,855</u> | <u>142,710,282</u> | | <u>\$ 29.68</u> |

Cautionary Note Regarding Forward-Looking Statements

This press release may include forward-looking statements, both with respect to the Company and its industry, that reflect our current views with respect to future events and financial performance. Statements that include the words "expect," "intend," "plan," "believe," "project," "anticipate," "will," "may" and similar statements of a future or forward-looking nature identify forward-looking statements. All forward-looking statements address matters that involve risks and uncertainties, many of which are beyond the Company's control. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in such statements and, therefore, you should not place undue reliance on any such statements. We believe that these factors include, but are not limited to, the following: 1) unpredictability and severity of catastrophic events; 2) rating agency actions; 3) adequacy of Validus' risk management and loss limitation methods; 4) cyclicity of demand and pricing in the insurance and reinsurance markets; 5) Validus' limited operating history; 6) Validus' ability to implement its business strategy during "soft" as well as "hard" markets; 7) adequacy of Validus' loss reserves; 8) continued availability of capital and financing; 9) retention of key personnel; 10) competition; 11) potential loss of business from one or more major insurance or reinsurance brokers; 12) Validus' ability to implement, successfully and on a timely basis, complex infrastructure, distribution capabilities, systems, procedures and internal controls, and to develop accurate actuarial data to support the business and regulatory and reporting requirements; 13) general economic and market conditions (including inflation, volatility in the credit and capital markets, interest rates and foreign currency exchange rates); 14) the integration of businesses Validus may acquire or new business ventures Validus may start; 15) the effect on Validus' investment portfolios of changing financial market conditions including inflation, interest rates, liquidity and other factors; 16) acts of terrorism or outbreak of war; 17) availability of reinsurance and retrocessional coverage; 18) the ability of the Company to commence and complete the tender offer, the price at which the Company purchases shares in the tender offer or otherwise, and the number of shares it is able to purchase pursuant to the tender offer or otherwise; and 19) the ability of the Company to achieve the benefits contemplated by the tender offer, as well as management's response to any of the aforementioned factors.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and elsewhere, including the risk factors included in Validus' most recent reports on Form 10-K and Form 10-Q and other documents of the Company on file with or furnished to the Securities and Exchange Commission ("SEC"). Any forward-looking statements made in this press release are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by Validus will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Validus or its business or operations. Except as required by law, the parties undertake no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Non-GAAP Financial Measures

In presenting the Company's results, management has included and discussed certain schedules containing net operating income (loss), net operating income per share, underwriting income, annualized net operating return on average equity and diluted book value per common share that are not calculated under standards or rules that comprise U.S. GAAP. Such measures are referred to as non-GAAP. Non-GAAP measures may be defined or calculated differently by other companies. These measures should not be viewed as a substitute for those determined in accordance with U.S. GAAP. A reconciliation of net operating income to net income, the most comparable U.S. GAAP financial measure, is presented in the section above entitled "Net Operating Income, Net Operating Income per share and Annualized Net Operating Return on Average Equity". A reconciliation of underwriting income to net income, the most comparable U.S. GAAP financial measure, is presented in the "Consolidated Statements of

Operations” above. Underwriting income indicates the performance of the Company’s core underwriting function, excluding revenues and expenses. The Company believes the reporting of underwriting income enhances the understanding of our results by highlighting the underlying profitability of the Company’s core insurance and reinsurance business. Underwriting profitability is influenced significantly by earned premium growth, adequacy of the Company’s pricing and loss frequency and severity. Underwriting profitability over time is also influenced by the Company’s underwriting discipline, which seeks to manage exposure to loss through favorable risk selection and diversification, its management of claims, its use of reinsurance and its ability to manage its expense ratio, which it accomplishes through its management of acquisition costs and other underwriting expenses. The Company believes that underwriting income provides investors with a valuable measure of profitability derived from underwriting activities.

Annualized net operating return on average equity is presented in the section above entitled “Net Operating Income, Net Operating Income per share and Annualized Net Operating Return on Average Equity”. A reconciliation of diluted book value per share to book value per share, the most comparable U.S. GAAP financial measure, is presented in the section above entitled “Diluted Book Value 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-US\$ denominated balances and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-US\$ denominated balances are unrelated to our underlying business.

Press Release for Informational Purposes Only

The discussion of the tender offer contained in this press release is for informational purposes only and is neither an offer to purchase nor a solicitation of an offer to sell any of the Company’s common shares. The offer to purchase and the solicitation of the Company’s common shares will be made only pursuant to the Offer to Purchase, the related letter of transmittal and other related materials that are expected to be mailed to all shareholders shortly after commencement of the offer, at no expense to shareholders. Shareholders should read those materials and the documents incorporated therein by reference carefully when they become available because they will contain important information, including the various terms of, and conditions to, the tender offer. The Company will file a Tender Offer Statement on Schedule TO with the SEC. The Tender Offer Statement (including the Offer to Purchase, the related letter of transmittal and other related materials) will also be available to shareholders at no charge at the SEC’s website at www.sec.gov, or the Investor Relations section of the Company’s website located at www.validusholdings.com, or from the information agent, Georgeson Inc. Shareholders are urged to read those materials carefully prior to making any decisions with respect to the tender offer.