



Validus Holdings, Ltd.

Investor Financial Supplement - Fourth Quarter 2009

February 18, 2010

29 Richmond Road

Pembroke, HM08 Bermuda

Telephone: (441) 278-9000

Facsimile: (441) 278-9009

Website: www.validusholdings.com

Mailing address: Suite 1790 48 Par-la-ville Road

Hamilton, HM11 Bermuda



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.....	10
Computation of Weighted Average Dilutive Shares Outstanding.....	11
Consolidated Segment Income Statement -Three months ended	12
Underwriting Results by Class of Business - Three months ended - Validus Re.....	13
Underwriting Results by Class of Business - Three months ended - Talbot.....	14
Consolidated Segment Income Statement - Year ended	15
Underwriting Results by Class of Business - Year ended - Validus Re.....	16
Underwriting Results by Class of Business - Year ended - Talbot.....	17
Class of Business Treaty Type Detail (Gross Premiums Written) - Validus Re.....	18
Consolidated Class of Business Policy Type Detail - Gross Premiums Written.....	19
Gross Premiums Written by Segment by Class of Business.....	20
Underwriting Income - Validus Re Segment.....	21
Underwriting Income - Talbot Segment.....	22
Underwriting Income - Class of Business - Property.....	23
Underwriting Income - Class of Business - Marine.....	24
Underwriting Income - Class of Business - Specialty.....	25
Consolidated Analysis of Reserves for Losses and Loss Expenses.....	26
Consolidated Losses and Loss Ratios by Segment.....	27
Losses and Loss Ratios by Classes of Business - Validus Re.....	28
Losses and Loss Ratios by Classes of Business - 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, 2010.....	34
Estimated Exposures to Specified Loss Scenarios - As of July 1, 2009.....	35
Non-GAAP Financial Measure Reconciliation	36
Pro Forma Combined - Validus Holdings Ltd. and IPC Holdings Ltd.....	37
Pro Forma Combined Income Statement - Year ended December 31, 2009.....	38
Pro Forma Combined Income Statement - Three months ended September 30, 2009.....	39
Pro Forma Combined Income Statement - Three months ended June 30, 2009.....	40
Pro Forma Combined Income Statement - Three months ended March 31, 2009.....	41



**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, 2009, 2008 and 2007 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.
- On September 4, 2009, Validus Holdings Ltd. ("Validus") completed its acquisition of IPC Holdings Ltd. ("IPC"). Operating results of IPC have been included in the consolidated financial statements and the Validus Re segment from the acquisition date of September 4, 2009. The Validus Re data for all periods prior to September 4, 2009 refers only to the company prior to the acquisition of IPC.
- 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, internal re-categorization between class of business and treaty type, and the combination of fees relating to our credit facility (previously included in general and administrative expenses) with interest expense to comprise finance fees and transaction expenses.
- The unaudited condensed consolidated pro forma financial information included is intended to provide information about how the acquisition of IPC might have affected the historical financial statements of Validus if it had been consummated at an earlier time. The unaudited condensed consolidated pro forma information has been prepared using IPC's publicly available financial statements and disclosures. Certain pro forma adjustments such as recording fair value of assets and liabilities and adjustments for consistency of accounting policy, are not reflected in these unaudited condensed consolidated pro forma financial statements. The unaudited condensed consolidated pro forma financial information included does not necessarily reflect the financial position or results of operations that would have actually resulted had the acquisition occurred as of the dates indicated, nor should they be taken as necessarily indicative of the future financial position or results of operations of Validus.
- The unaudited condensed consolidated pro forma financial information should be read in conjunction with the Validus 10-Q, the Validus 10-K, the IPC 10-Q and the IPC 10-K, each, as filed with the SEC. The unaudited condensed consolidated pro forma financial information gives effect to the proposed acquisition as if it had occurred at January 1, 2008 for the purposes of the unaudited condensed consolidated pro forma statements of operations for the three months ended March 31, 2009, June 30, 2009, September 30, 2009 and for the year ended December 31, 2009.

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 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 (including the gain on bargain purchase, net of expenses relating to the acquisition of IPC). 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. A reconciliation of net operating income to net income is included on page 36.
- 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. A reconciliation of underwriting income to net income, the most comparable U.S. GAAP financial measure is presented in the "Consolidated Statement of Operations-Underwriting Income Format" contained herein.
- 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 during the period. Average assets is the average of the beginning, ending and intervening quarter end asset balances. Percentages for the quarter periods are annualized.
- Annualized return on average equity represents the level of net income available to the shareholders generated from average shareholders' equity during the period. Average shareholders' equity is the average of the beginning, ending and intervening quarter end shareholders' equity balances. Percentages for the quarter periods are annualized.
- 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. Percentages for the quarter periods are annualized. A reconciliation of net operating income to net income is included on page 36.



Validus Holdings, Ltd.
Consolidated Financial Highlights

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

	Three months ended					Year ended		
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,		
	2009	2009	2009	2009	2008	2009	2008	
Highlights	Net income	\$ 165,759	\$ 499,178	\$ 137,563	\$ 94,907	\$ 37,015	\$ 897,407	\$ 53,111
	Net operating income (a)	176,921	145,606	110,383	100,375	50,911	533,285	175,054
	Gross premiums written	255,289	331,028	425,032	609,892	191,736	1,621,241	1,362,484
	Net premiums earned	427,901	374,717	328,200	318,759	316,031	1,449,577	1,256,518
	Total assets	7,019,140	7,177,071	5,008,450	4,762,798	4,322,480	7,019,140	4,322,480
	Total shareholders' equity	4,031,120	3,966,192	2,151,969	2,022,986	1,938,734	4,031,120	1,938,734
Per share data	<u>Earnings per basic share (b)</u>							
	Net income	\$ 1.26	\$ 5.38	\$ 1.79	\$ 1.23	\$ 0.47	\$ 9.51	\$ 0.62
	Net operating income	1.34	1.56	1.43	1.30	0.65	5.62	2.25
	<u>Earnings per diluted share (b)</u>							
	Net income	\$ 1.23	\$ 5.21	\$ 1.74	\$ 1.20	\$ 0.47	\$ 9.24	\$ 0.61
	Net operating income	1.31	1.52	1.40	1.27	0.65	5.49	2.22
	<u>Book value per share</u>							
	Reported	\$ 31.38	\$ 30.25	\$ 28.26	\$ 26.68	\$ 25.64	\$ 31.38	\$ 25.64
	With investments at amortized cost	31.42	30.10	28.58	27.70	27.08	31.42	27.08
	<u>Diluted book value per share</u>							
	Reported	\$ 29.68	\$ 28.61	\$ 26.08	\$ 24.65	\$ 23.78	\$ 29.68	\$ 23.78
	With investments at amortized cost	29.72	28.48	26.35	25.51	24.99	29.72	24.99
	<u>Diluted book value per common share plus accumulated dividends</u>	\$ 31.28	\$ 30.01	\$ 27.28	\$ 25.65	\$ 24.58	\$ 31.28	\$ 24.58
Financial ratios	Losses and loss expense ratio	31.1%	35.8%	38.0%	41.4%	60.6%	36.1%	61.5%
	Policy acquisition costs ratio	17.0%	17.1%	19.6%	19.3%	19.4%	18.1%	18.7%
	General and administration expenses ratio	16.0%	13.8%	14.3%	14.3%	9.5%	14.7%	12.0%
	Expense ratio	33.0%	30.9%	33.9%	33.6%	28.9%	32.8%	30.7%
	Combined ratio	64.1%	66.7%	71.9%	75.0%	89.5%	68.9%	92.2%
	Annualized return on average equity (c)	16.6%	65.3%	26.4%	19.2%	7.7%	31.8%	2.7%
	Annualized operating return on average equity (d)	17.7%	19.0%	21.2%	20.3%	10.6%	18.9%	8.9%

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 including the gain on bargain purchase, net of expenses relating to the acquisition of IPC. 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. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.

(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 represents the level of net income available to the shareholders generated from average shareholders' equity during the period. Average shareholders' equity is the average of the beginning, ending and intervening quarter end shareholders' equity balances. Percentages for the quarter periods are annualized.

(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. Percentages for the quarter periods are annualized. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.



Validus Holdings, Ltd.

Summary Consolidated Balance Sheets

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

	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007
Assets									
Fixed maturities, at fair value	\$ 4,869,378	\$ 4,590,143	\$ 2,816,536	\$ 2,644,496	\$ 2,454,501	\$ 2,595,476	\$ 2,601,315	\$ 2,759,884	\$ 2,411,398
Short-term investments, at fair value	481,766	594,581	323,940	282,363	377,036	325,273	141,638	133,711	250,623
Other investments, at fair value	37,615	129,012	-	-	-	-	-	-	-
Cash and cash equivalents	387,585	393,788	390,090	535,798	449,848	335,367	487,260	347,347	444,698
Total investments and cash	5,776,344	5,707,524	3,530,566	3,462,657	3,281,385	3,256,116	3,230,213	3,240,942	3,106,719
Premiums receivable	551,616	723,029	679,189	600,943	408,259	529,039	609,757	572,175	401,241
Deferred acquisition costs	112,329	139,157	145,615	143,510	108,156	129,946	146,216	135,789	105,562
Prepaid reinsurance premiums	73,164	101,711	87,798	59,510	22,459	49,824	45,717	71,855	22,817
Securities lending collateral	90,350	100,053	166,496	99,727	98,954	158,411	199,075	191,256	164,324
Loss reserves recoverable	181,765	172,101	169,666	204,197	208,796	173,463	132,880	118,575	134,404
Paid losses recoverable	14,782	10,064	36,624	4,438	1,388	3,516	2,683	7,008	7,810
Net receivable for investments sold	-	-	-	-	490	11,820	-	-	-
Income taxes recoverable	2,043	3,027	1,876	1,244	1,365	2,331	3,258	-	3,325
Intangible assets	123,055	124,096	125,136	126,177	127,217	128,258	129,298	130,339	131,379
Goodwill	20,393	20,393	20,393	20,393	20,393	20,393	20,393	20,393	20,393
Accrued investment income	38,077	43,190	19,636	20,511	20,433	15,596	16,177	22,187	19,960
Other assets	35,222	32,726	25,455	19,491	23,185	30,883	34,075	25,119	26,290
Total assets	\$ 7,019,140	\$ 7,177,071	\$ 5,008,450	\$ 4,762,798	\$ 4,322,480	\$ 4,509,596	\$ 4,569,742	\$ 4,535,638	\$ 4,144,224
Liabilities									
Reserve for losses and loss expenses	\$ 1,622,134	\$ 1,624,743	\$ 1,311,935	\$ 1,318,732	\$ 1,305,303	\$ 1,272,844	\$ 1,029,739	\$ 977,236	\$ 926,117
Unearned premiums	724,104	955,049	856,138	795,233	539,450	693,304	793,356	750,257	557,344
Reinsurance balances payable	65,414	40,879	101,004	66,180	33,042	53,253	66,386	88,356	36,848
Securities lending payable	90,106	101,040	168,923	105,369	105,688	161,727	199,968	192,468	164,324
Income taxes payable	-	-	-	-	-	-	-	1,531	-
Deferred income taxes	24,508	26,110	22,163	20,914	21,779	21,117	20,173	13,421	16,663
Net payable for investments purchased	44,145	39,224	16,346	57,434	-	-	9,105	52,307	31,426
Accounts payable and accrued expenses	127,809	119,534	75,672	71,650	74,184	86,440	89,934	119,404	126,702
Debentures payable	289,800	304,300	304,300	304,300	304,300	304,300	304,300	350,000	350,000
Total liabilities	2,988,020	3,210,879	2,856,481	2,739,812	2,383,746	2,592,985	2,512,961	2,544,980	2,209,424
Shareholders' equity									
Common shares	\$ 23,033	22,944	13,327	13,271	13,235	13,104	12,993	12,990	12,985
Treasury shares	(553)	-	-	-	-	-	-	-	-
Additional paid-in-capital	2,675,680	2,748,121	1,424,378	1,419,602	1,412,635	1,403,904	1,398,913	1,391,303	1,384,604
Accumulated other comprehensive (loss) income	(4,851)	(4,976)	(4,061)	(8,054)	(7,858)	(1,528)	28	18	(49)
Retained earnings	1,337,811	1,200,103	718,325	598,167	520,722	501,131	644,847	586,347	537,260
Total shareholders' equity	4,031,120	3,966,192	2,151,969	2,022,986	1,938,734	1,916,611	2,056,781	1,990,658	1,934,800
Total liabilities and shareholders' equity	\$ 7,019,140	\$ 7,177,071	\$ 5,008,450	\$ 4,762,798	\$ 4,322,480	\$ 4,509,596	\$ 4,569,742	\$ 4,535,638	\$ 4,144,224
Book value per common share	\$ 31.38	\$ 30.25	\$ 28.26	\$ 26.68	\$ 25.64	\$ 25.60	\$ 27.70	\$ 26.82	\$ 26.08
Diluted book value per common share	\$ 29.68	\$ 28.61	\$ 26.08	\$ 24.65	\$ 23.78	\$ 23.58	\$ 25.12	\$ 24.43	\$ 24.00
Diluted book value per common share plus accumulated dividends	\$ 31.28	\$ 30.01	\$ 27.28	\$ 25.65	\$ 24.58	\$ 24.18	\$ 25.52	\$ 24.63	\$ 24.00



Validus Holdings, Ltd.

Computation of Book Value per Common Share and Diluted Book Value per Common Share

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

	At December 31, 2009				At December 31, 2008			
	Equity amount	Shares	Exercise price	Book value per share	Equity amount	Shares	Exercise price	Book value per share
<u>Book value per common share, reported</u>								
Book value per common share								
Total shareholders' equity	\$ 4,031,120	128,459,478		\$ <u>31.38</u>	\$ 1,938,734	75,624,697		\$ <u>25.64</u>
Diluted book value per common share								
Total shareholders' equity	\$ 4,031,120	128,459,478			\$ 1,938,734	75,624,697		
Assumed exercise of outstanding warrants (b)	139,576	7,952,138	\$ 17.55		152,316	8,680,149	\$ 17.55	
Assumed exercise of outstanding stock options (b)	65,159	3,278,015	\$ 19.88		51,043	2,799,938	\$ 18.23	
Unvested restricted shares	-	3,020,651			-	2,986,619		
Diluted book value per common share	\$ <u>4,235,855</u>	<u>142,710,282</u>		\$ <u>29.68</u>	\$ <u>2,142,093</u>	<u>90,091,403</u>		\$ <u>23.78</u>
<u>Book value per common share, adjusted (c)</u>								
Book value per common share								
Total shareholders' equity	\$ 4,031,120				\$ 1,938,734			
Accumulated other comprehensive loss	4,851				7,858			
Unrealized loss (gain) on investments	209				101,018			
Total shareholders' equity, adjusted	\$ <u>4,036,180</u>	128,459,478		\$ <u>31.42</u>	\$ <u>2,047,610</u>	75,624,697		\$ <u>27.08</u>
Diluted book value per common share								
Total shareholders' equity, adjusted	\$ 4,036,180	128,459,478			\$ 2,047,610	75,624,697		
Assumed exercise of outstanding warrants (b)	139,576	7,952,138	\$ 17.55		152,316	8,680,149	\$ 17.55	
Assumed exercise of outstanding stock options (b)	65,159	3,278,015	\$ 19.88		51,043	2,799,938	\$ 18.23	
Unvested restricted shares	-	3,020,651			-	2,986,619		
Diluted book value per common share	\$ <u>4,240,915</u>	<u>142,710,282</u>		\$ <u>29.72</u>	\$ <u>2,250,969</u>	<u>90,091,403</u>		\$ <u>24.99</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 (loss).



Validus Holdings, Ltd.

Consolidated Statements of Cash Flows

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

	Three months ended				Year ended		
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,	
	2009	2009	2009	2009	2008	2008	
Cash flows provided by (used in) operating activities							
Net income	\$ 165,759	\$ 499,178	\$ 137,563	\$ 94,907	\$ 37,015	\$ 897,407	\$ 53,111
Adjustments to reconcile net income to cash provided by (used in) operating activities:							
Share compensation expenses	8,189	11,293	5,632	7,354	7,279	32,468	27,097
Realized gain on repurchase of debentures	(4,444)	-	-	-	-	(4,444)	(8,752)
Bargain purchase gain	-	(352,349)	-	-	-	(352,349)	-
Net realized (gains) losses on investments	(9,099)	(5,429)	2,650	23,421	(6,757)	11,543	1,591
Net unrealized losses (gains) on investments	25,042	(50,436)	(37,249)	(22,153)	7,099	(84,796)	79,707
Amortization of intangible assets	1,041	22,711	1,041	1,040	1,041	25,833	4,162
Foreign exchange losses (gains) on cash and cash equivalents included in net income	908	(894)	(10,152)	559	20,706	(9,579)	40,474
Amortization of premium on fixed maturities	7,308	4,846	2,421	1,702	1,484	16,277	3,710
Change in:							
Premiums receivable	171,170	130,187	(71,118)	(193,076)	110,989	37,163	(23,833)
Deferred acquisition costs	26,828	28,546	(2,116)	(35,344)	23,845	17,914	(2,790)
Prepaid reinsurance premiums	28,547	(12,085)	(26,372)	(37,160)	26,987	(47,070)	(1,162)
Loss reserves recoverable	(9,712)	(343)	38,564	4,413	(41,540)	32,922	(82,685)
Paid losses recoverable	(4,803)	25,462	(31,032)	(3,051)	2,002	(13,424)	6,281
Income taxes recoverable	940	(964)	131	(653)	(591)	(546)	1,845
Accrued investment income	5,110	(614)	766	(86)	3,993	5,176	(473)
Other assets	(3,065)	(815)	(2,825)	3,083	9,047	(3,622)	12,908
Reserve for losses and loss expenses	(1,337)	9,100	(33,065)	15,064	74,187	(10,238)	444,149
Unearned premiums	(230,945)	(106,590)	60,907	255,782	(164,493)	(20,846)	(17,032)
Reinsurance balances payable	24,830	(63,054)	33,697	33,260	(19,180)	28,733	(1,401)
Deferred income taxes	(1,642)	7,235	(2,597)	93	5,838	3,089	11,921
Accounts payable and accrued expenses	6,107	(6,412)	(4,902)	(1,288)	(10,345)	(6,495)	(62,845)
Net cash provided by operating activities	206,732	138,573	61,944	147,867	88,606	555,116	485,983
Cash flows provided by (used in) investing activities							
Proceeds on sales of investments	1,234,191	737,808	636,421	873,352	495,108	3,481,772	2,266,000
Proceeds on maturities of investments	101,965	154,844	88,819	222,402	535,672	568,030	799,775
Purchases of fixed maturities	(1,629,225)	(670,048)	(889,774)	(1,232,740)	(929,812)	(4,421,787)	(3,284,971)
Sales (purchases) of short-term investments, net	108,899	37,573	(40,863)	94,644	(34,960)	200,253	(109,250)
Sales (purchases) of other investments, net	92,442	(2,047)	-	-	-	90,395	-
Decrease (increase) in securities lending collateral	10,933	67,884	(63,554)	319	56,039	15,582	58,636
Purchase of subsidiary, net of cash acquired	-	(376,878)	-	-	-	(376,878)	-
Net cash (used in) provided by investing activities	(80,795)	(50,864)	(268,951)	(42,023)	122,047	(442,633)	(269,810)
Cash flows provided by (used in) financing activities							
Repurchase of debentures	(10,056)	-	-	-	-	(10,056)	(36,948)
Issue of common shares, net of expenses	3,024	(592)	(831)	(351)	1,582	1,250	1,184
Purchases of common shares under share repurchase program	(84,164)	-	-	-	-	(84,164)	-
Dividends paid	(27,577)	(16,965)	(16,511)	(17,462)	(17,364)	(78,515)	(67,934)
(Decrease) increase in securities lending payable	(10,933)	(67,884)	63,554	(319)	(56,039)	(15,582)	(58,636)
Net cash (used in) provided by financing activities	(129,706)	(85,441)	46,212	(18,132)	(71,821)	(187,067)	(162,334)
Effect of foreign currency rate changes on cash and cash equivalents	(2,434)	1,430	15,087	(1,762)	(24,351)	12,321	(48,689)
Net (decrease) increase in cash	(6,203)	3,698	(145,708)	85,950	114,481	(62,263)	5,150
Cash and cash equivalents - beginning of period	\$ 393,788	\$ 390,090	\$ 535,798	\$ 449,848	\$ 335,367	\$ 449,848	\$ 444,698
Cash and cash equivalents - end of period	\$ 387,585	\$ 393,788	\$ 390,090	\$ 535,798	\$ 449,848	\$ 387,585	\$ 449,848
Taxes paid (recovered) during the period	\$ 278	\$ 196	\$ 900	\$ 299	\$ (43)	\$ 1,673	\$ (2,510)
Interest paid during the period	\$ 6,559	\$ 6,672	\$ 6,672	\$ 6,672	\$ 6,672	\$ 26,575	\$ 27,474
Losses paid during the period	\$ 144,051	\$ 126,127	\$ 125,386	\$ 111,871	\$ 154,921	\$ 507,435	\$ 406,469



Validus Holdings, Ltd.

Consolidated Statements of Operations and Comprehensive Income (Loss)

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

	Three months ended				Year ended		
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,	December 31,
	2009	2009	2009	2009	2008	2009	2008
Revenues							
Gross premiums written	\$ 255,289	\$ 331,028	\$ 425,032	\$ 609,892	\$ 191,736	\$ 1,621,241	\$ 1,362,484
Reinsurance premiums ceded	(30,393)	(67,687)	(62,291)	(72,512)	(2,722)	(232,883)	(124,160)
Net premiums written	224,896	263,341	362,741	537,380	189,014	1,388,358	1,238,324
Change in unearned premiums	203,005	111,376	(34,541)	(218,621)	127,017	61,219	18,194
Net premiums earned	427,901	374,717	328,200	318,759	316,031	1,449,577	1,256,518
Gain on bargain purchase, net of expenses (a)	-	302,950	(15,851)	-	-	287,099	-
Net investment income	35,506	29,532	26,963	26,772	30,671	118,773	139,528
Realized gain on repurchase of debentures	4,444	-	-	-	-	4,444	8,752
Net realized gains (losses) on investments	9,099	5,429	(2,650)	(23,421)	6,757	(11,543)	(1,591)
Net unrealized (losses) gains on investments	(25,043)	50,437	37,249	22,153	(7,099)	84,796	(79,707)
Other income	1,759	1,101	1,017	757	1,598	4,634	5,264
Foreign exchange gains (losses)	338	(5,244)	8,432	(4,200)	(13,554)	(674)	(49,397)
Total revenues	454,004	758,922	383,360	340,820	334,404	1,937,106	1,279,367
Expenses							
Losses and loss expenses	133,020	134,152	124,751	131,834	191,576	523,757	772,154
Policy acquisition costs	72,843	64,236	64,438	61,449	61,407	262,966	234,951
General and administrative expenses	60,253	46,036	41,200	38,079	22,809	185,568	123,948
Share compensation expenses	8,189	5,862	5,632	7,354	7,279	27,037	27,097
Finance expenses	14,398	11,257	10,752	7,723	8,522	44,130	57,318
Total expenses	288,703	261,543	246,773	246,439	291,593	1,043,458	1,215,468
Net income before taxes	165,301	497,379	136,587	94,381	42,811	893,648	63,899
Tax benefit (expense)	458	1,799	976	526	(5,796)	3,759	(10,788)
Net income	\$ 165,759	\$ 499,178	\$ 137,563	\$ 94,907	\$ 37,015	\$ 897,407	\$ 53,111
Comprehensive income							
Foreign currency translation adjustments	125	(915)	3,993	(196)	(6,330)	3,007	(7,809)
Comprehensive income	\$ 165,884	\$ 498,263	\$ 141,556	\$ 94,711	\$ 30,685	\$ 900,414	\$ 45,302
Earnings per share							
Weighted average number of common shares and common share equivalents outstanding							
Basic	130,413,790	92,492,373	76,138,038	75,744,577	75,404,091	93,697,194	74,677,903
Diluted	134,794,120	95,834,809	78,942,065	79,102,643	75,740,546	97,168,409	75,819,413
Basic earnings per share	\$ 1.26	\$ 5.38	\$ 1.79	\$ 1.23	\$ 0.47	\$ 9.51	\$ 0.62
Diluted earnings per share	\$ 1.23	\$ 5.21	\$ 1.74	\$ 1.20	\$ 0.47	\$ 9.24	\$ 0.61
Cash dividends declared per share	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.80	\$ 0.80

Notes:

(a) The gain on bargain purchase, net of expenses, arises from the acquisition of IPC Holdings, Ltd. on September 4, 2009 and is net of transaction related expenses.

(b) Operating results of IPC have been included from September 4, 2009, the date of acquisition.



Validus Holdings, Ltd.

Consolidated Statements of Operations - Underwriting Income Format

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

	Three months ended				Year ended	
	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008	December 31, 2008
Underwriting income						
Gross premiums written	\$ 255,289	\$ 331,028	\$ 425,032	\$ 609,892	\$ 191,736	\$ 1,621,241
Reinsurance premiums ceded	(30,393)	(67,687)	(62,291)	(72,512)	(2,722)	(232,883)
Net premiums written	224,896	263,341	362,741	537,380	189,014	1,388,358
Change in unearned premiums	203,005	111,376	(34,541)	(218,621)	127,017	61,219
Net premiums earned	<u>427,901</u>	<u>374,717</u>	<u>328,200</u>	<u>318,759</u>	<u>316,031</u>	<u>1,449,577</u>
Underwriting deductions						
Losses and loss expenses	133,020	134,152	124,751	131,834	191,576	523,757
Policy acquisition costs	72,843	64,236	64,438	61,449	61,407	262,966
General and administrative expenses	60,253	46,036	41,200	38,079	22,809	185,568
Share compensation expenses	8,189	5,862	5,632	7,354	7,279	27,037
Total underwriting deductions	<u>274,305</u>	<u>250,286</u>	<u>236,021</u>	<u>238,716</u>	<u>283,071</u>	<u>999,328</u>
Underwriting income (loss)	\$ 153,596	\$ 124,431	\$ 92,179	\$ 80,043	\$ 32,960	\$ 450,249
Net investment income	35,506	29,532	26,963	26,772	30,671	118,773
Other income	1,759	1,101	1,017	757	1,598	4,634
Finance expenses	(14,398)	(11,257)	(10,752)	(7,723)	(8,522)	(44,130)
Operating income (loss) before taxes	176,463	143,807	109,407	99,849	56,707	529,526
Tax benefit (expense)	458	1,799	976	526	(5,796)	3,759
Net operating income (loss) (a)	\$ 176,921	\$ 145,606	\$ 110,383	\$ 100,375	\$ 50,911	\$ 533,285
Gain on bargain purchase, net of expenses (b)	-	302,950	(15,851)	-	-	287,099
Realized gain on repurchase of debentures	4,444	-	-	-	-	4,444
Net realized gains (losses) on investments	9,099	5,429	(2,650)	(23,421)	6,757	(11,543)
Net unrealized (losses) gains on investments	(25,043)	50,437	37,249	22,153	(7,099)	84,796
Foreign exchange gains (losses)	338	(5,244)	8,432	(4,200)	(13,554)	(674)
Net income (loss)	<u>\$ 165,759</u>	<u>\$ 499,178</u>	<u>\$ 137,563</u>	<u>\$ 94,907</u>	<u>\$ 37,015</u>	<u>\$ 897,407</u>
Selected ratios:						
Net premiums written / Gross premiums written	88.1%	79.6%	85.3%	88.1%	98.6%	85.6%
Losses and loss expenses	31.1%	35.8%	38.0%	41.4%	60.6%	36.1%
Policy acquisition costs	17.0%	17.1%	19.6%	19.3%	19.4%	18.1%
General and administrative expenses	16.0%	13.8%	14.3%	14.3%	9.5%	14.7%
Expense ratio	33.0%	30.9%	33.9%	33.6%	28.9%	32.8%
Combined ratio	64.1%	66.7%	71.9%	75.0%	89.5%	68.9%

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. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.

(b) The gain on bargain purchase, net of expenses is from the acquisition of IPC Holdings, Ltd. on September 4, 2009 and is net of transaction expenses.

(c) Operating results of IPC have been included from September 4, 2009, the date of acquisition.



Validus Holdings, Ltd.
Computation of Earnings per Share

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

	Three months ended						Year ended					
	At December 31, 2009			At December 31, 2008			At December 31, 2009			At December 31, 2008		
	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehensive income
Basic earnings per share												
Income	\$ 176,921	\$ 165,759	\$ 165,884	\$ 50,911	\$ 37,015	\$ 30,685	\$ 533,285	\$ 897,407	\$ 900,414	\$ 175,054	\$ 53,111	\$ 45,302
less: Dividends and distributions declared on outstanding warrants	(1,590)	(1,590)	(1,590)	(1,736)	(1,736)	(1,736)	(6,507)	(6,507)	(6,507)	(6,947)	(6,947)	(6,947)
Income available to common shareholders	\$ 175,331	\$ 164,169	\$ 164,294	\$ 49,175	\$ 35,279	\$ 28,949	\$ 526,778	\$ 890,900	\$ 893,907	\$ 168,107	\$ 46,164	\$ 38,355
Weighted average number of common shares outstanding	130,413,790	130,413,790	130,413,790	75,404,091	75,404,091	75,404,091	93,697,194	93,697,194	93,697,194	74,677,903	74,677,903	74,677,903
Basic earnings per share	\$ 1.34	\$ 1.26	\$ 1.26	\$ 0.65	\$ 0.47	\$ 0.38	\$ 5.62	\$ 9.51	\$ 9.54	\$ 2.25	\$ 0.62	\$ 0.51
Diluted earnings per share												
Income	\$ 176,921	\$ 165,759	\$ 165,884	\$ 50,911	\$ 37,015	\$ 30,685	\$ 533,285	\$ 897,407	\$ 900,414	\$ 175,054	\$ 53,111	\$ 45,302
less: Dividends and distributions declared on outstanding warrants	-	-	-	(1,736)	(1,736)	(1,736)	-	-	-	(6,947)	(6,947)	(6,947)
Income available to common shareholders	\$ 176,921	\$ 165,759	\$ 165,884	\$ 49,175	\$ 35,279	\$ 28,949	\$ 533,285	\$ 897,407	\$ 900,414	\$ 168,107	\$ 46,164	\$ 38,355
Weighted average number of common shares	130,413,790	130,413,790	130,413,790	75,404,091	75,404,091	75,404,091	93,697,194	93,697,194	93,697,194	74,677,903	74,677,903	74,677,903
Share equivalents:												
Warrants	2,620,747	2,620,747	2,620,747	-	-	-	2,220,096	2,220,096	2,220,096	-	-	-
Stock options	779,453	779,453	779,453	-	-	-	478,472	478,472	478,472	136,701	136,701	136,701
Unvested restricted shares	980,130	980,130	980,130	336,455	336,455	336,455	772,647	772,647	772,647	1,004,809	1,004,809	1,004,809
Weighted average number of diluted common shares outstanding	134,794,120	134,794,120	134,794,120	75,740,546	75,740,546	75,740,546	97,168,409	97,168,409	97,168,409	75,819,413	75,819,413	75,819,413
Diluted earnings per share	\$ 1.31	\$ 1.23	\$ 1.23	\$ 0.65	\$ 0.47	\$ 0.38	\$ 5.49	\$ 9.24	\$ 9.27	\$ 2.22	\$ 0.61	\$ 0.51

Notes:

- (a) ASC 718 (formerly 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.
- (b) In the basic earnings per share calculation, dividends and distributions declared on warrants outstanding are deducted from net income. In calculating diluted earnings per share, we also consider the impact of increasing the number of dilutive shares by a portion of the warrants outstanding, calculated using the treasury stock method. Whichever adjustment is more dilutive is incorporated in the calculation of diluted earnings per share.



Validus Holdings, Ltd.

Computation of Weighted Average Dilutive Shares Outstanding

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

	Three months ended		Year ended	
	December 31,	December 31,	December 31,	December 31,
	2009	2008	2009	2008
Average fair value per share	\$ 26.18	\$ 20.33	\$ 24.21	\$ 22.40
Basic weighted average common shares outstanding	130,413,790	75,404,091	93,697,194	74,677,903
Add: weighted average unvested restricted shares	3,020,651	2,986,619	3,086,404	3,614,093
Proceeds from unrecognized restricted share expenses	\$ 53,421	\$ 53,878	\$ 56,016	\$ 58,448
Less: restricted shares bought back via treasury method	(2,040,521)	(2,650,164)	(2,313,757)	(2,609,284)
Add: weighted average dilutive warrants outstanding	7,952,138	-	8,134,141	-
Weighted average exercise price per share	\$ 17.55	\$ 17.55	\$ 17.55	\$ 17.55
Less: warrants bought back via treasury method	(5,331,391)	-	(5,914,045)	-
Add: weighted average dilutive options outstanding	3,278,015	2,799,938	3,074,525	2,848,306
Weighted average exercise price per share	\$ 19.88	\$ 18.23	\$ 19.06	\$ 18.21
Proceeds from unrecognized option expenses	\$ 5,516	\$ 10,188	\$ 7,176	\$ 11,618
Less: options bought back via treasury method	(2,498,562)	(2,799,938)	(2,596,053)	(2,711,605)
Weighted average dilutive shares outstanding	134,794,120	75,740,546	97,168,409	75,819,413



Validus Holdings, Ltd.

Consolidated Segment Income Statement -Three months ended

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

	Three months ended December 31, 2009				Three months ended December 31, 2008			
	Validus Re (c)	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Underwriting income								
Gross premiums written	\$ 33,694	\$ 229,548	\$ (7,953)	\$ 255,289	\$ 43,873	\$ 152,662	\$ (4,799)	\$ 191,736
Reinsurance premiums ceded	(652)	(37,694)	7,953	(30,393)	(1,696)	(5,825)	4,799	(2,722)
Net premiums written	33,042	191,854	-	224,896	42,177	146,837	-	189,014
Change in unearned premiums	224,596	(21,591)	-	203,005	122,191	4,826	-	127,017
Net premiums earned	257,638	170,263	-	427,901	164,368	151,663	-	316,031
Underwriting deductions								
Losses and loss expenses	44,134	88,886	-	133,020	95,972	95,604	-	191,576
Policy acquisition costs	37,088	37,555	(1,800)	72,843	28,011	33,560	(164)	61,407
General and administrative expenses	19,782	30,787	9,684	60,253	7,301	12,882	2,626	22,809
Share compensation expenses	2,590	1,367	4,232	8,189	2,197	1,436	3,646	7,279
Total underwriting deductions	103,594	158,595	12,116	274,305	133,481	143,482	6,108	283,071
Underwriting income (loss)	\$ 154,044	\$ 11,668	\$ (12,116)	\$ 153,596	\$ 30,887	\$ 8,181	\$ (6,108)	\$ 32,960
Net investment income	29,984	7,298	(1,776)	35,506	25,258	7,075	(1,662)	30,671
Other income	2,115	2,785	(3,141)	1,759	164	1,598	(164)	1,598
Finance expenses	(541)	(7,037)	(6,820)	(14,398)	(224)	(1,530)	(6,768)	(8,522)
Operating income (loss) before taxes	185,602	14,714	(23,853)	176,463	56,085	15,324	(14,702)	56,707
Tax (expense) benefit	(56)	514	-	458	(10)	(5,786)	-	(5,796)
Net operating income (loss) (a)	\$ 185,546	\$ 15,228	\$ (23,853)	\$ 176,921	\$ 56,075	\$ 9,538	\$ (14,702)	\$ 50,911
Realized gain on repurchase of debentures	-	-	4,444	4,444	-	-	-	-
Net realized gains (losses) on investments	8,854	245	-	9,099	3,993	2,764	-	6,757
Net unrealized (losses) gains on investments	(20,484)	(4,559)	-	(25,043)	(26,097)	18,998	-	(7,099)
Foreign exchange (losses) gains	(765)	1,103	-	338	(1,054)	(12,500)	-	(13,554)
Net income (loss)	\$ 173,151	\$ 12,017	\$ (19,409)	\$ 165,759	\$ 32,917	\$ 18,800	\$ (14,702)	\$ 37,015
Selected ratios:								
Net premiums written / Gross premiums written	98.1%	83.6%		88.1%	96.1%	96.2%		98.6%
Losses and loss expenses	17.1%	52.2%		31.1%	58.4%	63.0%		60.6%
Policy acquisition costs	14.4%	22.1%		17.0%	17.0%	22.1%		19.4%
General and administrative expenses	8.7%	18.9%		16.0%	5.8%	9.4%		9.5%
Expense ratio	23.1%	41.0%		33.0%	22.8%	31.5%		28.9%
Combined ratio	40.2%	93.2%		64.1%	81.2%	94.5%		89.5%

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. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.

(b) Operating results of IPC have been included from September 4, 2009, the date of acquisition



Validus Holdings, Ltd.

Underwriting Results by Class of Business - Three months ended - Validus Re

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

	Three months ended December 31, 2009				Three months ended December 31, 2008			
	Property (b)	Marine	Specialty (b)	Total	Property (b)	Marine	Specialty (b)	Total
Underwriting income								
Gross premiums written	\$ 21,204	\$ (1,060)	\$ 13,550	\$ 33,694	\$ 21,004	\$ 5,799	\$ 17,070	\$ 43,873
Reinsurance premiums ceded	(459)	90	(283)	(652)	2,446	(4,125)	(17)	(1,696)
Net premiums written	20,745	(970)	13,267	33,042	23,450	1,674	17,053	42,177
Change in unearned premiums	183,510	29,858	11,228	224,596	94,046	27,697	448	122,191
Net premiums earned	204,255	28,888	24,495	257,638	117,496	29,371	17,501	164,368
Underwriting deductions								
Losses and loss expenses	19,593	13,152	11,389	44,134	66,412	21,514	8,046	95,972
Policy acquisition costs	27,463	5,257	4,368	37,088	21,279	4,222	2,510	28,011
Total underwriting deductions before G&A	47,056	18,409	15,757	81,222	87,691	25,736	10,556	123,983
Underwriting income before G&A	\$ 157,199	\$ 10,479	\$ 8,738	\$ 176,416	\$ 29,805	\$ 3,635	\$ 6,945	\$ 40,385
General and administrative expenses				19,782				7,301
Share compensation expenses				2,590				2,197
Total underwriting deductions				103,594				133,481
Underwriting income				154,044				30,887
Net investment income				29,984				25,258
Other income				2,115				164
Finance expenses				(541)				(224)
Operating income before taxes				185,602				56,085
Tax (expense)				(56)				(10)
Net operating income (a)				\$ 185,546				\$ 56,075
Net realized gains on investments				8,854				3,993
Net unrealized (losses) on investments				(20,484)				(26,097)
Foreign exchange (losses)				(765)				(1,054)
Net income				\$ 173,151				\$ 32,917
Selected ratios:								
Net premiums written / Gross premiums written	97.8%	91.5%	97.9%	98.1%	111.6%	28.9%	99.9%	96.1%
Losses and loss expenses	9.6%	45.5%	46.5%	17.1%	56.5%	73.3%	46.0%	58.4%
Policy acquisition costs	13.4%	18.2%	17.8%	14.4%	18.1%	14.4%	14.3%	17.0%
General and administrative expenses				8.7%				5.8%
Expense ratio				23.1%				22.8%
Combined ratio				40.2%				81.2%

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. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.

(b) Specialty class includes Aerospace, Agriculture, Financial lines of business, Life and A&H, Nuclear, Terrorism and Workers' Compensation. During the year ended December 31, 2009, Nuclear and Agriculture were reclassified from Property to Specialty.

(c) Operating results of IPC have been included from September 4, 2009, the date of acquisition.



Validus Holdings, Ltd.

Underwriting Results by Class of Business - Three months ended - Talbot

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

	Three months ended December 31, 2009				Three months ended December 31, 2008			
	Property (b)	Marine	Specialty (c)	Total	Property	Marine	Specialty (c)	Total
Underwriting income								
Gross premiums written	\$ 50,933	\$ 62,697	\$ 115,918	\$ 229,548	\$ 29,159	\$ 56,918	\$ 66,585	\$ 152,662
Reinsurance premiums ceded	(19,083)	(4,110)	(14,501)	(37,694)	(5,840)	(341)	356	(5,825)
Net premiums written	31,850	58,587	101,417	191,854	23,319	56,577	66,941	146,837
Change in unearned premiums	4,682	6,218	(32,491)	(21,591)	4,937	7,391	(7,502)	4,826
Net premiums earned	36,532	64,805	68,926	170,263	28,256	63,968	59,439	151,663
Underwriting deductions								
Losses and loss expenses	10,537	41,181	37,168	88,886	40,968	25,517	29,119	95,604
Policy acquisition costs	6,031	16,523	15,001	37,555	5,082	14,210	14,268	33,560
Total underwriting deductions before G&A	16,568	57,704	52,169	126,441	46,050	39,727	43,387	129,164
Underwriting income (loss) before G&A	\$ 19,964	\$ 7,101	\$ 16,757	\$ 43,822	\$ (17,794)	\$ 24,241	\$ 16,052	\$ 22,499
General and administrative expenses				30,787				12,882
Share compensation expenses				1,367				1,436
Total underwriting deductions				158,595				143,482
Underwriting income				11,668				8,181
Net investment income				7,298				7,075
Other income				2,785				1,598
Finance expenses				(7,037)				(1,530)
Operating income before taxes				14,714				15,324
Tax benefit (expense)				514				(5,786)
Net operating income (a)				\$ 15,228				\$ 9,538
Net realized gains on investments				245				2,764
Net unrealized (losses) gains on investments				(4,559)				18,998
Foreign exchange gains (losses)				1,103				(12,500)
Net income				\$ 12,017				\$ 18,800
Selected ratios:								
Net premiums written / Gross premiums written	62.5%	93.4%	87.5%	83.6%	80.0%	99.4%	100.5%	96.2%
Losses and loss expenses	28.8%	63.5%	53.9%	52.2%	145.0%	39.9%	49.0%	63.0%
Policy acquisition costs	16.5%	25.5%	21.8%	22.1%	18.0%	22.2%	24.0%	22.1%
General and administrative expenses				18.9%				9.4%
Expense ratio				41.0%				31.5%
Combined ratio				93.2%				94.5%

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. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.

(b) Property includes Onshore Energy.

(c) Specialty includes Accident, Health, Aviation, Bloodstock, Contingency, Financial institutions, Political Violence, Political Risk, War and other classes



Validus Holdings, Ltd.

Consolidated Segment Income Statement - Year ended

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

	Year ended December 31, 2009				Year ended December 31, 2008			
	Validus Re (c)	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Underwriting income								
Gross premiums written	\$ 768,084	\$ 919,906	\$ (66,749)	\$ 1,621,241	\$ 687,771	\$ 708,996	\$ (34,283)	\$ 1,362,484
Reinsurance premiums ceded	(95,446)	(204,186)	66,749	(232,883)	(62,933)	(95,510)	34,283	(124,160)
Net premiums written	672,638	715,720	-	1,388,358	624,838	613,486	-	1,238,324
Change in unearned premiums	122,912	(61,693)	-	61,219	28,693	(10,499)	-	18,194
Net premiums earned	<u>795,550</u>	<u>654,027</u>	<u>-</u>	<u>1,449,577</u>	<u>653,531</u>	<u>602,987</u>	<u>-</u>	<u>1,256,518</u>
Underwriting deductions								
Losses and loss expenses	186,704	337,053	-	523,757	420,645	351,509	-	772,154
Policy acquisition costs	127,433	139,932	(4,399)	262,966	100,243	135,017	(309)	234,951
General and administrative expenses	65,710	96,352	23,506	185,568	34,607	71,443	17,898	123,948
Share compensation expenses	7,576	7,171	12,290	27,037	6,829	4,702	15,566	27,097
Total underwriting deductions	<u>387,423</u>	<u>580,508</u>	<u>31,397</u>	<u>999,328</u>	<u>562,324</u>	<u>562,671</u>	<u>33,155</u>	<u>1,158,150</u>
Underwriting income (loss)	<u>\$ 408,127</u>	<u>\$ 73,519</u>	<u>\$ (31,397)</u>	<u>\$ 450,249</u>	<u>\$ 91,207</u>	<u>\$ 40,316</u>	<u>\$ (33,155)</u>	<u>\$ 98,368</u>
Net investment income	94,973	30,114	(6,314)	118,773	101,994	41,520	(3,986)	139,528
Other income	5,149	5,225	(5,740)	4,634	309	5,264	(309)	5,264
Finance expenses	(1,774)	(14,725)	(27,631)	(44,130)	(879)	(27,351)	(29,088)	(57,318)
Operating income (loss) before taxes	<u>506,475</u>	<u>94,133</u>	<u>(71,082)</u>	<u>529,526</u>	<u>192,631</u>	<u>59,749</u>	<u>(66,538)</u>	<u>185,842</u>
Tax (expense) benefit	(163)	3,922	-	3,759	(88)	(10,700)	-	(10,788)
Net operating income (loss) (a)	<u>\$ 506,312</u>	<u>\$ 98,055</u>	<u>\$ (71,082)</u>	<u>\$ 533,285</u>	<u>\$ 192,543</u>	<u>\$ 49,049</u>	<u>\$ (66,538)</u>	<u>\$ 175,054</u>
Gain on bargain purchase, net of expenses (b)	-	-	287,099	287,099	-	-	-	-
Realized gain on repurchase of debentures	-	-	4,444	4,444	-	-	8,752	8,752
Net realized (losses) gains on investments	(5,428)	(6,115)	-	(11,543)	(9,718)	8,127	-	(1,591)
Net unrealized gains (losses) on investments	75,209	9,587	-	84,796	(84,714)	5,007	-	(79,707)
Foreign exchange (losses) gains	(1,406)	676	56	(674)	(16,701)	(32,696)	-	(49,397)
Net income (loss)	<u>\$ 574,687</u>	<u>\$ 102,203</u>	<u>\$ 220,517</u>	<u>\$ 897,407</u>	<u>\$ 81,410</u>	<u>\$ 29,487</u>	<u>\$ (57,786)</u>	<u>\$ 53,111</u>
Selected ratios:								
Net premiums written / Gross premiums written	87.6%	77.8%		85.6%	90.8%	86.5%		90.9%
Losses and loss expenses	23.5%	51.5%		36.1%	64.4%	58.3%		61.5%
Policy acquisition costs	16.0%	21.4%		18.1%	15.3%	22.4%		18.7%
General and administrative expenses	9.2%	15.8%		14.7%	6.3%	12.6%		12.0%
Expense ratio	25.2%	37.2%		32.8%	21.6%	35.0%		30.7%
Combined ratio	48.7%	88.7%		68.9%	86.0%	93.3%		92.2%

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. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.

(b) The gain on bargain purchase, net of expenses is from the acquisition of IPC Holdings, Ltd. on September 4, 2009 and is net of transaction expenses

(c) Operating results of IPC have been included from September 4, 2009, the date of acquisition



Validus Holdings, Ltd.

Underwriting Results by Class of Business - Year ended - Validus Re

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

	Year ended December 31, 2009				Year ended December 31, 2008			
	Property (b)	Marine	Specialty (b)	Total	Property (b)	Marine	Specialty (b)	Total
Underwriting income								
Gross premiums written	\$ 520,347	\$ 152,853	\$ 94,884	\$ 768,084	\$ 492,967	\$ 117,744	\$ 77,060	\$ 687,771
Reinsurance premiums ceded	(80,475)	(13,120)	(1,851)	(95,446)	(34,712)	(27,652)	(569)	(62,933)
Net premiums written	439,872	139,733	93,033	672,638	458,255	90,092	76,491	624,838
Change in unearned premiums	138,580	(16,460)	792	122,912	20,268	14,387	(5,962)	28,693
Net premiums earned	<u>578,452</u>	<u>123,273</u>	<u>93,825</u>	<u>795,550</u>	<u>478,523</u>	<u>104,479</u>	<u>70,529</u>	<u>653,531</u>
Underwriting deductions								
Losses and loss expenses	73,501	80,150	33,053	186,704	297,362	98,715	24,568	420,645
Policy acquisition costs	88,589	25,311	13,533	127,433	75,717	14,718	9,808	100,243
Total underwriting deductions before G&A	<u>162,090</u>	<u>105,461</u>	<u>46,586</u>	<u>314,137</u>	<u>373,079</u>	<u>113,433</u>	<u>34,376</u>	<u>520,888</u>
Underwriting income (loss) before G&A	\$ 416,362	\$ 17,812	\$ 47,239	\$ 481,413	\$ 105,444	\$ (8,954)	\$ 36,153	\$ 132,643
General and administrative expenses				65,710				34,607
Share compensation expenses				7,576				6,829
Total underwriting deductions				<u>387,423</u>				<u>562,324</u>
Underwriting income				408,127				91,207
Net investment income				94,973				101,994
Other income				5,149				309
Finance expenses				(1,774)				(879)
Operating income before taxes				506,475				192,631
Tax (expense)				(163)				(88)
Net operating income (a)				\$ 506,312				\$ 192,543
Net realized (losses) on investments				(5,428)				(9,718)
Net unrealized gains (losses) on investments				75,209				(84,714)
Foreign exchange (losses)				(1,406)				(16,701)
Net income				<u>\$ 574,687</u>				<u>\$ 81,410</u>
Selected ratios:								
Net premiums written / Gross premiums written	84.5%	91.4%	98.0%	87.6%	93.0%	76.5%	99.3%	90.8%
Losses and loss expenses	12.7%	65.0%	35.2%	23.5%	62.1%	94.4%	34.8%	64.4%
Policy acquisition costs	15.3%	20.5%	14.4%	16.0%	15.8%	14.1%	13.9%	15.3%
General and administrative expenses				9.2%				6.3%
Expense ratio				25.2%				21.6%
Combined ratio				<u>48.7%</u>				<u>86.0%</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. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.

(b) Specialty class includes Aerospace, Agriculture, Financial lines of business, Life and A&H, Nuclear, Terrorism and Workers' Compensation. During the year ended December 31, 2009, Nuclear and Agriculture were reclassified from Property to Specialty.

(c) Operating results of IPC have been included from September 4, 2009, the date of acquisition.



Validus Holdings, Ltd.

Underwriting Results by Class of Business - Year ended - Talbot

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

	Year ended December 31, 2009				Year ended December 31, 2008			
	Property (b)	Marine	Specialty (c)	Total	Property	Marine	Specialty (c)	Total
Underwriting income								
Gross premiums written	\$ 269,583	\$ 307,385	\$ 342,938	\$ 919,906	\$ 152,143	\$ 287,696	\$ 269,157	\$ 708,996
Reinsurance premiums ceded	(114,774)	(31,296)	(58,116)	(204,186)	(33,372)	(20,297)	(41,841)	(95,510)
Net premiums written	154,809	276,089	284,822	715,720	118,771	267,399	227,316	613,486
Change in unearned premiums	(20,599)	(2,301)	(38,793)	(61,693)	1,113	(4,429)	(7,183)	(10,499)
Net premiums earned	<u>134,210</u>	<u>273,788</u>	<u>246,029</u>	<u>654,027</u>	<u>119,884</u>	<u>262,970</u>	<u>220,133</u>	<u>602,987</u>
Underwriting deductions								
Losses and loss expenses	39,481	162,577	134,995	337,053	119,846	153,785	77,878	351,509
Policy acquisition costs	20,722	60,984	58,226	139,932	21,937	59,654	53,426	135,017
Total underwriting deductions before G&A	<u>60,203</u>	<u>223,561</u>	<u>193,221</u>	<u>476,985</u>	<u>141,783</u>	<u>213,439</u>	<u>131,304</u>	<u>486,526</u>
Underwriting income (loss) before G&A	\$ 74,007	\$ 50,227	\$ 52,808	\$ 177,042	\$ (21,899)	\$ 49,531	\$ 88,829	\$ 116,461
General and administrative expenses				96,352				71,443
Share compensation expenses				7,171				4,702
Total underwriting deductions				<u>580,508</u>				<u>562,671</u>
Underwriting income				73,519				40,316
Net investment income				30,114				41,520
Other income				5,225				5,264
Finance expenses				(14,725)				(27,351)
Operating income before taxes				94,133				59,749
Tax benefit (expense)				3,922				(10,700)
Net operating income (a)				\$ 98,055				\$ 49,049
Net realized (losses) gains on investments				(6,115)				8,127
Net unrealized gains on investments				9,587				5,007
Foreign exchange gains (losses)				676				(32,696)
Net income				<u>\$ 102,203</u>				<u>\$ 29,487</u>
Selected ratios:								
Net premiums written / Gross premiums written	57.4%	89.8%	83.1%	77.8%	78.1%	92.9%	84.5%	86.5%
Losses and loss expenses	29.4%	59.4%	54.9%	51.5%	100.0%	58.5%	35.4%	58.3%
Policy acquisition costs	15.4%	22.3%	23.7%	21.4%	18.3%	22.7%	24.3%	22.4%
General and administrative expenses				15.8%				12.6%
Expense ratio				37.2%				35.0%
Combined ratio				88.7%				93.3%

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. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.

(b) Property includes Onshore Energy.

(c) Specialty includes Accident, Health, Aviation, Bloodstock, Contingency, Financial institutions, Political Violence, Political Risk, War and other classes



Validus Holdings, Ltd.

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

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

Validus Re Segment		Three months ended				Year ended			
		December 31, 2009		December 31, 2008		December 31, 2009		December 31, 2008	
Class of business	Treaty type	Gross premiums written		Gross premiums written		Gross premiums written		Gross premiums written	
			%		%		%		%
Property (e)	Cat XOL (a)	\$ 13,027	38.7%	\$ 9,911	22.6%	\$ 383,577	49.9%	\$ 328,216	47.7%
	Per Risk XOL	5,060	15.0%	1,763	4.0%	44,619	5.8%	54,056	7.9%
	Proportional (b)	3,117	9.3%	9,330	21.3%	92,151	12.0%	110,695	16.1%
		<u>21,204</u>	<u>63.0%</u>	<u>21,004</u>	<u>47.9%</u>	<u>520,347</u>	<u>67.7%</u>	<u>492,967</u>	<u>71.7%</u>
Marine	Cat XOL (c)	(1,810)	-5.4%	6,592	15.0%	7,436	1.0%	37,128	5.4%
	Per Risk XOL	5,866	17.4%	2,328	5.3%	70,660	9.2%	54,049	7.8%
	Proportional (b)	(5,116)	-15.2%	(3,121)	-7.1%	74,757	9.7%	26,567	3.9%
		<u>(1,060)</u>	<u>-3.2%</u>	<u>5,799</u>	<u>13.2%</u>	<u>152,853</u>	<u>19.9%</u>	<u>117,744</u>	<u>17.1%</u>
Specialty (d) (e)	Cat XOL (a)	9,206	27.3%	(758)	-1.7%	46,407	6.1%	30,022	4.4%
	Per Risk XOL	(482)	-1.4%	3,983	9.1%	11,288	1.5%	5,144	0.7%
	Proportional (b)	4,826	14.3%	13,845	31.5%	37,189	4.8%	41,894	6.1%
		<u>13,550</u>	<u>40.2%</u>	<u>17,070</u>	<u>38.9%</u>	<u>94,884</u>	<u>12.4%</u>	<u>77,060</u>	<u>11.2%</u>
Total	Cat XOL (a) (c)	20,423	60.6%	15,745	35.9%	437,420	57.0%	395,366	57.5%
	Per Risk XOL	10,444	31.0%	8,074	18.4%	126,567	16.5%	113,249	16.4%
	Proportional (b)	2,827	8.4%	20,054	45.7%	204,097	26.5%	179,156	26.1%
		<u>\$ 33,694</u>	<u>100.0%</u>	<u>\$ 43,873</u>	<u>100.0%</u>	<u>\$ 768,084</u>	<u>100.0%</u>	<u>\$ 687,771</u>	<u>100.0%</u>

Notes:

(a) Property and Specialty Cat XOL is comprised of Catastrophe XOL, Aggregate XOL, RPP, Per Event XOL, Second Event and Third Event covers

(b) Proportional is comprised of Quota Share and Surplus Share covers

(c) Marine Cat XOL is comprised of Catastrophe XOL, Aggregate XOL, RPP, Second Event and Third Event covers

(d) Specialty includes Aerospace, Agriculture, Financial lines of business, Life and A&H, Nuclear, Terrorism and Workers' compensation.

(e) During the year ended December 31, 2009, Nuclear and Agriculture were reclassified from Property to Specialty and internal re-categorization by treaty type occurred.

(f) Operating results of IPC have been included in the Validus Re segment from September 4, 2009, the date of acquisition.



Validus Holdings, Ltd.

Consolidated Class of Business Policy Type Detail - Gross Premiums Written

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

Class of business	Treaty type	Three months ended				Year ended			
		December 31, 2009		December 31, 2008		December 31, 2009		December 31, 2008	
		Gross premiums written	%	Gross premiums written	%	Gross premiums written	%	Gross premiums written	%
Property (a)	Treaty Reinsurance	\$ 19,504	7.6%	\$ 22,771	11.9%	\$ 543,836	33.5%	\$ 521,946	38.3%
	Facultative Reinsurance	26,183	10.3%	11,534	6.0%	113,916	7.0%	46,128	3.4%
	Direct Reinsurance	19,766	7.7%	11,105	5.8%	86,908	5.4%	55,312	4.1%
		<u>65,453</u>	<u>25.6%</u>	<u>45,410</u>	<u>23.7%</u>	<u>744,660</u>	<u>45.9%</u>	<u>623,386</u>	<u>45.8%</u>
Marine	Treaty Reinsurance	\$ 186	0.1%	\$ 10,360	5.4%	\$ 182,236	11.2%	\$ 141,038	10.4%
	Facultative Reinsurance	20,309	8.0%	12,670	6.6%	90,369	5.6%	79,573	5.8%
	Direct Reinsurance	40,164	15.7%	38,010	19.8%	174,357	10.8%	176,286	12.9%
		<u>60,659</u>	<u>23.8%</u>	<u>61,040</u>	<u>31.8%</u>	<u>446,962</u>	<u>27.6%</u>	<u>396,897</u>	<u>29.1%</u>
Specialty (b)	Treaty Reinsurance	\$ 21,820	8.5%	\$ 29,115	15.2%	\$ 135,365	8.4%	\$ 115,635	8.5%
	Facultative Reinsurance	37,514	14.7%	17,122	8.9%	95,747	5.9%	65,162	4.8%
	Direct Reinsurance	69,843	27.4%	39,049	20.4%	198,507	12.2%	161,404	11.8%
		<u>129,177</u>	<u>50.6%</u>	<u>85,286</u>	<u>44.5%</u>	<u>429,619</u>	<u>26.5%</u>	<u>342,201</u>	<u>25.1%</u>
Total	Treaty Reinsurance	41,510	16.2%	62,246	32.5%	861,437	53.1%	778,619	57.2%
	Facultative Reinsurance	84,006	33.0%	41,326	21.5%	300,032	18.5%	190,863	14.0%
	Direct Reinsurance	129,773	50.8%	88,164	46.0%	459,772	28.4%	393,002	28.8%
		<u>\$ 255,289</u>	<u>100.0%</u>	<u>\$ 191,736</u>	<u>100.0%</u>	<u>\$ 1,621,241</u>	<u>100.0%</u>	<u>\$ 1,362,484</u>	<u>100.0%</u>

Notes:

(a) For the Talbot segment, the Property class includes Onshore Energy

(b) For the Validus Re segment, the Specialty class includes Aerospace, Agriculture, Financial lines of business, Life and A&H, Nuclear, Terrorism and Workers' Compensation. For the Talbot segment Specialty includes Accident, Health, Aviation, Bloodstock, Contingency, Financial institutions, Political Violence, Political Risk, War and other classes.

(c) Operating results of IPC have been included in the Validus Re segment from September 4, 2009, the date of acquisition



Validus Holdings, Ltd.

Gross Premiums Written by Segment by Class of Business

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

	Three months ended				Year ended		
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,	
	2009	2009	2009	2009	2008	2009	2008
Validus Re							
Property (a)	\$ 21,204	\$ 80,578	\$ 183,898	\$ 234,667	\$ 21,004	\$ 520,347	\$ 492,967
Marine	(1,060)	28,408	3,957	121,548	5,799	152,853	117,744
Aerospace	2,421	7,737	5,989	14,032	14,141	30,179	39,323
Agriculture (a)	163	435	264	5,559	-	6,421	-
Financial	1,079	259	969	1,412	-	3,719	4,125
Life and A&H	3	1,200	74	2,029	-	3,306	1,009
Nuclear (a)	-	608	-	3,872	-	4,480	-
Terrorism	10,098	3,559	3,862	21,973	2,207	39,492	25,502
Workers' Comp	(214)	1,920	547	5,034	722	7,287	7,101
Total Validus Re Segment	33,694	124,704	199,560	410,126	43,873	768,084	687,771
Talbot							
Property	28,620	44,739	47,651	51,772	29,161	172,782	152,143
Onshore Energy	22,313	34,416	31,118	8,954	-	96,801	-
Marine	62,697	69,621	82,657	92,410	56,916	307,385	287,696
Accident & Health	2,424	6,151	4,957	4,974	3,002	18,506	18,314
Aviation & Other	48,416	26,475	14,220	12,933	7,485	102,044	40,028
Bloodstock	3,982	4,568	2,746	3,086	3,906	14,382	16,937
Contingency	2,592	4,885	5,685	5,915	4,818	19,077	22,924
Financial Institutions	13,945	9,989	8,637	9,098	12,065	41,669	42,263
War	44,559	26,481	37,442	38,778	35,309	147,260	128,691
Total Talbot Segment	229,548	227,325	235,113	227,920	152,662	919,906	708,996
Intersegment Revenue							
Property	(6,684)	(18,253)	(7,225)	(13,108)	(4,753)	(45,270)	(21,724)
Marine	(978)	(2,257)	(2,183)	(7,858)	(1,677)	(13,276)	(8,543)
Specialty	(291)	(491)	(233)	(7,188)	1,631	(8,203)	(4,016)
Total Intersegment Revenue Eliminated	(7,953)	(21,001)	(9,641)	(28,154)	(4,799)	(66,749)	(34,283)
Total Gross Premiums Written	\$ 255,289	\$ 331,028	\$ 425,032	\$ 609,892	\$ 191,736	\$ 1,621,241	\$ 1,362,484

Notes:

(a) During the year ended December 31, 2009, Nuclear and Agriculture were reclassified from Property to Specialty and internal re-categorization by treaty type occurred.

(b) Operating results of IPC have been included from September 4, 2009, the date of acquisition



Validus Holdings, Ltd.

Underwriting Income - Validus Re Segment

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

	Three months ended				Year ended		
	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008	December 31, 2008	
Underwriting income							
Gross premiums written	\$ 33,694	\$ 124,704	\$ 199,560	\$ 410,126	\$ 43,873	\$ 768,084	\$ 687,771
Reinsurance premiums ceded	(652)	(38,435)	(43,070)	(13,289)	(1,696)	(95,446)	(62,933)
Net premiums written	33,042	86,269	156,490	396,837	42,177	672,638	624,838
Change in unearned premiums	224,596	113,499	7,207	(222,390)	122,191	122,912	28,693
Net premiums earned	257,638	199,768	163,697	174,447	164,368	795,550	653,531
Underwriting deductions							
Losses and loss expenses	44,134	45,987	41,121	55,462	95,972	186,704	420,645
Policy acquisition costs	37,088	32,648	29,120	28,577	28,011	127,433	100,243
General and administrative expenses	19,782	17,987	14,149	13,792	7,301	65,710	34,607
Share compensation expenses	2,590	1,766	1,548	1,672	2,197	7,576	6,829
Total underwriting deductions	103,594	98,388	85,938	99,503	133,481	387,423	562,324
Underwriting income	<u>\$ 154,044</u>	<u>\$ 101,380</u>	<u>\$ 77,759</u>	<u>\$ 74,944</u>	<u>\$ 30,887</u>	<u>\$ 408,127</u>	<u>\$ 91,207</u>
Selected ratios:							
Losses and loss expenses	17.1%	23.0%	25.1%	31.8%	58.4%	23.5%	64.4%
Policy acquisition costs	14.4%	16.3%	17.8%	16.4%	17.0%	16.0%	15.3%
General and administrative expenses	8.7%	9.9%	9.6%	8.9%	5.8%	9.2%	6.3%
Expense ratio	<u>23.1%</u>	<u>26.2%</u>	<u>27.4%</u>	<u>25.3%</u>	<u>22.8%</u>	<u>25.2%</u>	<u>21.6%</u>
Combined ratio	<u>40.2%</u>	<u>49.2%</u>	<u>52.5%</u>	<u>57.1%</u>	<u>81.2%</u>	<u>48.7%</u>	<u>86.0%</u>

Notes:

(a) Operating results of IPC have been included in the Validus Re segment from September 4, 2009, the date of acquisition.



Validus Holdings, Ltd.

Underwriting Income - Talbot Segment

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

	Three months ended				Year ended	
	December 31,	September 30,	June 30,	March 31,	December 31,	December 31,
	2009	2009	2009	2009	2008	2008
Underwriting income						
Gross premiums written	\$ 229,548	\$ 227,325	\$ 235,113	\$ 227,920	\$ 152,662	\$ 919,906
Reinsurance premiums ceded	(37,694)	(50,253)	(28,862)	(87,377)	(5,825)	(204,186)
Net premiums written	191,854	177,072	206,251	140,543	146,837	715,720
Change in unearned premiums	(21,591)	(2,123)	(41,748)	3,769	4,826	(61,693)
Net premiums earned	170,263	174,949	164,503	144,312	151,663	654,027
Underwriting deductions						
Losses and loss expenses	88,886	88,165	83,630	76,372	95,604	337,053
Policy acquisition costs	37,555	33,106	36,114	33,157	33,560	139,932
General and administrative expenses	30,787	23,424	21,927	20,214	12,882	96,352
Share compensation expenses	1,367	1,371	2,098	2,335	1,436	7,171
Total underwriting deductions	158,595	146,066	143,769	132,078	143,482	580,508
Underwriting income	<u>\$ 11,668</u>	<u>\$ 28,883</u>	<u>\$ 20,734</u>	<u>\$ 12,234</u>	<u>\$ 8,181</u>	<u>\$ 73,519</u>
Selected ratios:						
Losses and loss expenses	52.2%	50.4%	50.8%	52.9%	63.0%	51.5%
Policy acquisition costs	22.1%	18.9%	22.0%	23.0%	22.1%	21.4%
General and administrative expenses	18.9%	14.2%	14.6%	15.6%	9.4%	15.8%
Expense ratio	41.0%	33.1%	36.6%	38.6%	31.5%	37.2%
Combined ratio	<u>93.2%</u>	<u>83.5%</u>	<u>87.4%</u>	<u>91.5%</u>	<u>94.5%</u>	<u>88.7%</u>



Validus Holdings, Ltd.

Underwriting Income - Class of Business - Property

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

	Three months ended				Year ended	
	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008	December 31, 2008
Underwriting income						
Net premiums written	\$ 52,595	\$ 85,014	\$ 198,204	\$ 258,868	\$ 46,769	\$ 594,681
Net premiums earned	<u>240,787</u>	<u>177,916</u>	<u>143,843</u>	<u>150,116</u>	<u>145,752</u>	<u>712,662</u>
Underwriting deductions						
Losses and loss expenses	30,130	24,049	24,105	34,698	107,380	417,208
Policy acquisition costs	33,494	26,437	23,592	25,788	26,361	109,311
Total underwriting deductions	<u>63,624</u>	<u>50,486</u>	<u>47,697</u>	<u>60,486</u>	<u>133,741</u>	<u>222,293</u>
Underwriting income before G&A	<u>\$ 177,163</u>	<u>\$ 127,430</u>	<u>\$ 96,146</u>	<u>\$ 89,630</u>	<u>\$ 12,011</u>	<u>\$ 490,369</u>
Selected underwriting ratios (a):						
Losses and loss expenses	12.5%	13.5%	16.8%	23.1%	73.7%	15.9%
Policy acquisition costs	13.9%	14.9%	16.4%	17.2%	18.1%	15.3%
Combined ratio before G&A	<u>26.4%</u>	<u>28.4%</u>	<u>33.2%</u>	<u>40.3%</u>	<u>91.8%</u>	<u>31.2%</u>

Notes:

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

(b) During the year ended December 31, 2009, Nuclear and Agriculture were reclassified from Property to Specialty and internal re-categorization by treaty type occurred.

(c) Operating results of IPC have been included from September 4, 2009, the date of acquisition.



Validus Holdings, Ltd.

Underwriting Income - Class of Business - Marine

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

	Three months ended				Year ended	
	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008	December 31, 2008
Underwriting income						
Net premiums written	\$ 57,617	\$ 89,268	\$ 81,798	\$ 187,139	\$ 58,252	\$ 415,822
Net premiums earned	93,693	114,114	100,953	88,301	93,340	397,061
Underwriting deductions						
Losses and loss expenses	54,333	74,766	49,099	64,529	47,031	242,727
Policy acquisition costs	21,780	21,586	23,590	19,339	18,432	86,295
Total underwriting deductions	76,113	96,352	72,689	83,868	65,463	329,022
Underwriting income before G&A	\$ 17,580	\$ 17,762	\$ 28,264	\$ 4,433	\$ 27,877	\$ 68,039
Selected underwriting ratios (a):						
Losses and loss expenses	58.0%	65.5%	48.6%	73.1%	50.4%	61.1%
Policy acquisition costs	23.2%	18.9%	23.4%	21.9%	19.7%	21.7%
Combined ratio before G&A	81.2%	84.4%	72.0%	95.0%	70.1%	82.8%

Notes:

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



Validus Holdings, Ltd.

Underwriting Income - Class of Business - Specialty

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

	Three months ended				Year ended		
	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008	December 31, 2008	
Underwriting income							
Net premiums written	\$ 114,686	\$ 89,059	\$ 82,739	\$ 91,371	\$ 83,993	\$ 377,855	\$ 303,807
Net premiums earned	<u>93,421</u>	<u>82,687</u>	<u>83,404</u>	<u>80,342</u>	<u>76,939</u>	<u>339,854</u>	<u>290,662</u>
Underwriting deductions							
Losses and loss expenses	48,557	35,337	51,547	32,607	37,165	168,048	102,446
Policy acquisition costs	19,369	17,731	18,052	16,607	16,778	71,759	63,234
Total underwriting deductions	<u>67,926</u>	<u>53,068</u>	<u>69,599</u>	<u>49,214</u>	<u>53,943</u>	<u>239,807</u>	<u>165,680</u>
Underwriting income before G&A	<u>\$ 25,495</u>	<u>\$ 29,619</u>	<u>\$ 13,805</u>	<u>\$ 31,128</u>	<u>\$ 22,996</u>	<u>\$ 100,047</u>	<u>\$ 124,982</u>
Selected underwriting ratios (a):							
Losses and loss expenses	52.0%	42.7%	61.8%	40.6%	48.3%	49.4%	35.2%
Policy acquisition costs	<u>20.7%</u>	<u>21.4%</u>	<u>21.6%</u>	<u>20.7%</u>	<u>21.8%</u>	<u>21.1%</u>	<u>21.8%</u>
Combined ratio before G&A	<u>72.7%</u>	<u>64.1%</u>	<u>83.4%</u>	<u>61.3%</u>	<u>70.1%</u>	<u>70.5%</u>	<u>57.0%</u>

Notes:

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

(b) During the year ended December 31, 2009, Nuclear and Agriculture were reclassified from Property to Specialty and internal re-categorization by treaty type occurred.

(c) For the Validus Re segment, the Specialty class includes Aerospace, Agriculture, Financial lines of business, Life and A&H, Nuclear, Terrorism and Workers' Compensation. For the Talbot segment, Specialty includes Accident, Health, Aviation, Bloodstock, Contingency, Financial institutions, Political Violence, Political Risk, War and other classes.



Validus Holdings, Ltd.

Consolidated Analysis of Reserves for Losses and Loss Expenses

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

	At December 31, 2009			At December 31, 2008		
	Reserve for losses and loss expenses	Loss reserves recoverable	Net	Reserve for losses and loss expenses	Loss reserves recoverable	Net
Property (a)	\$ 704,653	\$ 38,251	\$ 666,402	\$ 471,194	\$ 12,554	\$ 458,640
Marine	575,900	84,178	491,722	595,509	164,398	431,111
Specialty (b)	341,581	59,336	282,245	238,600	31,844	206,756
Total	\$ 1,622,134	\$ 181,765	\$ 1,440,369	\$ 1,305,303	\$ 208,796	\$ 1,096,507

	At December 31, 2009			At December 31, 2008		
	Case Reserves	IBNR	Total Reserves	Case Reserves	IBNR	Total Reserves
Property (a)	\$ 365,858	\$ 338,795	\$ 704,653	\$ 287,903	\$ 183,291	\$ 471,194
Marine	321,844	254,056	575,900	344,998	250,511	595,509
Specialty (b)	143,623	197,958	341,581	74,816	163,784	238,600
Total	\$ 831,325	\$ 790,809	\$ 1,622,134	\$ 707,717	\$ 597,586	\$ 1,305,303
% of Total	51.2%	48.8%	100.0%	54.2%	45.8%	100.0%

Notes:

(a) For the Talbot segment, the Property class includes Onshore Energy.

(b) For the Validus Re segment, the Specialty class includes Aerospace, Agriculture, Financial lines of business, Life and A&H, Nuclear, Terrorism and Workers' Compensation. For the Talbot segment, Specialty includes Accident, Health, Aviation, Bloodstock, Contingency, Financial institutions, Political Violence, Political Risk, War and other classes.

(c) Operating results of IPC have been included from September 4, 2009, the date of acquisition.



Validus Holdings, Ltd.

Consolidated Losses and Loss Ratios by Segment

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

	At or for the three months ended							
	At December 31, 2009				At December 31, 2008			
	Validus Re	Talbot	Eliminations	Total	Validus Re	Talbot	Eliminations	Total
Gross reserves at period beginning	\$ 783,235	\$ 870,079	\$ (28,571)	\$ 1,624,743	\$ 493,553	\$ 795,089	\$ (15,798)	\$ 1,272,844
Losses recoverable	(57,608)	(143,064)	28,571	(172,101)	(53,591)	(135,671)	15,798	(173,464)
Net reserves at period beginning	725,627	727,015	-	1,452,642	439,962	659,418	-	1,099,380
Net reserves acquired in IPC acquisition	-	-	-	-	-	-	-	-
Incurring losses- current year	73,013	108,730	-	181,743	102,089	109,156	-	211,245
Change in prior accident years	(28,879)	(19,844)	-	(48,723)	(6,117)	(13,552)	-	(19,669)
Incurring losses	44,134	88,886	-	133,020	95,972	95,604	-	191,576
Exchange rate effects	(295)	(948)	-	(1,243)	(4,222)	(35,306)	-	(39,528)
Paid losses	(76,764)	(67,286)	-	(144,050)	(80,347)	(74,574)	-	(154,921)
Net reserves at period end	692,702	747,667	-	1,440,369	451,365	645,142	-	1,096,507
Losses recoverable	49,808	156,319	(24,362)	181,765	84,523	145,057	(20,784)	208,796
Gross reserves at period end	\$ 742,510	\$ 903,986	\$ (24,362)	\$ 1,622,134	\$ 535,888	\$ 790,199	\$ (20,784)	\$ 1,305,303
Net premiums earned	\$ 257,638	\$ 170,263		\$ 427,901	\$ 164,368	\$ 151,663		\$ 316,031
Current year loss ratio	28.3%	63.9%		42.5%	62.1%	72.0%		66.8%
Prior accident year adjustments	-11.2%	-11.7%		-11.4%	-3.7%	-9.0%		-6.2%
Net loss ratio	<u>17.1%</u>	<u>52.2%</u>		<u>31.1%</u>	<u>58.4%</u>	<u>63.0%</u>		<u>60.6%</u>
Paid to incurred	173.9%	75.7%		108.3%	83.7%	78.0%		80.9%

	At or for the year ended							
	At December 31, 2009				At December 31, 2008			
	Validus Re	Talbot	Eliminations	Total	Validus Re	Talbot	Eliminations	Total
Gross reserves at period beginning	\$ 535,888	\$ 790,199	\$ (20,784)	\$ 1,305,303	\$ 196,814	\$ 729,303	\$ -	\$ 926,117
Losses recoverable	(84,523)	(145,057)	20,784	(208,796)	-	(134,404)	-	(134,404)
Net reserves at period beginning	451,365	645,142	-	1,096,507	196,814	594,899	-	791,713
Net reserves acquired in IPC acquisition	304,957	-	-	304,957	-	-	-	-
Incurring losses- current year	239,676	386,134	-	625,810	435,695	406,161	-	841,856
Change in prior accident years	(52,972)	(49,081)	-	(102,053)	(15,050)	(54,652)	-	(69,702)
Incurring losses	186,704	337,053	-	523,757	420,645	351,509	-	772,154
Exchange rate effects	4,672	17,911	-	22,583	(4,222)	(56,669)	-	(60,891)
Paid losses	(254,996)	(252,439)	-	(507,435)	(161,872)	(244,597)	-	(406,469)
Net reserves at period end	692,702	747,667	-	1,440,369	451,365	645,142	-	1,096,507
Losses recoverable	49,808	156,319	(24,362)	181,765	84,523	145,057	(20,784)	208,796
Gross reserves at period end	\$ 742,510	\$ 903,986	\$ (24,362)	\$ 1,622,134	\$ 535,888	\$ 790,199	\$ (20,784)	\$ 1,305,303
Net premiums earned	\$ 795,550	\$ 654,027		\$ 1,449,577	\$ 653,531	\$ 602,987		\$ 1,256,518
Current year loss ratio	30.2%	59.0%		43.1%	66.7%	67.4%		67.0%
Prior accident year adjustments	-6.7%	-7.5%		-7.0%	-2.3%	-9.1%		-5.5%
Net loss ratio	<u>23.5%</u>	<u>51.5%</u>		<u>36.1%</u>	<u>64.4%</u>	<u>58.3%</u>		<u>61.5%</u>
Paid to incurred	136.6%	74.9%		96.9%	38.5%	69.6%		52.6%

Notes:

(a) Operating results of IPC have been included from September 4, 2009, the date of acquisition.



Validus Holdings, Ltd.

Losses and Loss Ratios by Classes of Business - Validus Re

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

	At or for the three months ended							
	At December 31, 2009				At December 31, 2008			
	Property	Marine	Specialty	Total	Property	Marine	Specialty	Total
Gross reserves at period beginning	\$ 555,106	\$ 189,413	\$ 38,716	\$ 783,235	\$ 316,844	\$ 147,940	\$ 28,769	\$ 493,553
Losses recoverable	(11,730)	(45,341)	(537)	(57,608)	(7,760)	(45,831)	-	(53,591)
Net reserves at period beginning	543,376	144,072	38,179	725,627	309,084	102,109	28,769	439,962
Net reserves acquired from IPC acquisition	-	-	-	-	-	-	-	-
Incurred losses- current year	43,685	15,394	13,934	73,013	69,775	24,699	7,615	102,089
Change in prior accident years	(24,092)	(2,242)	(2,545)	(28,879)	(3,363)	(3,185)	431	(6,117)
Incurred losses	19,593	13,152	11,389	44,134	66,412	21,514	8,046	95,972
Exchange rate effects	(243)	(43)	(9)	(295)	(4,354)	156	(24)	(4,222)
Paid losses	(47,602)	(23,037)	(6,125)	(76,764)	(73,515)	(4,140)	(2,692)	(80,347)
Net reserves at period end	515,124	134,144	43,434	692,702	297,627	119,639	34,099	451,365
Losses recoverable	10,494	37,740	1,574	49,808	14,058	70,465	-	84,523
Gross reserves at period end	\$ 525,618	\$ 171,884	\$ 45,008	\$ 742,510	\$ 311,685	\$ 190,104	\$ 34,099	\$ 535,888
Net premiums earned	\$ 204,255	\$ 28,888	\$ 24,495	\$ 257,638	\$ 117,496	\$ 29,371	\$ 17,501	\$ 164,368
Current year loss ratio	21.4%	53.3%	56.9%	28.3%	59.4%	84.1%	43.5%	62.1%
Prior accident year adjustments	-11.8%	-7.8%	-10.4%	-11.2%	-2.9%	-10.8%	2.5%	-3.7%
Net loss ratio	9.6%	45.5%	46.5%	17.1%	56.5%	73.3%	46.0%	58.4%
Paid to incurred	243.0%	175.2%	53.8%	173.9%	110.7%	19.2%	33.5%	83.7%

	At or for the year ended							
	At December 31, 2009				At December 31, 2008			
	Property	Marine	Specialty	Total	Property	Marine	Specialty	Total
Gross reserves at period beginning	\$ 311,685	\$ 190,104	\$ 34,099	\$ 535,888	\$ 140,966	\$ 32,607	\$ 23,241	\$ 196,814
Losses recoverable	(14,058)	(70,465)	-	(84,523)	-	-	-	-
Net reserves at period beginning	297,627	119,639	34,099	451,365	140,966	32,607	23,241	196,814
Net reserves acquired from IPC acquisition	304,957	-	-	304,957	-	-	-	-
Incurred losses- current year	138,610	60,522	40,544	239,676	314,935	94,596	26,164	435,695
Change in prior accident years	(65,109)	19,628	(7,491)	(52,972)	(17,573)	4,119	(1,596)	(15,050)
Incurred losses	73,501	80,150	33,053	186,704	297,362	98,715	24,568	420,645
Exchange rate effects	4,719	(95)	48	4,672	(4,354)	156	(24)	(4,222)
Paid losses	(165,681)	(65,549)	(23,766)	(254,996)	(136,347)	(11,839)	(13,686)	(161,872)
Net reserves at period end	515,123	134,145	43,434	692,702	297,627	119,639	34,099	451,365
Losses recoverable	10,494	37,740	1,574	49,808	14,058	70,465	-	84,523
Gross reserves at period end	\$ 525,617	\$ 171,885	\$ 45,008	\$ 742,510	\$ 311,685	\$ 190,104	\$ 34,099	\$ 535,888
Net premiums earned	\$ 578,452	\$ 123,273	\$ 93,825	\$ 795,550	\$ 478,523	\$ 104,479	\$ 70,529	\$ 653,531
Current year loss ratio	24.0%	49.1%	43.2%	30.2%	65.8%	90.5%	37.1%	66.7%
Prior accident year adjustments	-11.3%	15.9%	-8.0%	-6.7%	-3.7%	3.9%	-2.3%	-2.3%
Net loss ratio	12.7%	65.0%	35.2%	23.5%	62.1%	94.4%	34.8%	64.4%
Paid to incurred	225.4%	81.8%	71.9%	136.6%	45.9%	12.0%	55.7%	38.5%

Notes:

(a) For the Validus Re segment, the Specialty class includes Aerospace, Agriculture, Financial lines of business, Life and A&H, Nuclear, Terrorism and Workers' Compensation.

(b) Operating results of IPC have been included from September 4, 2009, the date of acquisition.



Validus Holdings, Ltd.

Losses and Loss Ratios by Classes of Business - Talbot

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

	At or for the three months ended							
	At December 31, 2009				At December 31, 2008			
	Property (a)	Marine	Specialty (c)	Total	Property	Marine	Specialty (c)	Total
Gross reserves at period beginning	\$ 174,206	\$ 428,214	\$ 267,659	\$ 870,079	\$ 163,824	\$ 428,279	\$ 202,986	\$ 795,089
Losses recoverable	(22,974)	(79,473)	(40,617)	(143,064)	(8,018)	(101,550)	(26,103)	(135,671)
Net reserves at period beginning	151,232	348,741	227,042	727,015	155,806	326,729	176,883	659,418
Incurred losses- current year	18,632	52,746	37,352	108,730	40,270	35,019	33,867	109,156
Change in prior accident years	(8,095)	(11,565)	(184)	(19,844)	698	(9,502)	(4,748)	(13,552)
Incurred losses	10,537	41,181	37,168	88,886	40,968	25,517	29,119	95,604
Exchange rate effects	293	(1,140)	(101)	(948)	(8,337)	(14,638)	(12,331)	(35,306)
Paid losses	(10,786)	(31,203)	(25,297)	(67,286)	(27,423)	(26,137)	(21,014)	(74,574)
Net reserves at period end	151,276	357,579	238,812	747,667	161,014	311,471	172,657	645,142
Losses recoverable	36,764	59,788	59,767	156,319	9,263	103,937	31,857	145,057
Gross reserves at period end	\$ 188,040	\$ 417,367	\$ 298,579	\$ 903,986	\$ 170,277	\$ 415,408	\$ 204,514	\$ 790,199
Net premiums earned	\$ 36,532	\$ 64,805	\$ 68,926	\$ 170,263	\$ 28,256	\$ 63,968	\$ 59,439	\$ 151,663
Current year loss ratio	51.0%	81.3%	54.2%	63.9%	142.5%	54.7%	57.0%	72.0%
Prior accident year adjustments	-22.2%	-17.8%	-0.3%	-11.7%	2.5%	-14.8%	-8.0%	-9.0%
Net loss ratio	28.8%	63.5%	53.9%	52.2%	145.0%	39.9%	49.0%	63.0%
Paid to incurred	102.4%	75.8%	68.1%	75.7%	66.9%	102.4%	72.2%	78.0%

	At or for the year ended							
	At December 31, 2009				At December 31, 2008			
	Property	Marine	Specialty	Total	Property	Marine	Specialty	Total
Gross reserves at period beginning	\$ 170,277	\$ 415,408	\$ 204,514	\$ 790,199	\$ 158,542	\$ 372,586	\$ 198,175	\$ 729,303
Losses recoverable	(9,263)	(103,937)	(31,857)	(145,057)	(15,440)	(99,852)	(19,112)	(134,404)
Net reserves at period beginning	161,014	311,471	172,657	645,142	143,102	272,734	179,063	594,899
Incurred losses- current year	67,111	177,883	141,140	386,134	125,714	170,389	110,058	406,161
Change in prior accident years	(27,630)	(15,306)	(6,145)	(49,081)	(5,868)	(16,604)	(32,180)	(54,652)
Incurred losses	39,481	162,577	134,995	337,053	119,846	153,785	77,878	351,509
Exchange rate effects	4,267	7,468	6,176	17,911	(12,530)	(16,833)	(27,306)	(56,669)
Paid losses	(53,485)	(123,939)	(75,015)	(252,439)	(89,404)	(98,215)	(56,978)	(244,597)
Net reserves at period end	151,277	357,577	238,813	747,667	161,014	311,471	172,657	645,142
Losses recoverable	36,764	59,788	59,767	156,319	9,263	103,937	31,857	145,057
Gross reserves at period end	\$ 188,041	\$ 417,365	\$ 298,580	\$ 903,986	\$ 170,277	\$ 415,408	\$ 204,514	\$ 790,199
Net premiums earned	\$ 134,210	\$ 273,788	\$ 246,029	\$ 654,027	\$ 119,884	\$ 262,970	\$ 220,133	\$ 602,987
Current year loss ratio	50.0%	65.0%	57.4%	59.0%	104.9%	64.8%	50.0%	67.4%
Prior accident year adjustments	-20.6%	-5.6%	-2.5%	-7.5%	-4.9%	-6.3%	-14.6%	-9.1%
Net loss ratio	29.4%	59.4%	54.9%	51.5%	100.0%	58.5%	35.4%	58.3%
Paid to incurred	135.5%	76.2%	55.6%	74.9%	74.6%	63.9%	73.2%	69.6%

Notes:

(a) The Property class includes Onshore Energy.

(b) Specialty includes Accident, Health, Aviation, Bloodstock, Contingency, Financial institutions, Political Violence, Political Risk, War and other classes.



Validus Holdings, Ltd.

Consolidated Reinsurance Recoverable Analysis

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

Consolidated Reinsurance Recoverable at December 31, 2009

Categories	Reinsurance		Top 10 Reinsurers	Rating (b)	Reinsurance	
	recoverable (a)	%			recoverable	%
Top 10 reinsurers	\$ 170,810	86.9%	Fully collateralized reinsurers	NR	\$ 50,840	29.8%
Other reinsurers' balances > \$1 million	19,818	10.1%	Lloyd's Syndicates	A+	33,103	19.4%
Other reinsurers' balances < \$1 million	5,919	3.0%	Munich Re	AA-	19,921	11.7%
Total	<u>\$ 196,547</u>	<u>100.0%</u>	Hannover Re	AA-	13,427	7.8%
			Aspen	A	11,417	6.7%
			Allianz	AA	9,645	5.6%
			Swiss Re	A+	8,995	5.3%
			Transatlantic Re	A+	8,804	5.1%
			Brit Insurance Limited	A	8,159	4.8%
			Platinum Underwriters	A	6,499	3.8%
			Total		<u>\$ 170,810</u>	<u>100.0%</u>

Consolidated Reinsurance Recoverable at December 31, 2008

Categories	Reinsurance		Top 10 Reinsurers	Rating (b)	Reinsurance	
	recoverable (a)	%			recoverable	%
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%	Lloyd's Syndicates	A+	25,533	12.9%
Total	<u>\$ 210,184</u>	<u>100.0%</u>	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%
			Total		<u>\$ 198,403</u>	<u>100.0%</u>

Notes:

(a) Reinsurance recoverable includes Loss Reserves Recoverable and Paid Losses Recoverable.

(b) 99.3% of Reinsurance Recoverable at December 31, 2009 were from reinsurers rated A- or better by internationally recognized rating agencies, or, were fully collateralized.



Validus Holdings, Ltd.

Consolidated Investment Portfolio Composition and Net Investment Income

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

Investment portfolio	December 31, 2009		December 31, 2008	
	Fair Value	%	Fair Value	%
U.S. Government and Government Agency	\$ 1,918,811	33.3%	\$ 768,344	23.4%
Non-U.S. Government and Government Agency	673,680	11.7%	96,073	2.9%
States, municipalities, political subdivision	19,359	0.3%	15,516	0.5%
Agency residential mortgage-backed securities	551,610	9.5%	433,736	13.2%
Non-Agency residential mortgage-backed securities	137,569	2.4%	231,131	7.0%
U.S. corporate	1,027,225	17.8%	443,847	13.5%
Non-U.S. corporate	409,398	7.1%	125,700	3.8%
Catastrophe bonds	52,351	0.9%	10,872	0.4%
Asset-backed securities	36,712	0.6%	137,023	4.2%
Commercial mortgage-backed securities	42,663	0.7%	192,259	5.9%
Total fixed maturities	4,869,378	84.3%	2,454,501	74.8%
Total short-term investments	481,766	8.3%	377,036	11.5%
Total other investments	37,615	0.7%	-	0.0%
Total investments	5,388,759	93.3%	2,831,537	86.3%
Cash and cash equivalents	387,585	6.7%	449,848	13.7%
Total cash and cash equivalents, and investments	5,776,344	100.0%	3,281,385	100.0%

Net investment income	Three months ended		Year ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Fixed maturities and short-term investments	35,290	29,035	117,631	127,689
Cash and cash equivalents	751	1,892	3,374	13,416
Securities lending income	89	625	772	1,775
Gross investment income	36,130	31,552	121,777	142,880
Investment expenses	(624)	(881)	(3,004)	(3,352)
Net investment income	35,506	30,671	118,773	139,528
Annualized effective investment yield (a)	2.47%	3.75%	2.73%	4.37%

Notes:

(a) Annualized investment yield is calculated by dividing net investment income by the average balance of the assets managed by our portfolio managers and other investments. Average assets is the average of the beginning, ending and intervening quarter end asset balances. Percentages for the quarter periods are annualized.

(b) Operating results of IPC have been included from September 4, 2009, the date of acquisition.



Validus Holdings, Ltd.

Consolidated Fixed Maturity Portfolio Credit Quality and Maturity Profile

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

Fixed maturities- Credit Quality	December 31, 2009		December 31, 2008	
	Fair Value	%	Fair Value	%
AAA	\$ 3,287,879	67.5%	\$ 1,941,349	79.1%
AA	487,364	10.0%	146,923	6.0%
A	925,532	19.0%	338,966	13.8%
BBB	14,416	0.3%	12,427	0.5%
Investment grade	4,715,191	96.8%	2,439,665	99.4%
BB	45,191	0.9%	7,416	0.3%
B	59,116	1.2%	7,420	0.3%
CCC	45,194	1.0%	-	0.0%
D/NR	4,686	0.1%	-	0.0%
Non-Investment grade	154,187	3.2%	14,836	0.6%
Total fixed maturities	4,869,378	100.0%	2,454,501	100.0%

Fixed maturities- Maturity Profile	December 31, 2009		December 31, 2008	
	Fair Value	%	Fair Value	%
Due in one year or less	270,688	5.6%	279,727	11.4%
Due after one year through five years	3,521,167	72.2%	1,134,275	46.2%
Due after five years through ten years	306,502	6.3%	17,493	0.7%
Due after ten years	2,467	0.1%	28,858	1.2%
	4,100,824	84.2%	1,460,353	59.5%
Asset-backed and mortgage backed securities	768,554	15.8%	994,148	40.5%
Total fixed maturities	4,869,378	100.0%	2,454,501	100.0%

Notes:

(a) Ratings used are the lower of Standard and Poors (S&P) and Moody's. When Moody's ratings are used, they are presented in S&P's equivalent rating.



**Validus Holdings, Ltd.
Capitalization**

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

Capitalization	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008
Borrowings drawn under credit facility	\$ -	\$ -	\$ -	\$ -	\$ -
Junior Subordinated Deferrable Debentures (JSDs) (a)	289,800	304,300	304,300	304,300	304,300
Total debt	<u>289,800</u>	<u>304,300</u>	<u>304,300</u>	<u>304,300</u>	<u>304,300</u>
Ordinary shares- capital and surplus	4,035,971	3,971,168	2,156,030	2,031,040	1,946,592
Accumulated other comprehensive (loss)	(4,851)	(4,976)	(4,061)	(8,054)	(7,858)
Total shareholders' equity	<u>4,031,120</u>	<u>3,966,192</u>	<u>2,151,969</u>	<u>2,022,986</u>	<u>1,938,734</u>
Total capitalization (b)	<u>\$ 4,320,920</u>	<u>\$ 4,270,492</u>	<u>\$ 2,456,269</u>	<u>\$ 2,327,286</u>	<u>\$ 2,243,034</u>
Debt to total capitalization	6.7%	7.1%	12.4%	13.1%	13.6%
Debt (excluding JSDs) to total capitalization	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

Notes:

(a) \$150,000 of 9.069% Junior Subordinated Deferrable Debentures ("9.069% Junior Debentures") were issued on June 15, 2006, mature on June 15, 2036, are redeemable at the Company's option at par beginning June 15, 2011, and require quarterly interest payments at a rate of 9.069% per annum. \$200,000 of 8.480% Junior Subordinated Deferrable Debentures ("8.480% Junior Debentures") were issued on June 21, 2007, mature on June 15, 2037, are redeemable at the Company's option at par beginning June 15, 2012, and require quarterly interest payments at a rate of 8.480% per annum. On April 29, 2008, the Company repurchased from an unaffiliated financial institution \$45,700 principal amount of its 8.480% Junior Debentures at an aggregate price of \$36,560, plus accrued and unpaid interest of \$474. The repurchase resulted in the recognition of a realized gain of \$8,752 for the year ended December 31, 2008. On December 1, 2009, the Company repurchased from an unaffiliated financial institution \$14,500 principal amount of its 8.480% Junior Subordinated Deferrable Debentures due 2037 at an aggregated price of \$9,933, plus accrued and unpaid interest of \$246. The repurchase resulted in the recognition of a realized gain of \$4,444 for the year ended December 31, 2009.

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



Validus Holdings, Ltd.

Estimated Exposures to Peak Zone Property Catastrophe Losses - As of January 1, 2010

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

Probable Maximum Losses by Zone and Peril

		<u>Consolidated (Validus Re and Talbot) Estimated Net Loss</u>				<u>Validus Re Net</u>
<u>Zones</u>	<u>Perils</u>	<u>20 year return</u>	<u>50 year return</u>	<u>100 year return</u>	<u>250 year return</u>	<u>Maximum Zonal</u>
		<u>period</u>	<u>period</u>	<u>period</u>	<u>period</u>	<u>Aggregate</u>
United States	Hurricane	\$ 351,244	\$ 644,919	\$ 884,581	\$ 1,155,300	\$ 2,338,578
California	Earthquake	99,520	311,303	426,216	621,236	2,268,687
Europe	Windstorm	240,289	494,973	727,950	967,995	2,036,190
Japan	Earthquake	78,225	114,378	120,196	180,749	815,497
Japan	Typhoon	123,499	233,365	304,285	377,359	886,844

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 an Occurrence basis 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 July 1, 2009

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

Consolidated (Validus Re and Talbot) Realistic Disaster Scenarios (RDS) (includes IPC as of July 1, 2009)

Type	Catastrophe Scenarios	Description	% of latest 12 Months	
			Estimated Consolidated (Validus Re and Talbot) Net Loss	Consolidated Pro Forma Net Premiums Earned
Terrorism	Rockefeller Center	Midtown Manhattan suffers a 2-ton conventional bomb blast	\$ 92.1	5.4%
Terrorism	Exchange Place	Lower Manhattan suffers a 2-ton conventional bomb blast	67.4	4.0%
Marine	Marine collision in Prince William Sound	Fully laden tanker collides with a cruise vessel in Prince William Sound	154.4	9.1%
Marine	Major cruise vessel incident	U.S.-owned cruise vessel sunk or severely damaged	87.9	5.2%
Marine	Loss of major complex	Total loss to all platforms and bridge links of a major oil complex	143.0	8.4%
Aviation	Aviation collision	Collision of two aircraft over a major city	94.4	5.6%
Satellite	Proton flare	Large single or sequence of proton flares results in loss to all satellites in synchronous orbit	21.7	1.3%
Satellite	Generic defect	Undetected defect in a number of operational satellites causing major loss	60.3	3.5%
Liability	Professional lines	Failure or collapse of a major corporation	19.0	1.1%
Liability	Professional lines	UK pensions mis-selling	9.7	0.6%
Political Risks	South East Asia	Chinese economy has a "hard landing" with sharp fall in growth rates; regional contagion	74.8	4.4%
Political Risks	South America	Severe economic crisis in Brazil due to political upheaval; regional contagion	42.2	2.5%
Political Risks	Middle East	U.S. and Iran escalate into military confrontation; regional contagion	41.5	2.4%
Political Risks	Turkey	Severe economic crisis in Turkey due to political upheaval	42.3	2.5%

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/).

The Consolidated Pro Forma Net Premiums Earned used in the calculation represent the latest 12 months of net premiums earned from October 1, 2008 and are on a pro forma basis, including IPC earned premiums. 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

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

	Three months ended		Year ended	
	December 31,	December 31,	December 31,	December 31,
	2009	2008	2009	2008
Net income	\$ 165,759	\$ 37,015	\$ 897,407	\$ 53,111
Adjustments for:				
Gain on bargain purchase, net of expenses	-	-	(287,099)	-
Realized (gain) on repurchase of debentures	(4,444)	-	(4,444)	(8,752)
Net realized (gains) losses on investments	(9,099)	(6,757)	11,543	1,591
Net unrealized losses (gains) on investments	25,043	7,099	(84,796)	79,707
Foreign exchange (gains) losses	(338)	13,554	674	49,397
Net operating income	176,921	50,911	533,285	175,054
less: Dividends and distributions declared on outstanding warrants	(1,590)	(1,736)	(6,507)	(6,947)
Net operating income, adjusted	<u>\$ 175,331</u>	<u>\$ 49,175</u>	<u>\$ 526,778</u>	<u>\$ 168,107</u>
Net income per share - diluted	\$ 1.23	\$ 0.47	\$ 9.24	\$ 0.61
Adjustments for:				
Gain on bargain purchase, net of expenses	-	-	(2.95)	-
Realized (gain) on repurchase of debentures	(0.03)	-	(0.05)	(0.12)
Net realized (gains) losses on investments	(0.07)	(0.09)	0.12	0.02
Net unrealized losses (gains) on investments	0.18	0.09	(0.88)	1.06
Foreign exchange losses	-	0.18	0.01	0.65
Net operating income per share - diluted	<u>\$ 1.31</u>	<u>\$ 0.65</u>	<u>\$ 5.49</u>	<u>\$ 2.22</u>
Weighted average number of common shares and common share equivalents - diluted	134,794,120	75,740,546	97,168,409	75,819,413
Average shareholders' equity	\$ 3,998,656	\$ 1,927,673	\$ 2,822,200	\$ 1,967,517
Annualized operating return on average equity	<u>17.7%</u>	<u>10.6%</u>	<u>18.9%</u>	<u>8.9%</u>



Pro Forma Combined - Validus Holdings Ltd. and IPC Holdings Ltd.
Selected Financial Information - Fourth Quarter 2009

The following presentation is for informational purposes only



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

Pro Forma Combined Income Statement - Year ended December 31, 2009

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

	Historical Validus Holdings, Ltd.	Historical IPC Holdings, Ltd.	Pro Forma Purchase Adjustments	Pro Forma Consolidated
Underwriting income				
Gross premiums written	\$ 1,621,241	\$ 387,602	\$ (265)	\$ 2,008,578
Reinsurance premiums ceded	(232,883)	(6,794)	265	(239,412)
Net premiums written	1,388,358	380,808	-	1,769,166
Change in unearned premiums	61,219	(118,557)	-	(57,338)
Net premiums earned	1,449,577	262,251	-	1,711,828
Underwriting deductions				
Losses and loss expenses	523,757	32,793	-	556,550
Policy acquisition costs	262,966	26,634	-	289,600
General and administrative expenses	185,568	23,942	-	209,510
Share compensation expenses	27,037	6,714	-	33,751
Total underwriting deductions	999,328	90,083	-	1,089,411
Underwriting income	450,249	172,168	-	622,417
Net investment income	118,773	56,795	(11,624)	163,944
Other income	4,634	(31)	-	4,603
Finance expenses	(44,130)	(383)	-	(44,513)
Operating income before taxes	529,526	228,549	(11,624)	746,451
Tax benefit	3,759	-	-	3,759
Net operating income	533,285	228,549	(11,624)	750,210
Gain on bargain purchase, net of expenses	287,099	(90,151)	(196,948)	-
Realized gain on the repurchase of debentures	4,444	-	-	4,444
Net realized (losses) gains on investments	(11,543)	6,826	-	(4,717)
Net unrealized gains on investments	84,796	104,993	-	189,789
Foreign exchange (losses) gains	(674)	4,968	-	4,294
Net income	897,407	255,185	(208,572)	944,020
Warrant dividend	(6,507)	-	-	(6,507)
Net income available to common shareholders	\$ 890,900	\$ 255,185	\$ (208,572)	\$ 937,513
Earnings per share				
Weighted average number of common shares and common share equivalents outstanding				
Basic	93,697,194		36,912,581	130,609,775
Diluted	97,168,409		37,135,312	134,303,721
Basic earnings per common share	\$ 9.51			\$ 7.18
Diluted earnings per common share	\$ 9.24			\$ 7.03
Operating income per share	\$ 5.62			\$ 5.69
Operating income per diluted share	\$ 5.49			\$ 5.59

Notes:

(a) Operating results of IPC have been included under Historical Validus Holdings, Ltd. from September 4, 2009, the date of acquisition. Historical IPC Holdings, Ltd. includes operating results for eight months only.



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

Pro Forma Combined Income Statement - Three months ended September 30, 2009

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

	Historical Validus Holdings, Ltd.	Historical IPC Holdings, Ltd.	Pro Forma Purchase Adjustments	Pro Forma Consolidated
Underwriting income				
Gross premiums written	\$ 331,028	\$ 25,443	\$ -	\$ 356,471
Reinsurance premiums ceded	(67,687)	(179)	-	(67,866)
Net premiums written	263,341	25,264	-	288,605
Change in unearned premiums	111,376	42,081	-	153,457
Net premiums earned	374,717	67,345	-	442,062
Underwriting deductions				
Losses and loss expenses	134,152	2,101	-	136,253
Policy acquisition costs	64,236	6,890	-	71,126
General and administrative expenses	46,036	3,880	-	49,916
Share compensation expenses	5,862	1,750	-	7,612
Total underwriting deductions	250,286	14,621	-	264,907
Underwriting Income	124,431	52,724	-	177,155
Net investment income	29,532	13,650	(3,731)	39,451
Other income	1,101	(57)	-	1,044
Finance expenses	(11,257)	-	-	(11,257)
Operating income before taxes	143,807	66,317	(3,731)	206,393
Tax benefit	1,799	-	-	1,799
Net operating income	145,606	66,317	(3,731)	208,192
Gain on bargain purchase, net of expenses	302,950	(69,700)	(233,250)	-
Net realized gains on investments	5,429	5,664	-	11,093
Net unrealized gains on investments	50,437	64,342	-	114,779
Foreign exchange gains	(5,244)	6,435	-	1,191
Net income	499,178	73,058	(236,981)	335,255
Warrant dividend	(1,591)	-	-	(1,591)
Net income available to common shareholders	\$ 497,587	\$ 73,058	\$ (236,981)	\$ 333,664
Earnings per share				
Weighted average number of common shares and common share equivalents outstanding				
Basic	92,492,373		38,545,538	131,037,911
Diluted	95,834,809		38,545,538	134,380,347
Basic earnings per common share	\$ 5.38			\$ 2.55
Diluted earnings per common share	\$ 5.21			\$ 2.49
Operating income per share	\$ 1.56			\$ 1.58
Operating income per diluted share	\$ 1.52			\$ 1.55

Notes:

(a) Operating results of IPC have been included under Historical Validus Holdings, Ltd. from September 4, 2009, the date of acquisition. Historical IPC Holdings, Ltd. include: operating results for two months only.



Pro Forma Combined - Validus Holdings, Ltd. and IPC Holdings Ltd.
Pro Forma Combined Income Statement - Three months ended June 30, 2009
(Expressed in thousands of U.S. Dollars, except share and per share information)

	Historical Validus Holdings, Ltd.	Historical IPC Holdings, Ltd.	Pro Forma Purchase Adjustments	Pro Forma Consolidated
Underwriting income				
Gross premiums written	\$ 425,032	\$ 127,549	\$ -	\$ 552,581
Reinsurance premiums ceded	(62,291)	(2,195)	-	(64,486)
Net premiums written	362,741	125,354	-	488,095
Change in unearned premiums	(34,541)	(29,156)	-	(63,697)
Net premiums earned	328,200	96,198	-	424,398
Underwriting deductions				
Losses and loss expenses	124,751	(8,417)	-	116,334
Policy acquisition costs	64,438	9,906	-	74,344
General and administrative expenses	41,200	9,908	-	51,108
Share compensation expenses	5,632	2,475	-	8,107
Total underwriting deductions	236,021	13,872	-	249,893
Underwriting income	92,179	82,326	-	174,505
Net investment income	26,963	21,279	(3,702)	44,540
Other income	1,017	19	-	1,036
Finance expenses	(10,752)	-	-	(10,752)
Operating income before taxes	109,407	103,624	(3,702)	209,329
Tax benefit	976	-	-	976
Net operating income	110,383	103,624	(3,702)	210,305
Gain on bargain purchase, net of expenses	(15,851)	(8,813)	24,664	-
Net realized (losses) gains on investments	(2,650)	5,080	-	2,430
Net unrealized gains on investments	37,249	72,305	-	109,554
Foreign exchange gains	8,432	1,679	-	10,111
Net income	137,563	173,875	20,962	332,400
Warrant dividend	(1,590)	-	-	(1,590)
Net income available to common shareholders	\$ 135,973	\$ 173,875	\$ 20,962	\$ 330,810
Earnings per share				
Weighted average number of common shares and common share equivalents outstanding				
Basic	76,138,038		54,679,419	130,817,457
Diluted	78,942,065		55,036,063	133,978,128
Basic earnings per common share	\$ 1.79			\$ 2.53
Diluted earnings per common share	\$ 1.74			\$ 2.48
Operating income per share	\$ 1.43			\$ 1.60
Operating income per diluted share	\$ 1.40			\$ 1.57



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

Pro Forma Combined Income Statement - Three months ended March 31, 2009

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

	Historical Validus Holdings, Ltd.	Historical IPC Holdings, Ltd.	Pro Forma Purchase Adjustments	Pro Forma Consolidated
Underwriting income				
Gross premiums written	\$ 609,892	\$ 234,610	\$ (265)	\$ 844,237
Reinsurance premiums ceded	(72,512)	(1,734)	265	(73,981)
Net premiums written	537,380	232,876	-	770,256
Change in unearned premiums	(218,621)	(134,168)	-	(352,789)
Net premiums earned	318,759	98,708	-	417,467
Underwriting deductions				
Losses and loss expenses	131,834	39,109	-	170,943
Policy acquisition costs	61,449	9,838	-	71,287
General and administrative expenses	38,079	10,154	-	48,233
Share compensation expenses	7,354	2,489	-	9,843
Total underwriting deductions	238,716	61,590	-	300,306
Underwriting income	80,043	37,118	-	117,161
Net investment income	26,772	21,866	(4,191)	44,447
Other income	757	7	-	764
Finance expenses	(7,723)	(383)	-	(8,106)
Operating income before taxes	99,849	58,608	(4,191)	154,266
Tax benefit	526	-	-	526
Net operating income	100,375	58,608	(4,191)	154,792
Gain on bargain purchase, net of expenses	-	(11,638)	11,638	-
Net realized (losses) on investments	(23,421)	(3,918)	-	(27,339)
Net unrealized gains (losses) on investments	22,153	(31,654)	-	(9,501)
Foreign exchange (losses)	(4,200)	(3,146)	-	(7,346)
Net income	94,907	8,252	7,447	110,606
Warrant dividend	(1,736)	-	-	(1,736)
Net income available to common shareholders	\$ 93,171	\$ 8,252	\$ 7,447	\$ 108,870
Earnings per share				
Weighted average number of common shares and common share equivalents outstanding				
Basic	75,744,577		54,425,368	130,169,945
Diluted	79,102,643		54,959,647	134,062,290
Basic earnings per common share	\$ 1.23			\$ 0.84
Diluted earnings per common share	\$ 1.20			\$ 0.83
Operating income per share	\$ 1.30			\$ 1.18
Operating income per diluted share	\$ 1.27			\$ 1.15