

**VALIDUS RE**

**Validus Holdings, Ltd.**

**Investor Financial Supplement - Second Quarter 2009**

**July 29, 2009**

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

# VALIDUS RE

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## Validus Holdings, Ltd. Explanatory Notes

### Basis of Presentation

- All financial information contained herein is unaudited, however, certain information contained herein relating to the years ended December 31, 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.
- 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.
- The unaudited condensed consolidated pro forma financial information included is intended to provide information about how the acquisition of IPC Holdings, Ltd. ("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, without the benefit of inspection of IPC's books and records. Therefore, 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 June 30, 2009 for the purposes of the unaudited consolidated pro forma balance sheet and at January 1, 2008 for the purposes of the unaudited condensed consolidated pro forma statements of operations for the year ended December 31, 2008 and the three months ended March 31, 2009 and June 30, 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 is the most directly comparable GAAP measure as it focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items (including transaction costs relating to the proposed amalgamation 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.
- 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" 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.
- 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.

## Validus Holdings, Ltd.

### Consolidated Financial Highlights

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

		At or for the Three Months Ended				At or for the Six Months Ended		
		June 30,	March 31,	December 31,	September 30,	June 30,	June 30,	June 30,
		2009	2009	2008	2008	2008	2009	2008
Highlights	Net income (loss)	\$ 137,563	\$ 94,907	\$ 37,015	\$ (126,300)	\$ 75,921	\$ 232,470	\$ 142,396
	Net operating income (loss) (a)	110,383	100,375	50,911	(53,051)	111,665	210,758	177,194
	Gross premiums written	425,032	609,892	191,736	269,236	379,919	1,034,924	901,513
	Net premiums earned	328,200	318,759	316,031	339,326	309,298	646,959	601,162
	Total assets	5,008,450	4,762,798	4,322,480	4,509,596	4,569,742	5,008,450	4,569,742
	Total shareholders' equity	2,151,969	2,022,986	1,938,734	1,916,611	2,056,781	2,151,969	2,056,781
Per share data	<u>Earnings per basic share (b)</u>							
	Net income (loss)	\$ 1.79	\$ 1.23	\$ 0.47	\$ (1.71)	\$ 1.00	\$ 3.02	\$ 1.87
	Net operating income (loss)	1.43	1.30	0.65	(0.73)	1.48	2.73	2.34
	<u>Earnings per diluted share (b)</u>							
	Net income (loss)	\$ 1.74	\$ 1.20	\$ 0.47	\$ (1.71)	\$ 0.98	\$ 2.94	\$ 1.83
	Net operating income (loss)	1.40	1.27	0.65	(0.73)	1.45	2.67	2.28
	<u>Book value per share</u>							
	Reported	\$ 28.26	\$ 26.68	\$ 25.64	\$ 25.60	\$ 27.70	\$ 28.26	\$ 27.70
	With investments at amortized cost	28.58	27.70	27.08	26.39	28.31	28.58	28.31
	<u>Diluted book value per share (b)</u>							
	Reported	\$ 26.08	\$ 24.65	\$ 23.78	\$ 23.58	\$ 25.12	\$ 26.08	\$ 25.12
	With investments at amortized cost	26.35	25.51	24.99	24.24	25.62	26.35	25.62
	<u>Diluted book value per common share plus accumulated dividends</u>							
		\$ 27.28	\$ 25.65	\$ 24.58	\$ 24.18	\$ 25.52	\$ 27.28	\$ 25.52
Financial ratios	Losses and loss expenses ratio	38.0%	41.4%	60.6%	93.9%	39.5%	39.7%	43.6%
	Policy acquisition costs ratio	19.6%	19.3%	19.4%	17.8%	18.2%	19.5%	18.8%
	General and administrative expenses ratio	<u>14.3%</u>	<u>14.3%</u>	<u>9.5%</u>	<u>10.6%</u>	<u>13.3%</u>	<u>14.3%</u>	<u>14.1%</u>
	Expense ratio	<u>33.9%</u>	<u>33.6%</u>	<u>28.9%</u>	<u>28.4%</u>	<u>31.5%</u>	<u>33.8%</u>	<u>32.9%</u>
	Combined ratio	<u>71.9%</u>	<u>75.0%</u>	<u>89.5%</u>	<u>122.3%</u>	<u>71.0%</u>	<u>73.5%</u>	<u>76.5%</u>
	Annualized return on average equity (c)	<u>26.4%</u>	<u>19.2%</u>	<u>7.7%</u>	<u>-25.4%</u>	<u>15.0%</u>	<u>22.8%</u>	<u>14.3%</u>
	Annualized operating return on average equity (d)	<u>21.2%</u>	<u>20.3%</u>	<u>10.6%</u>	<u>-10.7%</u>	<u>22.1%</u>	<u>20.7%</u>	<u>17.8%</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) 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.

## Validus Holdings, Ltd.

### Summary Consolidated Balance Sheets

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

	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007
<b>Assets</b>							
Fixed maturities, at fair value	\$ 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	323,940	282,363	377,036	325,273	141,638	133,711	250,623
Cash and cash equivalents	390,090	535,798	449,848	335,367	487,260	347,347	444,698
Total investments and cash	3,530,566	3,462,657	3,281,385	3,256,116	3,230,213	3,240,942	3,106,719
Premiums receivable	679,189	600,943	408,259	529,039	609,757	572,175	401,241
Deferred acquisition costs	145,615	143,510	108,156	129,946	146,216	135,789	105,562
Prepaid reinsurance premiums	87,798	59,510	22,459	49,824	45,717	71,855	22,817
Securities lending collateral	166,496	99,727	98,954	158,411	199,075	191,256	164,324
Loss reserves recoverable	169,666	204,197	208,796	173,463	132,880	118,575	134,404
Paid losses recoverable	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	1,876	1,244	1,365	2,331	3,258	-	3,325
Intangible assets	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
Accrued investment income	19,636	20,511	20,433	15,596	16,177	22,187	19,960
Other assets	25,455	19,491	23,185	30,883	34,075	25,119	26,290
<b>Total assets</b>	<b>\$ 5,008,450</b>	<b>\$ 4,762,798</b>	<b>\$ 4,322,480</b>	<b>\$ 4,509,596</b>	<b>\$ 4,569,742</b>	<b>\$ 4,535,638</b>	<b>\$ 4,144,224</b>
<b>Liabilities</b>							
Reserve for losses and loss expenses	\$ 1,311,935	\$ 1,318,732	\$ 1,305,303	\$ 1,272,844	\$ 1,029,739	\$ 977,236	\$ 926,117
Unearned premiums	856,138	795,233	539,450	693,304	793,356	750,257	557,344
Reinsurance balances payable	101,004	66,180	33,042	53,253	66,386	88,356	36,848
Securities lending payable	168,923	105,369	105,688	161,727	199,968	192,468	164,324
Income taxes payable	-	-	-	-	-	1,531	-
Deferred income taxes	22,163	20,914	21,779	21,117	20,173	13,421	16,663
Net payable for investments purchased	16,346	57,434	-	-	9,105	52,307	31,426
Accounts payable and accrued expenses	75,672	71,650	74,184	86,440	89,934	119,404	126,702
Debentures payable	304,300	304,300	304,300	304,300	304,300	350,000	350,000
<b>Total liabilities</b>	<b>2,856,481</b>	<b>2,739,812</b>	<b>2,383,746</b>	<b>2,592,985</b>	<b>2,512,961</b>	<b>2,544,980</b>	<b>2,209,424</b>
<b>Shareholders' equity</b>							
Common shares	\$ 13,327	\$ 13,271	\$ 13,235	\$ 13,104	\$ 12,993	\$ 12,990	\$ 12,985
Additional paid-in capital	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	(4,061)	(8,054)	(7,858)	(1,528)	28	18	(49)
Retained earnings	718,325	598,167	520,722	501,131	644,847	586,347	537,260
<b>Total shareholders' equity</b>	<b>2,151,969</b>	<b>2,022,986</b>	<b>1,938,734</b>	<b>1,916,611</b>	<b>2,056,781</b>	<b>1,990,658</b>	<b>1,934,800</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 5,008,450</b>	<b>\$ 4,762,798</b>	<b>\$ 4,322,480</b>	<b>\$ 4,509,596</b>	<b>\$ 4,569,742</b>	<b>\$ 4,535,638</b>	<b>\$ 4,144,224</b>
<b>Book value per common share</b>	<b>\$ 28.26</b>	<b>\$ 26.68</b>	<b>\$ 25.64</b>	<b>\$ 25.60</b>	<b>\$ 27.70</b>	<b>\$ 26.82</b>	<b>\$ 26.08</b>
<b>Diluted book value per common share</b>	<b>\$ 26.08</b>	<b>\$ 24.65</b>	<b>\$ 23.78</b>	<b>\$ 23.58</b>	<b>\$ 25.12</b>	<b>\$ 24.43</b>	<b>\$ 24.00</b>
<b>Diluted book value per common share plus accumulated dividends</b>	<b>\$ 27.28</b>	<b>\$ 25.65</b>	<b>\$ 24.58</b>	<b>\$ 24.18</b>	<b>\$ 25.52</b>	<b>\$ 24.63</b>	<b>\$ 24.00</b>

## Validus Holdings, Ltd.

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

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

	At June 30, 2009				At December 31, 2008			
	Equity		Exercise Price (a)	Book Value per Share	Equity		Exercise Price (a)	Book Value per Share
	Amount	Shares			Amount	Shares		
<i>Book Value per Common Share, Reported</i>								
<i>Book Value per Common Share</i>								
Total shareholders' equity	\$ 2,151,969	76,151,473		<u>28.26</u>	\$ 1,938,734	75,624,697		<u>25.64</u>
<i>Diluted Book Value per Common Share</i>								
Total shareholders' equity	\$ 2,151,969	76,151,473	-		\$ 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)	50,904	2,793,402	\$ 18.22		51,043	2,799,938	\$ 18.23	
Unvested restricted shares	-	<u>2,928,813</u>	-		-	<u>2,986,619</u>	-	
Diluted book value per common share	\$ <u>2,342,449</u>	<u>89,825,826</u>		<u>26.08</u>	\$ <u>2,142,093</u>	<u>90,091,403</u>		<u>23.78</u>
<i>Book Value per Common Share - Adjusted (c)</i>								
<i>Book Value per Common Share</i>								
Total shareholders' equity	\$ 2,151,969				\$ 1,938,734			
Accumulated other comprehensive loss	4,061				7,858			
Unrealized loss on investments	<u>20,596</u>				<u>101,018</u>			
Total shareholders' equity, as adjusted	\$ <u>2,176,626</u>	76,151,473		<u>\$ 28.58</u>	\$ <u>2,047,610</u>	75,624,697		<u>\$ 27.08</u>
<i>Diluted Book Value per Common Share</i>								
Total shareholders' equity, as adjusted	\$ 2,176,626	76,151,473	-		\$ 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)	50,904	2,793,402	\$ 18.22		51,043	2,799,938	\$ 18.23	
Unvested restricted shares	-	<u>2,928,813</u>	-		-	<u>2,986,619</u>	-	
Diluted book value per common share, as adjusted	\$ <u>2,367,106</u>	<u>89,825,826</u>		<u>\$ 26.35</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.

## Validus Holdings, Ltd.

### Consolidated Statements of Cash Flows

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

	Three Months Ended				Six Months Ended	
	June 30,	March 31,	December 31,	September 30,	June 30,	June 30,
	2009	2009	2008	2008	2009	2008
<b>Cash flows provided by (used in) operating activities</b>						
Net income (loss) for the period	\$ 137,563	\$ 94,907	\$ 37,015	\$ (126,300)	\$ 75,921	\$ 232,470
Adjustments to reconcile net income to cash provided by (used in) operating activities:						
Share compensation expense	5,632	7,354	7,279	6,012	7,271	12,986
Realized gain on repurchase of debentures	-	-	-	-	(8,752)	-
Net realized losses (gains) on sales of investments	2,650	23,421	(6,757)	13,667	2,425	26,071
Net unrealized (gains) losses on investments	(37,249)	(22,153)	7,099	14,649	42,982	(59,402)
Amortization of intangible assets	1,041	1,040	1,041	1,040	1,041	2,081
Foreign exchange (gains) losses on cash and cash equivalents included in net income	(10,152)	559	20,706	26,022	(553)	(9,593)
Amortization of premium (discount) on fixed maturities	2,421	1,702	1,484	473	1,527	4,123
Change in:						
Premiums receivable	(71,118)	(193,076)	110,989	73,609	(37,568)	(264,194)
Deferred acquisition costs	(2,116)	(35,344)	23,845	14,080	(10,397)	(37,460)
Prepaid reinsurance premiums	(26,372)	(37,160)	26,987	(5,282)	26,125	(63,532)
Loss reserves recoverable	38,564	4,413	(41,540)	(42,625)	(14,302)	42,977
Paid losses recoverable	(31,032)	(3,051)	2,002	(843)	4,311	(34,083)
Income taxes recoverable	131	(653)	(591)	1,954	(4,219)	(522)
Accrued investment income	766	(86)	3,993	54	(2,294)	680
Other assets	(2,825)	3,083	9,047	4,561	(785)	258
Reserve for losses and loss expenses	(33,065)	15,064	74,187	265,678	52,349	(18,001)
Unearned premiums	60,907	255,782	(164,493)	(88,732)	42,972	316,689
Reinsurance balances payable	33,697	33,260	(19,180)	(11,722)	(21,946)	66,957
Deferred income taxes	(2,597)	93	5,838	2,594	6,731	(2,504)
Accounts payable and accrued expenses	(4,902)	(1,288)	(10,345)	1,081	(46,005)	(6,190)
<b>Net cash provided by operating activities</b>	<b>61,944</b>	<b>147,867</b>	<b>88,606</b>	<b>149,970</b>	<b>116,834</b>	<b>209,811</b>
<b>Cash flows provided by (used in) investing activities</b>						
Proceeds on sales of investments	636,421	873,352	495,108	661,356	536,082	1,509,773
Proceeds on maturities of investments	88,819	222,402	535,672	163,316	34,247	311,221
Purchases of fixed maturities	(889,774)	(1,232,740)	(929,812)	(894,184)	(487,833)	(2,122,514)
Sales (purchases) of short-term investments, net	(40,863)	94,644	(34,960)	(183,870)	(7,577)	53,781
(Increase) decrease in securities lending collateral	(63,554)	319	56,039	38,241	(7,500)	(63,235)
<b>Net cash (used in) provided by investing activities</b>	<b>(268,951)</b>	<b>(42,023)</b>	<b>122,047</b>	<b>(215,141)</b>	<b>67,419</b>	<b>(310,974)</b>
<b>Cash flows provided by (used in) financing activities</b>						
Repurchase of debentures	-	-	-	-	(36,948)	-
Issue of common shares, net of expenses	(831)	(351)	1,582	(909)	342	(1,182)
Dividends paid	(16,511)	(17,462)	(17,364)	(16,928)	(16,821)	(33,973)
Increase (decrease) in securities lending payable	63,554	(319)	(56,039)	(38,241)	7,500	63,235
<b>Net cash provided by (used in) financing activities</b>	<b>46,212</b>	<b>(18,132)</b>	<b>(71,821)</b>	<b>(56,078)</b>	<b>(45,927)</b>	<b>28,080</b>
Effect of foreign currency rate changes on cash and cash equivalents	15,087	(1,762)	(24,351)	(30,644)	1,587	13,325
Net (decrease) increase in cash	(145,708)	85,950	114,481	(151,893)	139,913	(59,758)
<b>Cash and cash equivalents - Beginning of period</b>	<b>535,798</b>	<b>449,848</b>	<b>335,367</b>	<b>487,260</b>	<b>347,347</b>	<b>449,848</b>
<b>Cash and cash equivalents - End of period</b>	<b>\$ 390,090</b>	<b>\$ 535,798</b>	<b>\$ 449,848</b>	<b>\$ 335,367</b>	<b>\$ 487,260</b>	<b>\$ 390,090</b>
<b>Taxes paid (recovered) during the period</b>	<b>\$ 900</b>	<b>\$ 299</b>	<b>\$ (43)</b>	<b>\$ (2,877)</b>	<b>\$ 524</b>	<b>\$ 1,199</b>
<b>Interest paid during the period</b>	<b>\$ 6,672</b>	<b>\$ 6,672</b>	<b>\$ 6,672</b>	<b>\$ 6,177</b>	<b>\$ 6,984</b>	<b>\$ 13,344</b>
<b>Losses paid during the period</b>	<b>\$ 125,386</b>	<b>\$ 111,871</b>	<b>\$ 154,921</b>	<b>\$ 95,197</b>	<b>\$ 84,044</b>	<b>\$ 237,257</b>

## Validus Holdings, Ltd.

### Consolidated Statements of Operations and Comprehensive Income (Loss)

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

	Three Months Ended					Six Months Ended	
	June 30,	March 31,	December 31,	September 30,	June 30,	June 30,	June 30,
	2009	2009	2008	2008	2008	2009	2008
<b>Revenues</b>							
Gross premiums written	\$ 425,032	\$ 609,892	\$ 191,736	\$ 269,236	\$ 379,919	\$ 1,034,924	\$ 901,513
Reinsurance premiums ceded	(62,291)	(72,512)	(2,722)	(35,139)	(1,399)	(134,803)	(86,299)
Net premiums written	362,741	537,380	189,014	234,097	378,520	900,121	815,214
Change in unearned premiums	(34,541)	(218,621)	127,017	105,229	(69,222)	(253,162)	(214,052)
Net premiums earned	328,200	318,759	316,031	339,326	309,298	646,959	601,162
Net investment income	26,963	26,772	30,671	36,379	36,435	53,735	72,478
Realized gain on repurchase of debentures	-	-	-	-	8,752	-	8,752
Net realized (losses) gains on investments	(2,650)	(23,421)	6,757	(13,667)	(2,425)	(26,071)	5,319
Net unrealized gains (losses) on investments	37,249	22,153	(7,099)	(14,649)	(42,982)	59,402	(57,959)
Other income	1,017	757	1,598	1,269	1,462	1,774	2,397
Foreign exchange gains (losses)	8,432	(4,200)	(13,554)	(44,933)	911	4,232	9,090
<b>Total revenues</b>	<b>399,211</b>	<b>340,820</b>	<b>334,404</b>	<b>303,725</b>	<b>311,451</b>	<b>740,031</b>	<b>641,239</b>
<b>Expenses</b>							
Losses and loss expenses	124,751	131,834	191,576	318,464	122,089	256,585	262,113
Policy acquisition costs	64,438	61,449	61,407	60,425	56,419	125,887	113,120
General and administrative expenses	41,200	38,079	22,809	30,120	33,912	79,279	71,019
Share compensation expenses	5,632	7,354	7,279	6,012	7,271	12,986	13,806
Finance expenses	10,752	7,723	8,522	14,517	12,762	18,475	34,279
Transaction expenses (a)	15,851	-	-	-	-	15,851	-
<b>Total expenses</b>	<b>262,624</b>	<b>246,439</b>	<b>291,593</b>	<b>429,538</b>	<b>232,453</b>	<b>509,063</b>	<b>494,337</b>
<b>Net income (loss) before taxes</b>	<b>136,587</b>	<b>94,381</b>	<b>42,811</b>	<b>(125,813)</b>	<b>78,998</b>	<b>230,968</b>	<b>146,902</b>
Income tax benefit (expense)	976	526	(5,796)	(487)	(3,077)	1,502	(4,506)
<b>Net income (loss)</b>	<b>\$ 137,563</b>	<b>\$ 94,907</b>	<b>\$ 37,015</b>	<b>\$ (126,300)</b>	<b>\$ 75,921</b>	<b>\$ 232,470</b>	<b>\$ 142,396</b>
<b>Comprehensive income</b>							
Foreign currency translation adjustments	3,993	(196)	(6,330)	(1,556)	10	3,797	77
<b>Comprehensive income (loss)</b>	<b>\$ 141,556</b>	<b>\$ 94,711</b>	<b>\$ 30,685</b>	<b>\$ (127,856)</b>	<b>\$ 75,931</b>	<b>\$ 236,267</b>	<b>\$ 142,473</b>
<b>Earnings per share</b>							
Weighted average number of common shares and common share equivalents outstanding:							
Basic	76,138,038	75,744,577	75,404,091	74,864,724	74,233,425	75,941,308	74,221,398
Diluted	78,942,065	79,102,643	75,740,546	74,864,724	77,257,545	79,022,355	77,793,636
<b>Basic earnings (loss) per share</b>	<b>\$ 1.79</b>	<b>\$ 1.23</b>	<b>\$ 0.47</b>	<b>\$ (1.71)</b>	<b>\$ 1.00</b>	<b>\$ 3.02</b>	<b>\$ 1.87</b>
<b>Diluted earnings (loss) per share</b>	<b>\$ 1.74</b>	<b>\$ 1.20</b>	<b>\$ 0.47</b>	<b>\$ (1.71)</b>	<b>\$ 0.98</b>	<b>\$ 2.94</b>	<b>\$ 1.83</b>
<b>Cash dividends declared per share</b>	<b>\$ 0.20</b>	<b>\$ 0.20</b>	<b>\$ 0.20</b>	<b>\$ 0.20</b>	<b>\$ 0.20</b>	<b>\$ 0.40</b>	<b>\$ 0.40</b>

Notes:

(a) The transaction expenses relate to costs incurred in relation to the agreement and plan of amalgamation with IPC Holdings, Ltd.



## Validus Holdings, Ltd.

### Consolidated Statements of Operations - Underwriting Income Format

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

	Three Months Ended				Six Months Ended		
	June 30,	March 31,	December 31,	September 30,	June 30,	June 30,	June 30,
	2009	2009	2008	2008	2008	2009	2008
Gross premiums written	\$ 425,032	\$ 609,892	\$ 191,736	\$ 269,236	\$ 379,919	\$ 1,034,924	\$ 901,513
Reinsurance premiums ceded	(62,291)	(72,512)	(2,722)	(35,139)	(1,399)	(134,803)	(86,299)
Net premiums written	362,741	537,380	189,014	234,097	378,520	900,121	815,214
Change in unearned premiums	(34,541)	(218,621)	127,017	105,229	(69,222)	(253,162)	(214,052)
Net premiums earned	328,200	318,759	316,031	339,326	309,298	646,959	601,162
Losses and loss expenses	124,751	131,834	191,576	318,464	122,089	256,585	262,113
Policy acquisition costs	64,438	61,449	61,407	60,425	56,419	125,887	113,120
General and administrative expenses	41,200	38,079	22,809	30,120	33,912	79,279	71,019
Share compensation expenses	5,632	7,354	7,279	6,012	7,271	12,986	13,806
Total underwriting deductions	236,021	238,716	283,071	415,021	219,691	474,737	460,058
Underwriting income	92,179	80,043	32,960	(75,695)	89,607	172,222	141,104
Net investment income	26,963	26,772	30,671	36,379	36,435	53,735	72,478
Other income	1,017	757	1,598	1,269	1,462	1,774	2,397
Finance expenses	(10,752)	(7,723)	(8,522)	(14,517)	(12,762)	(18,475)	(34,279)
<b>Operating income (loss) before taxes</b>	109,407	99,849	56,707	(52,564)	114,742	209,256	181,700
Income tax benefit (expense)	976	526	(5,796)	(487)	(3,077)	1,502	(4,506)
<b>Net operating income (loss) (a)</b>	<b>\$ 110,383</b>	<b>\$ 100,375</b>	<b>\$ 50,911</b>	<b>\$ (53,051)</b>	<b>\$ 111,665</b>	<b>\$ 210,758</b>	<b>\$ 177,194</b>
Net realized (losses) gains on investments	(2,650)	(23,421)	6,757	(13,667)	(2,425)	(26,071)	5,319
Net unrealized gains (losses) on investments	37,249	22,153	(7,099)	(14,649)	(42,982)	59,402	(57,959)
Realized gain on repurchase of debentures	-	-	-	-	8,752	-	8,752
Foreign exchange gains (losses)	8,432	(4,200)	(13,554)	(44,933)	911	4,232	9,090
Transaction expenses (b)	(15,851)	-	-	-	-	(15,851)	-
<b>Net income (loss)</b>	<b>\$ 137,563</b>	<b>\$ 94,907</b>	<b>\$ 37,015</b>	<b>\$ (126,300)</b>	<b>\$ 75,921</b>	<b>\$ 232,470</b>	<b>\$ 142,396</b>
<b>Selected Ratios</b>							
Net premiums written/Gross premiums written	85.3%	88.1%	98.6%	86.9%	99.6%	87.0%	90.4%
Losses and loss expenses	38.0%	41.4%	60.6%	93.9%	39.5%	39.7%	43.6%
Policy acquisition costs	19.6%	19.3%	19.4%	17.8%	18.2%	19.5%	18.8%
General and administrative expenses	14.3%	14.3%	9.5%	10.6%	13.3%	14.3%	14.1%
Expense ratio	33.9%	33.6%	28.9%	28.4%	31.5%	33.8%	32.9%
Combined ratio	71.9%	75.0%	89.5%	122.3%	71.0%	73.5%	76.5%

#### 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) The transaction expenses relate to costs incurred in relation to the agreement and plan of amalgamation with IPC Holdings, Ltd.

## Validus Holdings, Ltd. Computation of Earnings Per Share Data

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

	Three Months Ended					
	June 30, 2009			June 30, 2008		
	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehensive income
<i>Basic EPS calculation:</i>						
Income	\$ 110,383	\$ 137,563	\$ 141,556	\$ 111,665	\$ 75,921	\$ 75,931
Less: Dividends and distributions declared on outstanding warrants	(1,590)	(1,590)	(1,590)	(1,739)	(1,739)	(1,739)
Net income available to common shareholders	\$ 108,793	\$ 135,973	\$ 139,966	\$ 109,926	\$ 74,182	\$ 74,192
Weighted average number of common shares outstanding	76,138,038	76,138,038	76,138,038	74,233,425	74,233,425	74,233,425
<b>Basic earnings per share</b>	<b>\$ 1.43</b>	<b>\$ 1.79</b>	<b>\$ 1.84</b>	<b>\$ 1.48</b>	<b>\$ 1.00</b>	<b>\$ 1.00</b>
<i>Diluted EPS calculation:</i>						
Income	\$ 110,383	\$ 137,563	\$ 141,556	\$ 111,665	\$ 75,921	\$ 75,931
Less: Dividends and distributions declared on outstanding warrants	-	-	-	-	-	-
Net income available to common shareholders	\$ 110,383	\$ 137,563	\$ 141,556	\$ 111,665	\$ 75,921	\$ 75,931
Weighted average number of common shares outstanding:	76,138,038	76,138,038	76,138,038	74,233,425	74,233,425	74,233,425
<i>Share equivalents:</i>						
Warrants	1,806,372	1,806,372	1,806,372	1,631,819	1,631,819	1,631,819
Stock options	300,405	300,405	300,405	32,894	32,894	32,894
Unvested restricted shares	697,250	697,250	697,250	1,359,407	1,359,407	1,359,407
Weighted average number of diluted common shares outstanding	78,942,065	78,942,065	78,942,065	77,257,545	77,257,545	77,257,545
<b>Diluted earnings per share</b>	<b>\$ 1.40</b>	<b>\$ 1.74</b>	<b>\$ 1.79</b>	<b>\$ 1.45</b>	<b>\$ 0.98</b>	<b>\$ 0.98</b>
<b>Six Months Ended</b>						
	June 30, 2009			June 30, 2008		
	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehensive income
<i>Basic EPS calculation:</i>						
Income	\$ 210,758	\$ 232,470	\$ 236,267	\$ 177,194	\$ 142,396	\$ 142,473
Less: Dividends and distributions declared on outstanding warrants	(3,326)	(3,326)	(3,326)	(3,478)	(3,478)	(3,478)
Net income available to common shareholders	\$ 207,432	\$ 229,144	\$ 232,941	\$ 173,716	\$ 138,918	\$ 138,995
Weighted average number of common shares outstanding	75,941,308	75,941,308	75,941,308	74,221,398	74,221,398	74,221,398
<b>Basic earnings per share</b>	<b>\$ 2.73</b>	<b>\$ 3.02</b>	<b>\$ 3.07</b>	<b>\$ 2.34</b>	<b>\$ 1.87</b>	<b>\$ 1.87</b>
<i>Diluted EPS calculation:</i>						
Income	\$ 210,758	\$ 232,470	\$ 236,267	\$ 177,194	\$ 142,396	\$ 142,473
Less: Dividends and distributions declared on outstanding warrants	-	-	-	-	-	-
Net income available to common shareholders	\$ 210,758	\$ 232,470	\$ 236,267	\$ 177,194	\$ 142,396	\$ 142,473
Weighted average number of common shares outstanding:	75,941,308	75,941,308	75,941,308	74,221,398	74,221,398	74,221,398
<i>Share equivalents:</i>						
Warrants	2,056,733	2,056,733	2,056,733	2,074,835	2,074,835	2,074,835
Stock options	333,955	333,955	333,955	171,366	171,366	171,366
Unvested restricted shares	690,359	690,359	690,359	1,326,037	1,326,037	1,326,037
Weighted average number of diluted common shares outstanding	79,022,355	79,022,355	79,022,355	77,793,636	77,793,636	77,793,636
<b>Diluted earnings per share</b>	<b>\$ 2.67</b>	<b>\$ 2.94</b>	<b>\$ 2.99</b>	<b>\$ 2.28</b>	<b>\$ 1.83</b>	<b>\$ 1.83</b>

### Notes:

(a) SFAS No. 123(R) 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 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 whichever is more dilutive is included into the calculation of diluted earnings per share.

# VALIDUS RE

## Validus Holdings, Ltd.

### Dilutive Shares for Earnings Per Share Calculation

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

	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Average fair value per share	\$ 22.71	\$ 21.60	\$ 23.31	\$ 23.15
Basic weighted average common shares outstanding	76,138,038	74,233,425	75,941,308	74,221,398
Add: weighted average unvested restricted shares	2,928,813	4,154,353	2,970,834	3,938,928
Proceeds from unrecognized restricted share expense	\$ 50,679	\$ 60,371	\$ 53,158	\$ 60,488
Less: restricted shares bought back via treasury method	(2,231,563)	(2,794,946)	(2,280,475)	(2,612,891)
Add: weighted average dilutive warrants outstanding	7,952,138	8,693,216	8,316,143	8,695,664
Weighted average exercise price per share	\$ 17.55	\$ 17.55	\$ 17.55	\$ 17.55
Less: warrants bought back via treasury method	(6,145,766)	(7,061,397)	(6,259,410)	(6,620,829)
Add: weighted average dilutive options outstanding	2,793,402	2,896,907	2,794,635	2,850,926
Weighted average exercise price per share	\$ 18.22	\$ 18.21	\$ 18.23	\$ 18.20
Proceeds from unrecognized option expense	\$ 7,772	\$ 12,078	\$ 8,419	\$ 12,535
Less: options bought back via treasury method	(2,492,997)	(2,864,013)	(2,460,680)	(2,679,560)
<b>Weighted average dilutive shares outstanding</b>	<b>78,942,065</b>	<b>77,257,545</b>	<b>79,022,355</b>	<b>77,793,636</b>

## Validus Holdings, Ltd.

### Consolidated Segment Income Data for Quarter

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

	Three Months Ended June 30, 2008				Three Months Ended June 30, 2008			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Gross premiums written	\$ 199,560	\$ 235,113	\$ (9,641)	\$ 425,032	\$ 187,820	\$ 197,235	\$ (5,136)	\$ 379,919
Reinsurance premiums ceded	(43,070)	(28,862)	9,641	(62,291)	(1,208)	(5,327)	5,136	(1,399)
Net premiums written	156,490	206,251	-	362,741	186,612	191,908	-	378,520
Change in unearned premiums	7,207	(41,748)	-	(34,541)	(22,500)	(46,722)	-	(69,222)
<b>Net premiums earned</b>	<b>163,697</b>	<b>164,503</b>	<b>-</b>	<b>328,200</b>	<b>164,112</b>	<b>145,186</b>	<b>-</b>	<b>309,298</b>
Losses and loss expenses	41,121	83,630	-	124,751	48,677	73,412	-	122,089
Policy acquisition costs	29,120	36,114	(796)	64,438	25,309	31,134	(24)	56,419
General and administrative expenses	14,149	21,927	5,124	41,200	9,955	19,787	4,170	33,912
Share compensation expense	1,548	2,098	1,986	5,632	1,597	1,126	4,548	7,271
<b>Total underwriting deductions</b>	<b>85,938</b>	<b>143,769</b>	<b>6,314</b>	<b>236,021</b>	<b>85,538</b>	<b>125,459</b>	<b>8,694</b>	<b>219,691</b>
<b>Underwriting income</b>	<b>\$ 77,759</b>	<b>\$ 20,734</b>	<b>\$ (6,314)</b>	<b>\$ 92,179</b>	<b>\$ 78,574</b>	<b>\$ 19,727</b>	<b>\$ (8,694)</b>	<b>\$ 89,607</b>
Net investment income	20,783	7,693	(1,513)	26,963	25,725	11,726	(1,016)	36,435
Other income	902	911	(796)	1,017	24	1,462	(24)	1,462
Finance expenses	(477)	(3,339)	(6,936)	(10,752)	(88)	(5,400)	(7,274)	(12,762)
Operating income before taxes	98,967	25,999	(15,559)	109,407	104,235	27,515	(17,008)	114,742
Income tax (expense) benefit	(28)	1,004	-	976	(20)	(3,057)	-	(3,077)
<b>Net operating income (a)</b>	<b>\$ 98,939</b>	<b>\$ 27,003</b>	<b>\$ (15,559)</b>	<b>\$ 110,383</b>	<b>\$ 104,215</b>	<b>\$ 24,458</b>	<b>\$ (17,008)</b>	<b>\$ 111,665</b>
Realized gain on repurchase of debentures	-	-	-	-	-	-	8,752	8,752
Net realized (losses) gains on investments	(2,140)	(510)	-	(2,650)	(3,260)	835	-	(2,425)
Net unrealized gains (losses) on investments	35,793	1,456	-	37,249	(24,059)	(18,923)	-	(42,982)
Foreign exchange gains (losses)	1,827	6,549	56	8,432	(403)	1,314	-	911
Transaction expenses (b)	-	-	(15,851)	(15,851)	-	-	-	-
<b>Net income</b>	<b>\$ 134,419</b>	<b>\$ 34,498</b>	<b>\$ (31,354)</b>	<b>\$ 137,563</b>	<b>\$ 76,493</b>	<b>\$ 7,684</b>	<b>\$ (8,256)</b>	<b>\$ 75,921</b>
<b>Selected Ratios</b>								
Net premiums written/Gross premiums written	78.4%	87.7%		85.3%	99.4%	97.3%		99.6%
Losses and loss expenses	25.1%	50.8%		38.0%	29.7%	50.6%		39.5%
Policy acquisition costs	17.8%	22.0%		19.6%	15.4%	21.4%		18.2%
General and administrative expenses	9.6%	14.6%		14.3%	7.0%	14.4%		13.3%
Expense ratio	27.4%	36.6%		33.9%	22.4%	35.8%		31.5%
Combined ratio	52.5%	87.4%		71.9%	52.1%	86.4%		71.0%

#### 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 transaction expenses relate to costs incurred in relation to the agreement and plan of amalgamation with IPC Holdings, Ltd.

## Validus Holdings, Ltd.

### Underwriting Results by Class of Business - Quarter - Validus Re

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

	Three Months Ended June 30, 2009				Three Months Ended June 30, 2008			
	Property (c)	Marine	Specialty (b) (c)	Total	Property	Marine	Specialty (b)	Total
<b>Validus Re Segment</b>								
Gross premiums written	\$ 183,898	\$ 3,957	\$ 11,705	\$ 199,560	\$ 171,308	\$ 8,750	\$ 7,762	\$ 187,820
Reinsurance premiums ceded (c)	(42,705)	(209)	(156)	(43,070)	1,470	(2,678)	-	(1,208)
<b>Net premiums written</b>	141,193	3,748	11,549	156,490	172,778	6,072	7,762	186,612
Change in unearned premiums	(31,008)	29,836	8,379	7,207	(51,862)	20,331	9,031	(22,500)
Net premiums earned	110,185	33,584	19,928	163,697	120,916	26,403	16,793	164,112
Losses and loss expenses	20,381	13,341	7,399	41,121	31,379	12,213	5,085	48,677
Policy acquisition costs	18,052	8,290	2,778	29,120	19,430	3,356	2,523	25,309
Total underwriting deductions before G&A	38,433	21,631	10,177	70,241	50,809	15,569	7,608	73,986
<b>Underwriting income before G&amp;A</b>	71,752	11,953	9,751	93,456	70,107	10,834	9,185	90,126
General and administrative expenses				14,149				9,955
Share compensation expense				1,548				1,597
Total underwriting deductions				85,938				85,538
<b>Underwriting income</b>				77,759				78,574
Net investment income				20,783				25,725
Other income				902				24
Finance expenses				(477)				(88)
Operating income before taxes				98,967				104,235
Income tax (expense)				(28)				(20)
<b>Net operating income (a)</b>				<b>\$ 98,939</b>				<b>\$ 104,215</b>
Net realized (losses) on investments				(2,140)				(3,260)
Net unrealized gains (losses) on investments				35,793				(24,059)
Foreign exchange gains (losses)				1,827				(403)
<b>Net income</b>				<b>\$ 134,419</b>				<b>\$ 76,493</b>
<b>Selected Ratios</b>								
Net premiums written/Gross premiums written	76.8%	94.7%	98.7%	78.4%	100.9%	69.4%	100.0%	99.4%
Losses and loss expenses	18.5%	39.7%	37.1%	25.1%	26.0%	46.3%	30.3%	29.7%
Policy acquisition costs	16.4%	24.7%	13.9%	17.8%	16.1%	12.7%	15.0%	15.4%
General and administrative expenses				9.6%				7.0%
Expense ratio				27.4%				22.4%
Combined ratio				52.5%				52.1%

#### Notes:

(a) Net operating income (loss) is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-U.S.\$ denominated balances, the fair value of warrants issued and excluding the Aquiline termination fee. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-U.S.\$ denominated balances are unrelated to our underlying business. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.

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

(c) During the quarter Nuclear and Agriculture were reclassified from Property to Specialty.

## Validus Holdings, Ltd.

### Underwriting Results by Class of Business - Quarter - Talbot

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

	Three Months Ended June 30, 2009				Three Months Ended June 30, 2008			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
<b>Talbot Segment</b>								
Gross premiums written	\$ 78,769	\$ 82,657	\$ 73,687	\$ 235,113	\$ 47,423	\$ 73,126	\$ 76,686	\$ 197,235
Reinsurance premiums ceded	(21,758)	(4,607)	(2,497)	(28,862)	(5,477)	(950)	1,100	(5,327)
<b>Net premiums written</b>	<b>57,011</b>	<b>78,050</b>	<b>71,190</b>	<b>206,251</b>	<b>41,946</b>	<b>72,176</b>	<b>77,786</b>	<b>191,908</b>
Change in unearned premiums	(23,353)	(10,681)	(7,714)	(41,748)	(13,431)	(11,785)	(21,506)	(46,722)
Net premiums earned	33,658	67,369	63,476	164,503	28,515	60,391	56,280	145,186
Losses and loss expenses	3,724	35,758	44,148	83,630	17,971	34,731	20,710	73,412
Policy acquisition costs	5,540	15,300	15,274	36,114	5,217	13,108	12,809	31,134
Total underwriting deductions before G&A	9,264	51,058	59,422	119,744	23,188	47,839	33,519	104,546
<b>Underwriting income before G&amp;A</b>	<b>24,394</b>	<b>16,311</b>	<b>4,054</b>	<b>44,759</b>	<b>5,327</b>	<b>12,552</b>	<b>22,761</b>	<b>40,640</b>
General and administrative expenses				21,927				19,787
Share compensation expense				2,098				1,126
Total underwriting deductions				143,769				125,459
<b>Underwriting income</b>				<b>20,734</b>				<b>19,727</b>
Net investment income				7,693				11,726
Other income				911				1,462
Finance expenses				(3,339)				(5,400)
Operating income before taxes				25,999				27,515
Income tax benefit (expense)				1,004				(3,057)
<b>Net operating income (a)</b>				<b>\$ 27,003</b>				<b>\$ 24,458</b>
Net realized (losses) gains on investments				(510)				835
Net unrealized gains (losses) on investments				1,456				(18,923)
Foreign exchange gains				6,549				1,314
<b>Net income</b>				<b>\$ 34,498</b>				<b>\$ 7,684</b>
<b>Selected Ratios</b>								
Net premiums written/Gross premiums written	72.4%	94.4%	96.6%	87.7%	88.5%	98.7%	101.4%	97.3%
Losses and loss expenses	11.1%	53.1%	69.6%	50.8%	63.0%	57.5%	36.8%	50.6%
Policy acquisition costs	16.5%	22.7%	24.1%	22.0%	18.3%	21.7%	22.8%	21.4%
General and administrative expenses				14.6%				14.4%
Expense ratio				36.6%				35.8%
Combined ratio				87.4%				86.4%

#### Notes:

(a) Net operating income (loss) is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-U.S.\$ denominated balances, the fair value of warrants issued and excluding the Aquiline termination fee. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-U.S.\$ denominated balances are unrelated to our underlying business. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.

(b) Specialty class includes War, Political Violence and Political Risk Financial, Aviation Treaty and other classes.

## Validus Holdings, Ltd.

### Consolidated Segment Income Data for the Six Months Ended June 30

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

	Six Months Ended June 30, 2009				Six Months Ended June 30, 2008			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Gross premiums written	\$ 609,686	\$ 463,033	\$ (37,795)	\$ 1,034,924	\$ 518,869	\$ 399,028	\$ (16,384)	\$ 901,513
Reinsurance premiums ceded	(56,359)	(116,239)	37,795	(134,803)	(24,951)	(77,732)	16,384	(86,299)
Net premiums written	553,327	346,794	-	900,121	493,918	321,296	-	815,214
Change in unearned premiums	(215,183)	(37,979)	-	(253,162)	(186,151)	(27,901)	-	(214,052)
<b>Net premiums earned</b>	<b>338,144</b>	<b>308,815</b>	<b>-</b>	<b>646,959</b>	<b>307,767</b>	<b>293,395</b>	<b>-</b>	<b>601,162</b>
Losses and loss expenses	96,583	160,002	-	256,585	107,591	154,522	-	262,113
Policy acquisition costs	57,697	69,271	(1,081)	125,887	45,712	67,432	(24)	113,120
General and administrative expenses	27,941	42,141	9,197	79,279	19,334	40,710	10,975	71,019
Share compensation expense	3,220	4,433	5,333	12,986	2,823	2,102	8,881	13,806
<b>Total underwriting deductions</b>	<b>185,441</b>	<b>275,847</b>	<b>13,449</b>	<b>474,737</b>	<b>175,460</b>	<b>264,766</b>	<b>19,832</b>	<b>460,058</b>
<b>Underwriting income</b>	<b>\$ 152,703</b>	<b>\$ 32,968</b>	<b>\$ (13,449)</b>	<b>\$ 172,222</b>	<b>\$ 132,307</b>	<b>\$ 28,629</b>	<b>\$ (19,832)</b>	<b>\$ 141,104</b>
Net investment income	41,569	15,187	(3,021)	53,735	50,752	22,708	(982)	72,478
Other income	1,187	1,668	(1,081)	1,774	24	2,397	(24)	2,397
Finance expenses	(840)	(3,762)	(13,873)	(18,475)	(442)	(18,620)	(15,217)	(34,279)
Operating income before taxes	194,619	46,061	(31,424)	209,256	182,641	35,114	(36,055)	181,700
Income tax (expense) benefit	(66)	1,568	-	1,502	(48)	(4,458)	-	(4,506)
<b>Net operating income (a)</b>	<b>\$ 194,553</b>	<b>\$ 47,629</b>	<b>\$ (31,424)</b>	<b>\$ 210,758</b>	<b>\$ 182,593</b>	<b>\$ 30,656</b>	<b>\$ (36,055)</b>	<b>\$ 177,194</b>
Realized gain on repurchase of debentures	-	-	-	-	-	-	8,752	8,752
Net realized (losses) gains on investments	(19,679)	(6,392)	-	(26,071)	(1,183)	6,502	-	5,319
Net unrealized gains (losses) on investments	54,800	4,602	-	59,402	(42,671)	(15,288)	-	(57,959)
Foreign exchange (losses) gains	(1,380)	5,566	56	4,232	7,272	1,818	-	9,090
Transaction expenses (b)	-	-	(15,851)	(15,851)	-	-	-	-
<b>Net income</b>	<b>\$ 228,294</b>	<b>\$ 51,395</b>	<b>\$ (47,219)</b>	<b>\$ 232,470</b>	<b>\$ 146,011</b>	<b>\$ 23,688</b>	<b>\$ (27,303)</b>	<b>\$ 142,396</b>
<b>Selected Ratios</b>								
Net premiums written/Gross premiums written	90.8%	74.9%		87.0%	95.2%	80.5%		90.4%
Losses and loss expenses	28.6%	51.8%		39.7%	35.0%	52.7%		43.6%
Policy acquisition costs	17.1%	22.4%		19.5%	14.9%	23.0%		18.8%
General and administrative expenses	9.2%	15.1%		14.3%	7.1%	14.6%		14.1%
Expense ratio	26.3%	37.5%		33.8%	22.0%	37.6%		32.9%
Combined ratio	54.9%	89.3%		73.5%	57.0%	90.3%		76.5%

#### Notes:

(a) Net operating income (loss) is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-U.S.\$ denominated balances, the fair value of warrants issued and excluding the Aquiline termination fee. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-U.S.\$ denominated balances are unrelated to our underlying business. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.

(b) The transaction expenses relate to costs incurred in relation to the agreement and plan of amalgamation with IPC Holdings, Ltd.

## Validus Holdings, Ltd.

### Underwriting Results by Class of Business - Six Months Ended June 30 - Validus Re

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

	Six Months Ended June 30, 2009				Six Months Ended June 30, 2008			
	Property (c)	Marine	Specialty (b) (c)	Total	Property	Marine	Specialty (b)	Total
<b>Validus Re Segment</b>								
Gross premiums written	\$ 418,564	\$ 125,505	\$ 65,617	\$ 609,686	\$ 374,418	\$ 92,791	\$ 51,660	\$ 518,869
Reinsurance premiums ceded	(46,024)	(8,766)	(1,569)	(56,359)	(4,893)	(19,655)	(403)	(24,951)
<b>Net premiums written</b>	<b>372,540</b>	<b>116,739</b>	<b>64,048</b>	<b>553,327</b>	<b>369,525</b>	<b>73,136</b>	<b>51,257</b>	<b>493,918</b>
Change in unearned premiums	(139,891)	(57,751)	(17,541)	(215,183)	(140,806)	(28,007)	(17,338)	(186,151)
Net premiums earned	232,649	58,988	46,507	338,144	228,719	45,129	33,919	307,767
Losses and loss expenses	47,020	38,511	11,052	96,583	74,286	20,451	12,854	107,591
Policy acquisition costs	38,241	13,662	5,794	57,697	35,410	5,506	4,796	45,712
Total underwriting deductions before G&A	85,261	52,173	16,846	154,280	109,696	25,957	17,650	153,303
<b>Underwriting income before G&amp;A</b>	<b>147,388</b>	<b>6,815</b>	<b>29,661</b>	<b>183,864</b>	<b>119,023</b>	<b>19,172</b>	<b>16,269</b>	<b>154,464</b>
General and administrative expenses				27,941				19,334
Share compensation expense				3,220				2,823
Total underwriting deductions				185,441				175,460
<b>Underwriting income</b>				<b>152,703</b>				<b>132,307</b>
Net investment income				41,569				50,752
Other income				1,187				24
Finance expenses				(840)				(442)
Operating income before taxes				194,619				182,641
Income tax (expense)				(66)				(48)
<b>Net operating income (a)</b>				<b>\$ 194,553</b>				<b>\$ 182,593</b>
Net realized (losses) on investments				(19,679)				(1,183)
Net unrealized gains (losses) on investments				54,800				(42,671)
Foreign exchange (losses) gains				(1,380)				7,272
<b>Net income</b>				<b>\$ 228,294</b>				<b>\$ 146,011</b>
<b>Selected Ratios</b>								
Net premiums written/Gross premiums written	89.0%	93.0%	97.6%	90.8%	98.7%	78.8%	99.2%	95.2%
Losses and loss expenses	20.2%	65.3%	23.8%	28.6%	32.5%	45.3%	37.9%	35.0%
Policy acquisition costs	16.4%	23.2%	12.5%	17.1%	15.5%	12.2%	14.1%	14.9%
General and administrative expenses				9.2%				7.1%
Expense ratio				26.3%				22.0%
Combined ratio				54.9%				57.0%

#### Notes:

(a) Net operating income (loss) is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-U.S.\$ denominated balances, the fair value of warrants issued and excluding the Aquiline termination fee. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-U.S.\$ denominated balances are unrelated to our underlying business. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.

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

(c) During the quarter Nuclear and Agriculture were reclassified from Property to Specialty.



## Validus Holdings, Ltd.

### Underwriting Results by Class of Business - Six Months Ended June 30 - Talbot

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

	Six Months Ended June 30, 2009				Six Months Ended June 30, 2008			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
<b>Talbot Segment</b>								
Gross premiums written	\$ 139,495	\$ 175,067	\$ 148,471	\$ 463,033	\$ 87,790	\$ 164,101	\$ 147,137	\$ 399,028
Reinsurance premiums ceded	(54,963)	(22,867)	(38,409)	(116,239)	(23,066)	(16,293)	(38,373)	(77,732)
<b>Net premiums written</b>	<u>84,532</u>	<u>152,200</u>	<u>110,062</u>	<u>346,794</u>	<u>64,724</u>	<u>147,808</u>	<u>108,764</u>	<u>321,296</u>
Change in unearned premiums	(23,222)	(21,934)	7,177	(37,979)	(5,817)	(19,937)	(2,147)	(27,901)
Net premiums earned	61,310	130,266	117,239	308,815	58,907	127,871	106,617	293,395
Losses and loss expenses	11,783	75,117	73,102	160,002	33,477	84,285	36,760	154,522
Policy acquisition costs	11,139	29,267	28,865	69,271	11,572	29,639	26,221	67,432
Total underwriting deductions before G&A	<u>22,922</u>	<u>104,384</u>	<u>101,967</u>	<u>229,273</u>	<u>45,049</u>	<u>113,924</u>	<u>62,981</u>	<u>221,954</u>
<b>Underwriting income before G&amp;A</b>	38,388	25,882	15,272	79,542	13,858	13,947	43,636	71,441
General and administrative expenses				42,141				40,710
Share compensation expense				4,433				2,102
Total underwriting deductions				<u>275,847</u>				<u>264,766</u>
<b>Underwriting income</b>				32,968				28,629
Net investment income				15,187				22,708
Other income				1,668				2,397
Finance expenses				<u>(3,762)</u>				<u>(18,620)</u>
Operating income before taxes				46,061				35,114
Income tax benefit (expense)				1,568				(4,458)
<b>Net operating income (a)</b>				<u>\$ 47,629</u>				<u>\$ 30,656</u>
Net realized (losses) gains on investments				(6,392)				6,502
Net unrealized gains (losses) on investments				4,602				(15,288)
Foreign exchange gains				5,556				1,818
<b>Net income</b>				<u>\$ 51,395</u>				<u>\$ 23,688</u>
<b>Selected Ratios</b>								
Net premiums written/Gross premiums written	60.6%	86.9%	74.1%	74.9%	73.7%	90.1%	73.9%	80.5%
Losses and loss expenses	19.2%	57.7%	62.4%	51.8%	56.8%	65.9%	34.5%	52.7%
Policy acquisition costs	18.2%	22.5%	24.6%	22.4%	19.6%	23.2%	24.6%	23.0%
General and administrative expenses				15.1%				14.6%
Expense ratio				<u>37.5%</u>				<u>37.6%</u>
Combined ratio				<u>89.3%</u>				<u>90.3%</u>

#### Notes:

(a) Net operating income (loss) is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses), gains (losses) arising from translation of non-U.S.\$ denominated balances, the fair value of warrants issued and excluding the Aquiline termination fee. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-U.S.\$ denominated balances are unrelated to our underlying business. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.

(b) Specialty class includes War, Political Violence and Political Risk Financial, Aviation Treaty and other classes.

# VALIDUS RE

## Validus Holdings, Ltd.

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

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

Validus Re Segment		Three Months Ended				Six Months Ended			
		June 30, 2009		June 30, 2008		June 30, 2009		June 30, 2008	
		GPW	%	GPW	%	GPW	%	GPW	%
<b>Property (a)</b>	Cat XOL (b)	\$ 144,450	72.4%	\$ 126,385	67.2%	\$ 325,365	53.4%	\$ 258,407	49.7%
	Per Risk XOL	10,434	5.2%	17,154	9.1%	20,434	3.4%	27,930	5.4%
	Proportional (c)	29,014	14.5%	27,769	14.9%	72,765	12.0%	88,081	17.0%
		<u>183,898</u>	<u>92.1%</u>	<u>171,308</u>	<u>91.2%</u>	<u>418,564</u>	<u>68.8%</u>	<u>374,418</u>	<u>72.1%</u>
<b>Marine</b>	Cat XOL (d)	(439)	-0.2%	(81)	0.0%	5,734	0.9%	840	0.2%
	Per Risk XOL	3,802	1.9%	7,278	3.9%	57,594	9.4%	67,624	13.0%
	Proportional (c)	594	0.3%	1,553	0.8%	62,177	10.2%	24,327	4.7%
		<u>3,957</u>	<u>2.0%</u>	<u>8,750</u>	<u>4.7%</u>	<u>125,505</u>	<u>20.5%</u>	<u>92,791</u>	<u>17.9%</u>
<b>Specialty (a) (e)</b>	Cat XOL (b)	2,943	1.5%	2,209	1.2%	30,981	5.1%	26,367	5.1%
	Per Risk XOL	1,193	0.6%	405	0.2%	11,865	1.9%	664	0.1%
	Proportional (c)	7,569	3.8%	5,148	2.7%	22,771	3.7%	24,629	4.8%
		<u>11,705</u>	<u>5.9%</u>	<u>7,762</u>	<u>4.1%</u>	<u>65,617</u>	<u>10.7%</u>	<u>51,660</u>	<u>10.0%</u>
<b>Total</b>	Cat XOL (b) (d)	146,954	73.7%	128,513	68.4%	362,080	59.4%	285,614	55.0%
	Per Risk XOL	15,429	7.7%	24,837	13.2%	89,893	14.7%	96,218	18.5%
	Proportional (c)	37,177	18.6%	34,470	18.4%	157,713	25.9%	137,037	26.5%
	<b>Total</b>	<u>\$ 199,560</u>	<u>100.0%</u>	<u>\$ 187,820</u>	<u>100.0%</u>	<u>\$ 609,686</u>	<u>100.0%</u>	<u>\$ 518,869</u>	<u>100.0%</u>

#### Notes:

- (a) During the quarter Nuclear and Agriculture were reclassified from Property to Specialty and internal re-categorization by treaty type occurred.
- (b) Property and Specialty Cat XOL is comprised of Catastrophe XOL, Aggregate XOL, RPP, Per Event XOL, Second Event and Third Event covers.
- (c) Proportional is comprised of Quota Share and Surplus Share covers.
- (d) Marine CAT XOL is comprised of Catastrophe XOL, Aggregate XOL, RPP, Second Event and Third Event covers.
- (e) Specialty includes Aviation, Workers' compensation, Terrorism, Life and A&H, Nuclear, Agriculture and Financial lines of business.

# VALIDUS RE

## Validus Holdings, Ltd.

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

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

Class of business	Treaty Type	Three Months Ended				Six Months Ended			
		June 30, 2009		June 30, 2008		June 30, 2009		June 30, 2008	
		GPW	%	GPW	%	GPW	%	GPW (b)	%
Property	Treaty Reinsurance	\$ 196,322	46.2%	\$ 187,246	49.3%	\$ 442,101	42.6%	\$ 401,723	44.6%
	Facultative Reinsurance	29,416	6.9%	11,694	3.1%	49,014	4.8%	22,328	2.5%
	Direct Insurance	29,704	7.0%	17,824	4.7%	46,611	4.5%	30,094	3.3%
		<u>255,442</u>	<u>60.1%</u>	<u>216,764</u>	<u>57.1%</u>	<u>537,726</u>	<u>51.9%</u>	<u>454,145</u>	<u>50.4%</u>
Marine	Treaty Reinsurance	14,997	3.5%	10,996	2.9%	149,743	14.5%	107,881	12.0%
	Facultative Reinsurance	20,436	4.8%	20,780	5.5%	50,838	4.9%	51,057	5.7%
	Direct Insurance	48,998	11.5%	47,265	12.4%	89,950	8.7%	93,645	10.4%
		<u>84,431</u>	<u>19.8%</u>	<u>79,041</u>	<u>20.8%</u>	<u>290,531</u>	<u>28.1%</u>	<u>252,583</u>	<u>28.1%</u>
Specialty (a)	Treaty Reinsurance	28,376	6.8%	21,792	5.7%	92,643	9.0%	74,396	8.2%
	Facultative Reinsurance	15,872	3.7%	15,250	4.0%	33,370	3.2%	35,183	3.9%
	Direct Insurance	40,911	9.6%	47,072	12.4%	80,654	7.8%	85,206	9.4%
		<u>85,159</u>	<u>20.1%</u>	<u>84,114</u>	<u>22.1%</u>	<u>206,667</u>	<u>20.0%</u>	<u>194,785</u>	<u>21.5%</u>
<b>Total</b>	Treaty Reinsurance	239,695	56.5%	220,034	57.9%	684,487	66.1%	584,000	64.8%
	Facultative Reinsurance	65,724	15.4%	47,724	12.6%	133,222	12.9%	108,568	12.1%
	Direct Insurance	119,613	28.1%	112,161	29.5%	217,215	21.0%	208,945	23.1%
	<b>Total</b>	<b><u>\$ 425,032</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 379,919</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 1,034,924</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 901,513</u></b>	<b><u>100.0%</u></b>

#### Notes:

(a) For Validus Re segment, Specialty class includes Aviation, Workers' compensation, Terrorism, Life and A&H, Nuclear, Agriculture and Financial lines of business. For Talbot segment, Specialty class includes War, Political Violence and Political Risk, Financial, Aviation treaty and other classes.

# VALIDUS RE

## Validus Holdings, Ltd.

### Gross Premiums Written by Segment by Class of Business

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

Validus Re	Three Months Ended				Six Months Ended		
	June 30,	March 31,	December 31,	September 30,	June 30,	June 30,	June 30,
	2009	2009	2008	2008	2008	2009	2008
Property (a)	\$ 183,898	\$ 234,667	\$ 21,004	\$ 97,545	\$ 171,308	\$ 418,565	\$ 374,418
Marine	3,957	121,548	5,799	19,154	8,750	125,505	92,791
Aerospace	5,989	14,032	14,141	5,567	686	20,021	19,615
Agriculture (a)	264	5,559	-	-	-	5,823	-
Life and A&H	74	2,029	-	-	96	2,103	1,009
Nuclear (a)	-	3,872	-	-	-	3,872	-
Financial	969	1,412	-	-	4,125	2,381	4,125
Terrorism	3,862	21,973	2,207	1,598	2,056	25,835	21,697
Workers' Comp	547	5,034	722	1,165	799	5,581	5,214
<b>Total Validus Re Segment</b>	<b>199,560</b>	<b>410,126</b>	<b>43,873</b>	<b>125,029</b>	<b>187,820</b>	<b>609,686</b>	<b>518,869</b>
<b>Talbot</b>							
Property	78,769	60,726	29,161	35,194	47,423	139,495	87,790
Marine	82,657	92,410	56,916	66,676	73,126	175,067	164,101
Aviation & Other	14,220	12,933	7,485	6,248	13,037	27,153	26,295
Accident & Health	4,957	4,974	3,002	6,425	5,849	9,931	8,887
Financial	8,637	9,098	12,065	7,723	10,561	17,735	22,475
War	37,442	38,778	35,309	24,364	36,034	76,220	69,020
Contingency	5,685	5,915	4,818	7,103	7,097	11,600	11,003
Bloodstock	2,746	3,086	3,906	3,574	4,108	5,832	9,457
<b>Total Talbot Segment</b>	<b>235,113</b>	<b>227,920</b>	<b>152,662</b>	<b>157,307</b>	<b>197,235</b>	<b>463,033</b>	<b>399,028</b>
<b>Intersegment revenue</b>							
Property	(7,225)	(13,108)	(4,753)	(8,908)	(1,967)	(20,333)	(8,063)
Marine	(2,183)	(7,858)	(1,677)	(2,557)	(2,835)	(10,041)	(4,309)
Specialty	(233)	(7,188)	1,631	(1,635)	(334)	(7,421)	(4,012)
<b>Total Intersegment Revenue Eliminated</b>	<b>(9,641)</b>	<b>(28,154)</b>	<b>(4,799)</b>	<b>(13,100)</b>	<b>(5,136)</b>	<b>(37,795)</b>	<b>(16,384)</b>
<b>Total</b>	<b>\$ 425,032</b>	<b>\$ 609,892</b>	<b>\$ 191,736</b>	<b>\$ 269,236</b>	<b>\$ 379,919</b>	<b>\$ 1,034,924</b>	<b>\$ 901,513</b>

Notes:

(a) During the quarter Nuclear and Agriculture were reclassified from Property to Specialty and internal re-categorization by treaty type occurred.

# VALIDUS RE

## Validus Holdings, Ltd.

### Validus Re Segment - Underwriting Income

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

	Three Months Ended				Six Months Ended		
	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008	June 30, 2008	
<b>Underwriting revenues</b>							
Gross premiums written	\$ 199,560	\$ 410,126	\$ 43,873	\$ 125,029	\$ 187,820	\$ 609,686	\$ 518,869
Reinsurance premiums ceded	(43,070)	(13,289)	(1,696)	(36,286)	(1,208)	(56,359)	(24,951)
Net premiums written	156,490	396,837	42,177	88,743	186,612	553,327	493,918
Change in unearned premiums	7,207	(222,390)	122,191	92,653	(22,500)	(215,183)	(186,151)
Net premiums earned	163,697	174,447	164,368	181,396	164,112	338,144	307,767
						-	-
<b>Underwriting deductions</b>							
Losses and loss expenses	41,121	55,462	95,972	217,081	48,677	96,583	107,591
Policy acquisition costs	29,120	28,577	28,011	26,520	25,309	57,697	45,712
General and administrative expenses	14,149	13,792	7,301	7,972	9,955	27,941	19,334
Share compensation expense	1,548	1,672	2,197	1,809	1,597	3,220	2,823
Total underwriting deductions	85,938	99,503	133,481	253,382	85,538	185,441	175,460
						-	-
<b>Underwriting income (loss)</b>	<b>\$ 77,759</b>	<b>\$ 74,944</b>	<b>\$ 30,887</b>	<b>\$ (71,986)</b>	<b>\$ 78,574</b>	<b>\$ 152,703</b>	<b>\$ 132,307</b>
<b>Selected Ratios</b>							
Losses and loss expenses	25.1%	31.8%	58.4%	119.7%	29.7%	28.6%	35.0%
Policy acquisition costs	17.8%	16.4%	17.0%	14.6%	15.4%	17.1%	14.9%
General and administrative expenses	9.6%	8.9%	5.8%	5.4%	7.0%	9.2%	7.1%
Expense ratio	27.4%	25.3%	22.8%	20.0%	22.4%	26.3%	22.0%
Combined ratio	52.5%	57.1%	81.2%	139.7%	52.1%	54.9%	57.0%

# VALIDUS RE

## Validus Holdings, Ltd.

### Talbot Segment - Underwriting Income

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

	Three Months Ended				Six Months Ended		
	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008	June 30, 2008	
<b>Underwriting revenues</b>							
Gross premiums written	\$ 235,113	\$ 227,920	\$ 152,662	\$ 157,307	\$ 197,235	\$ 463,033	\$ 399,028
Reinsurance premiums ceded	<u>(28,862)</u>	<u>(87,377)</u>	<u>(5,825)</u>	<u>(11,953)</u>	<u>(5,327)</u>	<u>(116,239)</u>	<u>(77,732)</u>
Net premiums written	206,251	140,543	146,837	145,354	191,908	346,794	321,296
Change in unearned premiums	<u>(41,748)</u>	<u>3,769</u>	<u>4,826</u>	<u>12,576</u>	<u>(46,722)</u>	<u>(37,979)</u>	<u>(27,901)</u>
Net premiums earned	<u>164,503</u>	<u>144,312</u>	<u>151,663</u>	<u>157,930</u>	<u>145,186</u>	<u>308,815</u>	<u>293,395</u>
<b>Underwriting deductions</b>							
Losses and loss expenses	83,630	76,372	95,604	101,383	73,412	160,002	154,522
Policy acquisition costs	36,114	33,157	33,560	34,026	31,134	69,271	67,432
General and administrative expenses	21,927	20,214	12,882	17,851	19,787	42,141	40,710
Share compensation expense	<u>2,098</u>	<u>2,335</u>	<u>1,436</u>	<u>1,164</u>	<u>1,126</u>	<u>4,433</u>	<u>2,102</u>
Total underwriting deductions	<u>143,769</u>	<u>132,078</u>	<u>143,482</u>	<u>154,424</u>	<u>125,459</u>	<u>275,847</u>	<u>264,766</u>
<b>Underwriting income</b>	<b><u>\$ 20,734</u></b>	<b><u>\$ 12,234</u></b>	<b><u>\$ 8,181</u></b>	<b><u>\$ 3,506</u></b>	<b><u>\$ 19,727</u></b>	<b><u>\$ 32,968</u></b>	<b><u>\$ 28,629</u></b>
<b>Selected Ratios</b>							
Losses and loss expenses	50.8%	52.9%	63.0%	64.2%	50.6%	51.8%	52.7%
Policy acquisition costs	22.0%	23.0%	22.1%	21.5%	21.4%	22.4%	23.0%
General and administrative expenses	14.6%	15.6%	9.4%	12.0%	14.4%	15.1%	14.6%
Expense ratio	<u>36.6%</u>	<u>38.6%</u>	<u>31.5%</u>	<u>33.5%</u>	<u>35.8%</u>	<u>37.5%</u>	<u>37.6%</u>
Combined ratio	<u>87.4%</u>	<u>91.5%</u>	<u>94.5%</u>	<u>97.7%</u>	<u>86.4%</u>	<u>89.3%</u>	<u>90.3%</u>

# VALIDUS RE

## Validus Holdings, Ltd.

### Class of Business - Property - Underwriting Income

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

	Three Months Ended				Six Months Ended		
	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008	June 30, 2008	
<b>Underwriting revenues</b>							
Net premiums written	\$ 198,204	\$ 258,868	\$ 46,769	\$ 96,008	\$ 214,724	\$ 457,072	\$ 434,249
Net premiums earned	<u>143,843</u>	<u>150,116</u>	<u>145,752</u>	<u>165,028</u>	<u>149,431</u>	<u>293,959</u>	<u>287,626</u>
<b>Underwriting deductions</b>							
Losses and loss expenses	24,105	34,698	107,380	202,066	49,350	58,803	107,763
Policy acquisition costs	<u>23,592</u>	<u>25,788</u>	<u>26,361</u>	<u>24,310</u>	<u>24,647</u>	<u>49,380</u>	<u>46,982</u>
Total underwriting deductions	<u>47,697</u>	<u>60,486</u>	<u>133,741</u>	<u>226,376</u>	<u>73,997</u>	<u>108,183</u>	<u>154,745</u>
<b>Underwriting income (loss) before G&amp;A</b>	<b>\$ <u>96,146</u></b>	<b>\$ <u>89,630</u></b>	<b>\$ <u>12,011</u></b>	<b>\$ <u>(61,348)</u></b>	<b>\$ <u>75,434</u></b>	<b>\$ <u>185,776</u></b>	<b>\$ <u>132,881</u></b>
<b>Selected underwriting ratios (a)</b>							
Losses and loss expenses	16.8%	23.1%	73.7%	122.4%	33.0%	20.0%	37.5%
Policy acquisition costs	<u>16.4%</u>	<u>17.2%</u>	<u>18.1%</u>	<u>14.7%</u>	<u>16.5%</u>	<u>16.8%</u>	<u>16.3%</u>
Combined ratio before G&A	<u>33.2%</u>	<u>40.3%</u>	<u>91.8%</u>	<u>137.1%</u>	<u>49.5%</u>	<u>36.8%</u>	<u>53.8%</u>

#### Notes:

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

(b) During the quarter Nuclear and Agriculture were reclassified from Property to Specialty and internal re-categorization by treaty type occurred.

# VALIDUS RE

## Validus Holdings, Ltd.

### Class of Business - Marine - Underwriting Income

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

	Three Months Ended				Six Months Ended		
	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008	June 30, 2008	
<b>Underwriting revenues</b>							
Net premiums written	\$ 81,798	\$ 187,139	\$ 58,252	\$ 78,296	\$ 78,248	\$ 268,939	\$ 220,944
Net premiums earned	<u>100,953</u>	<u>88,301</u>	<u>93,340</u>	<u>101,110</u>	<u>86,794</u>	<u>189,254</u>	<u>173,000</u>
<b>Underwriting deductions</b>							
Losses and loss expenses	49,099	64,529	47,031	100,733	46,944	113,628	104,736
Policy acquisition costs	<u>23,590</u>	<u>19,339</u>	<u>18,432</u>	<u>20,796</u>	<u>16,464</u>	<u>42,929</u>	<u>35,145</u>
Total underwriting deductions	<u>72,689</u>	<u>83,868</u>	<u>65,463</u>	<u>121,529</u>	<u>63,408</u>	<u>156,557</u>	<u>139,881</u>
<b>Underwriting income (loss) before G&amp;A</b>	<b><u>\$ 28,264</u></b>	<b><u>\$ 4,433</u></b>	<b><u>\$ 27,877</u></b>	<b><u>\$ (20,419)</u></b>	<b><u>\$ 23,386</u></b>	<b><u>\$ 32,697</u></b>	<b><u>\$ 33,119</u></b>
<b>Selected underwriting ratios (a)</b>							
Losses and loss expenses	48.6%	73.1%	50.4%	99.6%	54.1%	60.0%	60.5%
Policy acquisition costs	<u>23.4%</u>	<u>21.9%</u>	<u>19.7%</u>	<u>20.6%</u>	<u>19.0%</u>	<u>22.7%</u>	<u>20.3%</u>
Combined ratio before G&A	<u>72.0%</u>	<u>95.0%</u>	<u>70.1%</u>	<u>120.2%</u>	<u>73.1%</u>	<u>82.7%</u>	<u>80.8%</u>

Notes:

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



# VALIDUS RE

## Validus Holdings, Ltd.

### Class of Business - Specialty - Underwriting Income

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

	Three Months Ended				Six Months Ended		
	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008	June 30, 2008	
<b>Underwriting revenues</b>							
Net premiums written	\$ 82,739	\$ 91,371	\$ 83,993	\$ 59,793	\$ 85,548	\$ 174,110	\$ 160,021
Net premiums earned	<u>83,404</u>	<u>80,342</u>	<u>76,939</u>	<u>73,188</u>	<u>73,073</u>	<u>163,746</u>	<u>140,536</u>
<b>Underwriting deductions</b>							
Losses and loss expenses	51,547	32,607	37,165	15,665	25,795	84,154	49,614
Policy acquisition costs	<u>18,052</u>	<u>16,607</u>	<u>16,778</u>	<u>15,440</u>	<u>15,332</u>	<u>34,659</u>	<u>31,017</u>
Total underwriting deductions	<u>69,599</u>	<u>49,214</u>	<u>53,943</u>	<u>31,105</u>	<u>41,127</u>	<u>118,813</u>	<u>80,631</u>
<b>Underwriting income before G&amp;A</b>	<b><u>\$ 13,805</u></b>	<b><u>\$ 31,128</u></b>	<b><u>\$ 22,996</u></b>	<b><u>\$ 42,083</u></b>	<b><u>\$ 31,946</u></b>	<b><u>\$ 44,933</u></b>	<b><u>\$ 59,905</u></b>
<b>Selected underwriting ratios (a)</b>							
Losses and loss expenses	61.8%	40.6%	48.3%	21.4%	35.3%	51.4%	35.3%
Policy acquisition costs	<u>21.6%</u>	<u>20.7%</u>	<u>21.8%</u>	<u>21.1%</u>	<u>21.0%</u>	<u>21.2%</u>	<u>22.1%</u>
Combined ratio before G&A	<u>83.4%</u>	<u>61.3%</u>	<u>70.1%</u>	<u>42.5%</u>	<u>56.3%</u>	<u>72.6%</u>	<u>57.4%</u>

Notes:

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

(b) For Validus Re segment, Specialty class includes Aviation, Workers' compensation, Terrorism, Life and A&H, Nuclear, Agriculture and Financial lines of business. For Talbot segment, Specialty class includes War, Political Violence and Political Risk, Financial, Aviation treaty and other classes.

(c) During the quarter Nuclear and Agriculture were reclassified from Property to Specialty and internal re-categorization by treaty type occurred.

# VALIDUS RE

## Validus Holdings, Ltd.

### Consolidated Analysis of Reserves for Losses and Loss Expenses

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

	At June 30, 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	\$ 427,299	\$ 13,973	\$ 413,326	\$ 471,194	\$ 12,554	\$ 458,640
Marine	586,664	119,324	467,340	595,509	164,398	431,111
Specialty (a)	<u>297,972</u>	<u>36,369</u>	<u>261,603</u>	<u>238,600</u>	<u>31,844</u>	<u>206,756</u>
Total	<u>\$ 1,311,935</u>	<u>\$ 169,666</u>	<u>\$ 1,142,269</u>	<u>\$ 1,305,303</u>	<u>\$ 208,796</u>	<u>\$ 1,096,507</u>

	At June 30, 2009			At December 31, 2008		
	Case Reserves	IBNR	Total Reserves	Case Reserves	IBNR	Total Reserves
Property	\$ 244,065	\$ 183,234	\$ 427,299	\$ 287,903	\$ 183,291	\$ 471,194
Marine	365,388	221,276	586,664	344,998	250,511	595,509
Specialty (a)	<u>108,461</u>	<u>189,511</u>	<u>297,972</u>	<u>74,816</u>	<u>163,784</u>	<u>238,600</u>
Total	<u>\$ 717,914</u>	<u>\$ 594,021</u>	<u>\$ 1,311,935</u>	<u>\$ 707,717</u>	<u>\$ 597,586</u>	<u>\$ 1,305,303</u>
<b>Percentage of total</b>	<b><u>54.7%</u></b>	<b><u>45.3%</u></b>	<b><u>100.0%</u></b>	<b><u>54.2%</u></b>	<b><u>45.8%</u></b>	<b><u>100.0%</u></b>

#### Notes:

(a) For Validus Re segment, Specialty class includes Aviation, Workers' compensation, Terrorism, Life and A&H, Nuclear, Agriculture and Financial lines of business. For Talbot segment, Specialty class includes War, Political Violence and Political Risk, Financial, Aviation treaty and other classes.

## Validus Holdings, Ltd.

### Consolidated Losses and Loss Ratios by Segment

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

Consolidated	At or for the Three Months Ended							
	June 30, 2009				June 30, 2008			
	Validus Re	Talbot	Eliminations	Total	Validus Re	Talbot	Eliminations	Total
Net reserves at period beginning	\$ 448,788	\$ 665,747	\$ -	\$ 1,114,535	\$ 242,897	\$ 615,764	\$ -	\$ 858,661
Incurred losses - current year	44,080	93,896	-	137,976	49,157	84,034	-	133,191
Change in prior accident years	(2,959)	(10,266)	-	(13,225)	(480)	(10,622)	-	(11,102)
Incurred losses	41,121	83,630	-	124,751	48,677	73,412	-	122,089
Exchange rate effects	3,073	25,296	-	28,369	-	153	-	153
Paid losses	(65,440)	(59,946)	-	(125,386)	(28,452)	(55,592)	-	(84,044)
Net reserves at period end	427,542	714,727	-	1,142,269	263,122	633,737	-	896,859
Losses recoverable	61,798	130,810	(22,942)	169,666	4,517	133,050	(4,687)	132,880
Gross reserves at period end	\$ 489,340	\$ 845,537	\$ (22,942)	\$ 1,311,935	\$ 267,639	\$ 766,787	\$ (4,687)	\$ 1,029,739
Net premiums earned	\$ 163,697	\$ 164,503	\$ -	\$ 328,200	\$ 164,112	\$ 145,186	\$ -	\$ 309,298
Current year loss ratio	26.9%	57.0%	-	42.0%	30.0%	57.9%	-	43.1%
Prior accident year adjustments	-1.8%	-6.2%	-	-4.0%	-0.3%	-7.3%	-	-3.6%
Net loss ratio	25.1%	50.8%	-	38.0%	29.7%	50.6%	-	39.5%
Paid to incurred	159.1%	71.7%	-	100.5%	58.5%	75.7%	-	68.8%

Consolidated	At or for the Six Months Ended							
	June 30, 2009				June 30, 2008			
	Validus Re	Talbot	Eliminations	Total	Validus Re	Talbot	Eliminations	Total
Net reserves at period beginning	\$ 451,365	\$ 645,142	\$ -	\$ 1,096,507	\$ 196,814	\$ 594,899	\$ -	\$ 791,713
Incurred losses - current year	\$ 101,404	\$ 176,485	\$ -	\$ 277,889	113,012	172,988	-	286,000
Change in prior accident years	(4,821)	(16,483)	-	(21,304)	(5,420)	(18,467)	-	(23,887)
Incurred losses	96,583	160,002	-	256,585	107,592	154,521	-	262,113
Exchange rate effects	2,584	23,850	-	26,434	-	(615)	-	(615)
Paid losses	(122,990)	(114,267)	-	(237,257)	(41,284)	(115,068)	-	(156,352)
Net reserves at period end	427,542	714,727	-	1,142,269	263,122	633,737	-	896,859
Losses recoverable	61,798	130,810	(22,942)	169,666	4,517	133,050	(4,687)	132,880
Gross reserves at period end	\$ 489,340	\$ 845,537	\$ (22,942)	\$ 1,311,935	\$ 267,639	\$ 766,787	\$ (4,687)	\$ 1,029,739
Net premiums earned	\$ 338,144	\$ 308,815	\$ -	\$ 646,959	\$ 307,767	\$ 293,395	\$ -	\$ 601,162
Current year loss ratio	30.0%	57.1%	-	43.0%	36.8%	59.0%	-	47.6%
Prior accident year adjustments	-1.4%	-5.3%	-	-3.3%	-1.8%	-6.3%	-	-4.0%
Net loss ratio	28.6%	51.8%	-	39.7%	35.0%	52.7%	-	43.6%
Paid to incurred	127.3%	71.4%	-	92.5%	38.4%	74.5%	-	59.7%

## Validus Holdings, Ltd.

### Losses and Loss Ratios by Class - Validus Re

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

Validus Re Segment	At or for the Three Months Ended							
	June 30, 2009				June 30, 2008			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Net reserves at period beginning	\$ 282,086	\$ 135,407	\$ 31,295	\$ 448,788	\$ 173,222	\$ 39,351	\$ 30,324	\$ 242,897
Incurred losses - current year	23,363	13,318	7,399	44,080	35,059	8,163	5,935	49,157
Change in prior accident years	(2,982)	23	-	(2,959)	(3,680)	4,050	(850)	(480)
Incurred losses	20,381	13,341	7,399	41,121	31,379	12,213	5,085	48,677
Exchange rate effects	2,954	84	35	3,073	-	-	-	-
Paid losses	(40,941)	(17,532)	(6,967)	(65,440)	(15,927)	(3,782)	(8,743)	(28,452)
Net reserves at period end	264,480	131,300	31,762	427,542	188,674	47,782	26,666	263,122
Losses recoverable	12,737	49,061	-	61,798	4,517	-	-	4,517
Gross reserves at period end	\$ 277,217	\$ 180,361	\$ 31,762	\$ 489,340	\$ 193,191	\$ 47,782	\$ 26,666	\$ 267,639
Net premiums earned	\$ 110,185	\$ 33,584	\$ 19,928	\$ 163,697	\$ 120,916	\$ 26,403	\$ 16,793	\$ 164,112
Current year loss ratio	21.2%	39.7%	37.1%	26.9%	29.0%	31.0%	35.4%	30.0%
Prior accident year adjustments	-2.7%	0.0%	0.0%	-1.8%	-3.0%	15.3%	-5.1%	-0.3%
Net loss ratio	18.5%	39.7%	37.1%	25.1%	26.0%	46.3%	30.3%	29.7%
Paid to incurred	200.9%	131.4%	94.2%	159.1%	50.8%	31.0%	171.9%	58.5%

Validus Re Segment	At or for the Six Months Ended							
	June 30, 2009				June 30, 2008			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Net reserves at period beginning	\$ 297,627	\$ 119,639	\$ 34,099	\$ 451,365	\$ 140,966	\$ 32,607	\$ 23,241	\$ 196,814
Incurred losses - current year	54,991	33,559	12,854	101,404	82,066	17,689	13,257	113,012
Change in prior accident years (a)	(7,971)	4,952	(1,802)	(4,821)	(7,927)	2,894	(387)	(5,420)
Incurred losses	47,020	38,511	11,052	96,583	74,139	20,583	12,870	107,592
Exchange rate effects	2,614	(57)	27	2,584	-	-	-	-
Paid losses	(82,781)	(26,793)	(13,416)	(122,990)	(26,430)	(5,409)	(9,445)	(41,284)
Net reserves at period end	264,480	131,300	31,762	427,542	188,675	47,781	26,666	263,122
Losses recoverable	12,737	49,061	-	61,798	4,517	-	-	4,517
Gross reserves at period end	\$ 277,217	\$ 180,361	\$ 31,762	\$ 489,340	\$ 193,192	\$ 47,781	\$ 26,666	\$ 267,639
Net premiums earned	\$ 232,649	\$ 58,988	\$ 46,507	\$ 338,144	\$ 228,719	\$ 45,129	\$ 33,919	\$ 307,767
Current year loss ratio	23.6%	56.9%	27.6%	30.0%	35.9%	39.2%	39.0%	36.8%
Prior accident year adjustments	-3.4%	8.4%	-3.9%	-1.4%	-3.5%	6.4%	-1.1%	-1.8%
Net loss ratio	20.2%	65.3%	23.7%	28.6%	32.4%	45.6%	37.9%	35.0%
Paid to incurred	176.1%	69.6%	121.4%	127.3%	35.6%	26.3%	73.4%	38.4%

Notes:

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

## Validus Holdings, Ltd.

### Losses and Loss Ratios by Class - Talbot

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

Talbot Segment	At or for the Three Months Ended							
	June 30, 2009				June 30, 2008			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Net reserves at period beginning	\$ 153,195	\$ 321,245	\$ 191,307	\$ 665,747	\$ 135,375	\$ 305,015	\$ 175,374	\$ 615,764
Incurred losses - current year	11,617	40,297	41,982	93,896	17,639	38,320	28,075	84,034
Change in prior accident years	(7,893)	(4,539)	2,166	(10,266)	332	(3,589)	(7,365)	(10,622)
Incurred losses	3,724	35,758	44,148	83,630	17,971	34,731	20,710	73,412
Exchange rate effects	4,677	11,285	9,334	25,296	413	(1,505)	1,245	153
Paid losses	(12,750)	(32,248)	(14,948)	(59,946)	(18,482)	(23,019)	(14,091)	(55,592)
Net reserves at period end	148,846	336,040	229,841	714,727	135,277	315,222	183,238	633,737
Losses recoverable	9,145	84,229	37,436	130,810	7,005	101,221	24,824	133,050
Gross reserves at period end	\$ 157,991	\$ 420,269	\$ 267,277	\$ 845,537	\$ 142,282	\$ 416,443	\$ 208,062	\$ 766,787
Net premiums earned	\$ 33,658	\$ 67,369	\$ 63,476	\$ 164,503	\$ 28,515	\$ 60,391	\$ 56,280	\$ 145,186
Current year loss ratio	34.6%	59.8%	66.2%	57.0%	61.8%	63.4%	49.9%	57.9%
Prior accident year adjustments	-23.5%	-6.7%	3.4%	-6.2%	1.2%	-5.9%	-13.1%	-7.3%
Net loss ratio	11.1%	53.1%	69.6%	50.8%	63.0%	57.5%	36.8%	50.6%
Paid to incurred	342.4%	90.2%	33.9%	71.7%	102.8%	66.3%	68.0%	75.7%

Talbot Segment	At or for the Six Months Ended							
	June 30, 2009				June 30, 2008			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Net reserves at period beginning	\$ 161,014	\$ 311,471	\$ 172,657	\$ 645,142	\$ 143,102	\$ 281,368	\$ 170,429	\$ 594,899
Incurred losses - current year	28,083	78,921	69,481	176,485	39,983	79,118	53,887	172,988
Change in prior accident years	(16,300)	(3,804)	3,621	(16,483)	(6,506)	5,166	(17,127)	(18,467)
Incurred losses	11,783	75,117	73,102	160,002	33,477	84,284	36,760	154,521
Exchange rate effects	4,301	10,711	8,838	23,850	(260)	(1,641)	1,286	(615)
Paid losses	(28,252)	(61,259)	(24,756)	(114,267)	(41,042)	(48,789)	(25,237)	(115,068)
Net reserves at period end	148,846	336,040	229,841	714,727	135,277	315,222	183,238	633,737
Losses recoverable	9,145	84,229	37,436	130,810	7,005	101,221	24,824	133,050
Gross reserves at period end	\$ 157,991	\$ 420,269	\$ 267,277	\$ 845,537	\$ 142,282	\$ 416,443	\$ 208,062	\$ 766,787
Net premiums earned	\$ 61,310	\$ 130,266	\$ 117,239	\$ 308,815	\$ 58,907	\$ 127,871	\$ 106,617	\$ 293,395
Current year loss ratio	45.8%	60.6%	59.3%	57.1%	67.8%	61.9%	50.6%	59.0%
Prior accident year adjustments	-26.6%	-2.9%	3.1%	-5.3%	-11.0%	4.0%	-16.1%	-6.3%
Net loss ratio	19.2%	57.7%	62.4%	51.8%	56.8%	65.9%	34.5%	52.7%
Paid to incurred	239.8%	81.6%	33.9%	71.4%	122.6%	57.9%	68.7%	74.5%

Notes:

(a) Specialty includes War, Political Violence and Political Risk, Financial, Aviation Treaty and other classes.

## Validus Holdings, Ltd.

### Consolidated Reinsurance Recoverable Analysis

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

#### Consolidated Reinsurance Recoverable at June 30, 2009

Categories	Reinsurance recoverable (b)	% of total	Top 10 Reinsurers	Rating (a)	Reinsurance recoverable	% of total
Top 10 reinsurers	\$ 188,303	91.3%	Fully collateralized reinsurers	NR	\$ 74,131	39.4%
Other reinsurers balances > \$1 million	12,177	5.9%	Hannover Re	AA-	33,860	18.0%
Other reinsurers balances < \$1 million	5,810	2.8%	Lloyds Syndicates	A+	28,427	15.1%
<b>Total</b>	<b>\$ 206,290</b>	<b>100.0%</b>	Allianz	AA	12,891	6.9%
			Munich Re	AA-	12,135	6.4%
			Swiss Re	A+	10,968	5.8%
			Aspen	A	6,311	3.4%
			Transatlantic Re	A+	3,435	1.8%
			Platinum Underwriters	A	3,415	1.8%
			Axa	AA	2,730	1.4%
					<b>\$ 188,303</b>	<b>100.0%</b>

#### Consolidated Reinsurance Recoverable at December 31, 2008

Categories	Reinsurance recoverable (b)	% of total	Top 10 Reinsurers	Rating (a)	Reinsurance recoverable	% of total
Top 10 reinsurers	\$ 198,403	94.4%	Fully collateralized reinsurers	NR	\$ 83,511	41.9%
Other reinsurers balances > \$1 million	8,987	4.3%	Hannover Re	AA-	32,855	16.6%
Other reinsurers balances < \$1 million	2,794	1.3%	Lloyds Syndicates	A+	25,533	12.9%
<b>Total</b>	<b>\$ 210,184</b>	<b>100.0%</b>	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%
					<b>\$ 198,403</b>	<b>100.0%</b>

Notes:

(a) 99.6% of reserves recoverable at June 30, 2009 were from reinsurers rated A- or better by internationally recognized rating agencies or were fully collateralized.

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

## Validus Holdings, Ltd.

### Consolidated Investment Portfolio Composition and Net Investment Income

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

Total cash and investments	June 30, 2009		December 31, 2008	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
U.S. Government and Government Agency	\$ 994,086	28.1%	\$ 768,344	23.4%
Non-U.S. Government and Government Agency	139,766	4.0%	96,073	2.9%
States, municipalities, political subdivision	8,543	0.2%	15,516	0.5%
Agency residential mortgage-backed securities	542,352	15.4%	433,736	13.2%
Non-Agency residential mortgage-backed securities	181,756	5.1%	231,131	7.0%
U.S. corporate	619,633	17.6%	443,847	13.5%
Non-U.S. corporate	169,017	4.8%	125,700	3.8%
Catastrophe bonds	18,776	0.5%	10,872	0.4%
Asset-backed securities	76,238	2.2%	137,023	4.2%
Commercial mortgage-backed securities	66,369	1.9%	192,259	5.9%
Total fixed maturities	2,816,536	79.8%	2,454,501	74.8%
Total short-term investments	323,940	9.2%	377,036	11.5%
Total investments	3,140,476	89.0%	2,831,537	86.3%
Cash and cash equivalents	390,090	11.0%	449,848	13.7%
Total cash and investments	\$ 3,530,566	100.0%	\$ 3,281,385	100.0%

  

Net investment income	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Fixed maturities and short-term investments	\$ 26,396	\$ 34,519	\$ 52,914	\$ 66,210
Cash and cash equivalents	1,120	2,378	1,881	7,216
Securities lending income	173	455	512	890
Total gross investment income	27,689	37,352	55,307	74,316
Investment expenses	(726)	(917)	(1,572)	(1,838)
Net investment income	\$ 26,963	\$ 36,435	\$ 53,735	\$ 72,478

  

Annualized effective investment yield (a)	3.08%	4.50%	3.14%	4.54%
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Notes:

(a) Annualized effective investment yield is calculated by dividing net investment income by the average balance of the assets managed by our portfolio managers and our other investments.

## Validus Holdings, Ltd.

### Consolidated Fixed Maturity Portfolio Credit Quality and Maturity Profile

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

Total fixed maturities by ratings (a)	June 30, 2009		December 31, 2008	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
AAA	\$ 1,971,837	70.0%	\$ 1,941,349	79.1%
AA	130,921	4.7%	146,923	6.0%
A	578,209	20.5%	338,966	13.8%
BBB	<u>20,252</u>	<u>0.7%</u>	<u>12,427</u>	<u>0.5%</u>
Investment grade	2,701,219	95.9%	2,439,665	99.4%
BB	30,668	1.1%	7,416	0.3%
B	61,383	2.2%	7,420	0.3%
CCC	<u>23,266</u>	<u>0.8%</u>	-	<u>0.0%</u>
Non-Investment grade	115,317	4.1%	14,836	0.6%
	<u>\$ 2,816,536</u>	<u>100.0%</u>	<u>\$ 2,454,501</u>	<u>100.0%</u>

Total fixed maturities by maturity	June 30, 2009		December 31, 2008	
	Fair Value (\$)	(%)	Fair Value (\$)	(%)
Due in one year or less	\$ 276,070	9.8%	\$ 279,727	11.4%
Due after one year through five years	1,649,817	58.6%	1,134,275	46.2%
Due after five years through ten years	21,437	0.8%	17,493	0.7%
Due after ten years	<u>2,497</u>	<u>0.1%</u>	<u>28,858</u>	<u>1.2%</u>
	1,949,821	69.3%	1,460,353	59.5%
Asset-backed and mortgage-backed securities	<u>866,715</u>	<u>30.7%</u>	<u>994,148</u>	<u>40.5%</u>
	<u>\$ 2,816,536</u>	<u>100.0%</u>	<u>\$ 2,454,501</u>	<u>100.0%</u>

#### Notes:

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



## Validus Holdings, Ltd.

### Capitalization

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

<u>Capitalization</u>	<u>June 30, 2009</u>	<u>March 31, 2009</u>	<u>December 31, 2008</u>	<u>September 30, 2008</u>	<u>June 30, 2008</u>
Borrowings drawn under credit facility	\$ -	\$ -	\$ -	\$ -	\$ -
Junior Subordinated Deferrable Debentures (a)	<u>304,300</u>	<u>304,300</u>	<u>304,300</u>	<u>304,300</u>	<u>304,300</u>
Total debt	304,300	304,300	304,300	304,300	304,300
Ordinary shares - capital and surplus	2,156,030	2,031,040	1,946,592	1,918,139	2,056,753
Accumulated other comprehensive income (loss)	<u>(4,061)</u>	<u>(8,054)</u>	<u>(7,858)</u>	<u>(1,528)</u>	<u>28</u>
Total shareholders' equity	<u>2,151,969</u>	<u>2,022,986</u>	<u>1,938,734</u>	<u>1,916,611</u>	<u>2,056,781</u>
Total capitalization (b)	<u>\$ 2,456,269</u>	<u>\$ 2,327,286</u>	<u>\$ 2,243,034</u>	<u>\$ 2,220,911</u>	<u>\$ 2,361,081</u>
Debt to total capitalization	<u>12.4%</u>	<u>13.1%</u>	<u>13.6%</u>	<u>13.7%</u>	<u>12.9%</u>
Debt (excluding Junior Debentures) to total capitalization	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

#### Notes:

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

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

## Validus Holdings, Ltd.

### Estimated Exposures to Peak Zone Property Catastrophe Losses - As of July 29, 2009

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

#### Probable Maximum Losses by Zone and Peril

		<u>Consolidated (Validus Re and Talbot) Estimated Net Loss</u>				<b>Validus Re</b>
<u>Zones</u>	<u>Perils</u>	<b>20 Year</b>	<b>50 Year</b>	<b>100 Year</b>	<b>250 Year</b>	<b>Net Maximum</b>
		<b>Return</b>	<b>Return</b>	<b>Return</b>	<b>Return</b>	<b>Zonal</b>
		<b>Period</b>	<b>Period</b>	<b>Period</b>	<b>Period</b>	<b>Aggregate</b>
United States	Hurricane	\$ 159,194	\$ 255,855	\$ 376,705	\$ 525,678	\$ 1,155,000
California	Earthquake	77,758	157,793	219,090	338,158	1,197,000
Europe	Windstorm	83,553	199,220	283,979	394,413	864,000
Japan	Earthquake	27,810	68,869	95,389	153,905	516,000
Japan	Typhoon	27,505	75,666	116,982	176,030	515,000

Net loss estimates are before income tax, net of reinstatement premiums, and net of reinsurance and retrocessional recoveries. The estimates set forth above are based on 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 January 1, 2009

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

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

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

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

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

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

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

## Validus Holdings, Ltd

### Non-GAAP Financial Measure Reconciliation

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

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

	Three Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
<b>Net income</b>	\$ 137,563	\$ 75,921	\$ 232,470	\$ 142,396
Adjustment for realized gain on repurchase of debentures	-	(8,752)	-	(8,752)
Adjustment for net realized losses (gains) on investments	2,650	2,425	26,071	(5,319)
Adjustment for net unrealized (gains) losses on investments	(37,249)	42,982	(59,402)	57,959
Adjustment for foreign exchange (gains)	(8,432)	(911)	(4,232)	(9,090)
Adjustment for transaction expenses	15,851	-	15,851	-
<b>Net operating income</b>	<u>\$ 110,383</u>	<u>\$ 111,665</u>	<u>\$ 210,758</u>	<u>\$ 177,194</u>
<b>Net income</b>	\$ 137,563	\$ 75,921	\$ 232,470	\$ 142,396
<b>Less: Dividends and distributions declared on outstanding warrants</b>	-	-	-	-
<b>Net income available to common shareholders</b>	<u>\$ 137,563</u>	<u>\$ 75,921</u>	<u>\$ 232,470</u>	<u>\$ 142,396</u>
<b>Net income per share - diluted</b>	\$ 1.74	\$ 0.98	\$ 2.94	\$ 1.83
Adjustment for realized gain on repurchase of debentures	-	(0.11)	-	(0.11)
Adjustment for net realized losses (gains) on investments	0.03	0.03	0.33	(0.07)
Adjustment for net unrealized (gains) losses on investments	(0.47)	0.56	(0.75)	0.75
Adjustment for foreign exchange (gains)	(0.10)	(0.01)	(0.05)	(0.12)
Adjustment for transaction expenses	0.20	-	0.20	-
<b>Net operating income per share - diluted</b>	<u>\$ 1.40</u>	<u>\$ 1.45</u>	<u>\$ 2.67</u>	<u>\$ 2.28</u>
Weighted average number of common shares - diluted	78,942,065	77,257,545	79,022,355	77,793,636
<b>Net Operating income</b>	<u>\$ 110,383</u>	<u>\$ 111,665</u>	<u>\$ 210,758</u>	<u>\$ 177,194</u>
<b>Average shareholders' equity</b>	<u>\$ 2,087,478</u>	<u>\$ 2,023,720</u>	<u>\$ 2,037,896</u>	<u>\$ 1,994,080</u>
<b>Annualized operating return on average equity</b>	<u>21.2%</u>	<u>22.1%</u>	<u>20.7%</u>	<u>17.8%</u>

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

**The following presentation is for informational purposes only**

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

### Pro Forma Combined Balance Sheet as at June 30, 2009

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

	Historical Validus Holdings Ltd.	Historical IPC Holdings Ltd.	Pro Forma Purchase adjustments	Pro Forma Consolidated
<b>Assets</b>				
Fixed maturities, at fair value	\$ 2,816,536	\$ 1,706,461	\$ -	\$ 4,522,997
Short-term investments, at fair value	323,940	-	-	323,940
Equity investments, at fair value	-	329,986	-	329,986
Cash and cash equivalents	390,090	272,049	(502,727)	159,412
Total investments and cash	3,530,566	2,308,496	(502,727)	5,336,335
Premiums receivable	679,189	244,737	(133)	923,793
Deferred acquisition costs	145,615	26,634	-	172,249
Prepaid reinsurance premiums	87,798	4,851	(133)	92,516
Securities lending collateral	166,496	-	-	166,496
Loss reserves recoverable	169,666	3,168	-	172,834
Paid losses recoverable	36,624	-	-	36,624
Income taxes recoverable	1,876	-	-	1,876
Intangible assets	125,136	-	-	125,136
Goodwill	20,393	-	-	20,393
Accrued investment income	19,636	20,761	-	40,397
Other assets	25,455	4,021	-	29,476
<b>Total assets</b>	<b>\$ 5,008,450</b>	<b>\$ 2,612,668</b>	<b>\$ (502,993)</b>	<b>\$ 7,118,125</b>
<b>Liabilities</b>				
Reserve for losses and loss expenses	\$ 1,311,935	\$ 320,322	\$ -	\$ 1,632,257
Unearned premiums	856,138	248,797	(133)	1,104,802
Reinsurance balances payable	101,004	4,828	(133)	105,699
Securities lending payable	168,923	-	-	168,923
Deferred taxation	22,163	-	-	22,163
Net payable for investments purchased	16,346	-	-	16,346
Accounts payable and accrued expenses	75,672	24,503	-	100,175
Debentures payable	304,300	-	-	304,300
<b>Total liabilities</b>	<b>2,856,481</b>	<b>598,450</b>	<b>(266)</b>	<b>3,454,665</b>
<b>Shareholders' equity</b>				
Ordinary shares	13,327	562	9,062	22,951
Additional paid-in capital	1,424,378	1,093,965	170,059	2,688,402
Accumulated other comprehensive (loss) income	(4,061)	(173)	173	(4,061)
Retained earnings (deficit)	718,325	919,864	(682,021)	956,168
<b>Total shareholders' equity</b>	<b>2,151,969</b>	<b>2,014,218</b>	<b>(502,727)</b>	<b>3,663,460</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 5,008,450</b>	<b>\$ 2,612,668</b>	<b>\$ (502,993)</b>	<b>\$ 7,118,125</b>
Common shares outstanding	76,151,473	56,078,931	54,552,393	130,703,866
Common shares and common share equivalents outstanding	89,825,826	57,046,895	55,493,931	145,319,757
<b>Book value per common share</b>				
Book value per common share	\$ 28.26	\$ 35.92		\$ 28.03
Diluted book value per common share	\$ 26.08	\$ 35.62		\$ 26.64
Diluted tangible book value per common share	\$ 24.46	\$ 35.62		\$ 25.64

**Pro Forma Combined - Validus Holdings, Ltd. and IPC Holdings Ltd.**  
**Pro Forma Combined Income Statement - Six Months Ended June 30, 2009**  
(US Dollars in thousands, except share and per share information)

	Historical Validus Holdings Ltd.	Historical IPC Holdings Ltd.	Pro Forma Purchase adjustments	Pro Forma Consolidated
<b>Revenues</b>				
Gross premiums written	\$ 1,034,924	\$ 362,159	\$ (265)	\$ 1,396,818
Reinsurance premiums ceded	(134,803)	(6,615)	265	(141,153)
Net premiums written	900,121	355,544	-	1,255,665
Change in unearned premiums	(253,162)	(160,638)	-	(413,800)
Net premiums earned	646,959	194,906	-	841,865
Net investment income	53,735	43,145	(7,893)	88,987
Net realized (losses) gains on investments	(26,071)	1,162	-	(24,909)
Net unrealized gains on investments	59,402	40,651	-	100,053
Other income	1,774	26	-	1,800
Foreign exchange gains (losses)	4,232	(1,467)	-	2,765
<b>Total revenues</b>	<b>740,031</b>	<b>278,423</b>	<b>(7,893)</b>	<b>1,010,561</b>
<b>Expenses</b>				
Losses and loss expenses	256,585	30,692	-	287,277
Policy acquisition costs	125,887	19,744	-	145,631
General and administrative expenses	95,130	40,513	(36,302)	99,341
Share compensation expenses	12,986	4,964	-	17,950
Finance expenses	18,475	383	-	18,858
<b>Total expenses</b>	<b>509,063</b>	<b>96,296</b>	<b>(36,302)</b>	<b>569,057</b>
<b>Net income before taxes</b>	<b>230,968</b>	<b>182,127</b>	<b>28,409</b>	<b>441,504</b>
Income tax benefit	1,502	-	-	1,502
<b>Net income</b>	<b>\$ 232,470</b>	<b>\$ 182,127</b>	<b>\$ 28,409</b>	<b>\$ 443,006</b>
<b>Preferred dividend and warrant dividend</b>	<b>3,326</b>	<b>-</b>	<b>-</b>	<b>3,326</b>
<b>Net income available to common shareholders</b>	<b>\$ 229,144</b>	<b>\$ 182,127</b>	<b>\$ 28,409</b>	<b>\$ 439,680</b>
<b>Earnings per share</b>				
Weighted average number of common shares and common share equivalents outstanding				
Basic	75,941,308	55,943,928	54,552,393	130,493,701
Diluted	79,022,355	55,954,235	54,997,854	134,020,209
Basic earnings per common share	\$ 3.02	\$ 3.26		\$ 3.37
Diluted earnings per common share	\$ 2.94	\$ 3.25		\$ 3.31

**Pro Forma Combined - Validus Holdings, Ltd. and IPC Holdings Ltd.**  
**Pro Forma Combined Income Statement - Three Months Ended June 30, 2009**  
(US Dollars in thousands, except share and per share information)

	Historical Validus Holdings Ltd.	Historical IPC Holdings Ltd.	Pro Forma Purchase adjustments	Pro Forma Consolidated
<b>Revenues</b>				
Gross premiums written	\$ 425,032	\$ 127,549	\$ -	\$ 552,581
Reinsurance premiums ceded	(62,291)	(3,461)	-	(65,752)
Net premiums written	362,741	124,088	-	486,829
Change in unearned premiums	(34,541)	(27,890)	-	(62,431)
Net premiums earned	328,200	96,198	-	424,398
Net investment income	26,963	21,279	(3,702)	44,540
Net realized (losses) gains on investments	(2,650)	5,080	-	2,430
Net unrealized gains on investments	37,249	72,305	-	109,554
Other income	1,017	19	-	1,036
Foreign exchange gains	8,432	1,679	-	10,111
<b>Total revenues</b>	<b>399,211</b>	<b>196,560</b>	<b>(3,702)</b>	<b>592,069</b>
<b>Expenses</b>				
Losses and loss expenses	124,751	(8,417)	-	116,334
Policy acquisition costs	64,438	9,906	-	74,344
General and administrative expenses	57,051	18,721	(24,664)	51,108
Share compensation expenses	5,632	2,475	-	8,107
Finance expenses	10,752	-	-	10,752
<b>Total expenses</b>	<b>262,624</b>	<b>22,685</b>	<b>(24,664)</b>	<b>260,645</b>
<b>Net income before taxes</b>	<b>136,587</b>	<b>173,875</b>	<b>20,962</b>	<b>331,424</b>
Income tax benefit	976	-	-	976
<b>Net income</b>	<b>\$ 137,563</b>	<b>\$ 173,875</b>	<b>\$ 20,962</b>	<b>\$ 332,400</b>
<b>Preferred dividend and warrant dividend</b>	<b>1,590</b>	<b>-</b>	<b>-</b>	<b>1,590</b>
<b>Net income available to common shareholders</b>	<b>\$ 135,973</b>	<b>\$ 173,875</b>	<b>\$ 20,962</b>	<b>\$ 330,810</b>
<b>Earnings per share</b>				
Weighted average number of common shares and common share equivalents outstanding				
Basic	76,138,038	55,984,116	54,679,419	130,817,457
Diluted	78,942,065	55,990,946	55,036,063	133,978,128
Basic earnings per common share	\$ 1.79	\$ 3.11		\$ 2.53
Diluted earnings per common share	\$ 1.74	\$ 3.10		\$ 2.48



**Pro Forma Combined - Validus Holdings, Ltd. and IPC Holdings Ltd.**  
**Pro Forma Combined Income Statement - Three Months Ended March 31, 2009**  
(US Dollars in thousands, except share and per share information)

	Historical Validus Holdings Ltd.	Historical IPC Holdings Ltd.	Pro Forma Purchase adjustments	Pro Forma Consolidated
<b>Revenues</b>				
Gross premiums written	\$ 609,892	\$ 234,610	\$ (265)	\$ 844,237
Reinsurance premiums ceded	<u>(72,512)</u>	<u>(3,154)</u>	<u>265</u>	<u>(75,401)</u>
Net premiums written	537,380	231,456	-	768,836
Change in unearned premiums	<u>(218,621)</u>	<u>(132,748)</u>	<u>-</u>	<u>(351,369)</u>
Net premiums earned	318,759	98,708	-	417,467
Net investment income	26,772	21,866	(4,191)	44,447
Net realized (losses) on investments	(23,421)	(3,918)	-	(27,339)
Net unrealized gains (losses) on investments	22,153	(31,654)	-	(9,501)
Other income	757	7	-	764
Foreign exchange (losses)	<u>(4,200)</u>	<u>(3,146)</u>	<u>-</u>	<u>(7,346)</u>
<b>Total revenues</b>	<b>340,820</b>	<b>81,863</b>	<b>(4,191)</b>	<b>418,492</b>
<b>Expenses</b>				
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	21,792	(11,638)	48,233
Share compensation expenses	7,354	2,489	-	9,843
Finance expenses	<u>7,723</u>	<u>383</u>	<u>-</u>	<u>8,106</u>
<b>Total expenses</b>	<b>246,439</b>	<b>73,611</b>	<b>(11,638)</b>	<b>308,412</b>
<b>Net income before taxes</b>	<b>94,381</b>	<b>8,252</b>	<b>7,447</b>	<b>110,080</b>
Income tax benefit	<u>526</u>	<u>-</u>	<u>-</u>	<u>526</u>
<b>Net income</b>	<b>\$ 94,907</b>	<b>\$ 8,252</b>	<b>\$ 7,447</b>	<b>\$ 110,606</b>
<b>Preferred dividend and warrant dividend</b>	<b><u>1,736</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,736</u></b>
<b>Net income available to common shareholders</b>	<b>\$ 93,171</b>	<b>\$ 8,252</b>	<b>\$ 7,447</b>	<b>\$ 108,870</b>
<b>Earnings per share</b>				
Weighted average number of common shares and common share equivalents outstanding				
Basic	75,744,577	55,903,740	54,425,368	130,169,945
Diluted	79,102,643	55,916,256	54,959,647	134,062,290
Basic earnings per common share	\$ 1.23	\$ 0.15		\$ 0.84
Diluted earnings per common share	\$ 1.20	\$ 0.15		\$ 0.83

**Pro Forma Combined - Validus Holdings, Ltd. and IPC Holdings Ltd.**  
**Pro Forma Combined Income Statement - Year Ended December 31, 2008**  
(US Dollars in thousands, except share and per share information)

	Historical Validus Holdings Ltd.	Historical IPC Holdings Ltd.	Pro Forma Purchase adjustments	Pro Forma Consolidated
<b>Revenues</b>				
Gross premiums written	\$ 1,362,484	\$ 403,395	\$ (251)	\$ 1,765,628
Reinsurance premiums ceded	(124,160)	(6,122)	251	(130,031)
Net premiums written	1,238,324	397,273	-	1,635,597
Change in unearned premiums	18,194	(9,906)	-	8,288
Net premiums earned	1,256,518	387,367	-	1,643,885
Net investment income	139,528	94,105	(20,203)	213,430
Realized gain on repurchase of debentures	8,752	-	-	8,752
Net realized (losses) gains on investments	(1,591)	49,290	-	47,699
Net unrealized (losses) on investments	(79,707)	(217,498)	-	(297,205)
Other income	5,264	65	-	5,329
Foreign exchange (losses)	(49,397)	(1,848)	-	(51,245)
<b>Total revenues</b>	<b>1,279,367</b>	<b>311,481</b>	<b>(20,203)</b>	<b>1,570,645</b>
<b>Expenses</b>				
Losses and loss expenses	772,154	155,632	-	927,786
Policy acquisition costs	234,951	36,429	-	271,380
General and administrative expenses	123,948	20,689	-	144,637
Share compensation expenses	27,097	5,625	-	32,722
Finance expenses	57,318	2,659	-	59,977
<b>Total expenses</b>	<b>1,215,468</b>	<b>221,034</b>	<b>-</b>	<b>1,436,502</b>
<b>Net income before taxes</b>	<b>63,899</b>	<b>90,447</b>	<b>(20,203)</b>	<b>134,143</b>
Income tax expense	(10,788)	-	-	(10,788)
<b>Net income</b>	<b>\$ 53,111</b>	<b>\$ 90,447</b>	<b>\$ (20,203)</b>	<b>\$ 123,355</b>
<b>Preferred dividend and warrant dividend</b>	<b>6,947</b>	<b>14,939</b>	<b>(14,939)</b>	<b>6,947</b>
<b>Net income available to common shareholders</b>	<b>\$ 46,164</b>	<b>\$ 75,508</b>	<b>\$ (5,264)</b>	<b>\$ 116,408</b>
<b>Earnings per share</b>				
Weighted average number of common shares and common share equivalents outstanding				
Basic	74,677,903	52,124,034	54,426,286	129,104,189
Diluted	75,819,413	59,301,939	54,960,566	130,779,979
Basic earnings per common share	\$ 0.62	\$ 1.45		\$ 0.90
Diluted earnings per common share	\$ 0.61	\$ 1.45		\$ 0.89