



Validus Holdings, Ltd.

Investor Financial Supplement - Second Quarter 2010

August 6, 2010

29 Richmond Road
Pembroke, HM08 Bermuda
Telephone: (441) 278-9000
Facsimile: (441) 278-9090
Website: www.validusholdings.com
Mailing address: Suite 1790 48 Par-la-ville Road
Hamilton, HM11 Bermuda



Validus Holdings, Ltd.
Table of Contents

Section	Page
Table of Contents.....	2
Explanatory Notes.....	3
Consolidated Financial Highlights.....	4
Summary Consolidated Balance Sheets.....	5
Computation of Book Value per Common Share and Diluted Book Value per Common Share.....	6
Consolidated Statements of Cash Flows.....	7
Consolidated Statements of Operations and Comprehensive Income (Loss).....	8
Consolidated Statements of Operations - Underwriting Income Format.....	9
Computation of Earnings per Share.....	10
Computation of Weighted Average Dilutive Shares Outstanding.....	11
Consolidated Segment Income Statement - Three months ended	12
Underwriting Results by Class of Business - Three months ended - Validus Re.....	13
Underwriting Results by Class of Business - Three months ended - Talbot.....	14
Consolidated Segment Income Statement - Six months ended	15
Underwriting Results by Class of Business - Six months ended - Validus Re.....	16
Underwriting Results by Class of Business - Six months ended - Talbot.....	17
Class of Business Treaty Type Detail - Gross Premiums Written - Validus Re.....	18
Consolidated Class of Business Policy Type Detail - Gross Premiums Written.....	19
Gross Premiums Written by Segment by Class of Business.....	20
Underwriting Income - Validus Re.....	21
Underwriting Income - Talbot.....	22
Underwriting Income - Class of Business - Property.....	23
Underwriting Income - Class of Business - Marine.....	24
Underwriting Income - Class of Business - Specialty.....	25
Consolidated Analysis of Reserves for Losses and Loss Expenses.....	26
Consolidated Losses and Loss Ratios by Segment.....	27
Losses and Loss Ratios by Classes of Business - Validus Re.....	28
Losses and Loss Ratios by Classes of Business - Talbot.....	29
Consolidated Reinsurance Recoverable Analysis.....	30
Consolidated Investment Portfolio Composition and Net Investment Income.....	31
Consolidated Fixed Maturity Portfolio Credit Quality and Maturity Profile.....	32
Top Ten Exposures to Fixed Income Corporate Issuers.....	33
Consolidated Agency Residential Mortgage-Backed Portfolio.....	34
Consolidated Non-Agency Mortgage-Backed and Asset-Backed Portfolio.....	35
Capitalization.....	36
Estimated Exposures to Peak Zone Property Catastrophe Losses - As of July 1, 2010.....	37
Estimated Exposures to Specified Loss Scenarios - As of July 1, 2010.....	38
Non-GAAP Financial Measure Reconciliation	39



**Validus Holdings, Ltd.
Explanatory Notes**

Basis of Presentation

- All financial information contained herein is unaudited, however, certain information contained herein relating to the years ended December 31, 2009 and 2008 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.
- In September 2009, Validus Holdings, Ltd. ("Validus") completed its acquisition of IPC Holdings Ltd. ("IPC"). Operating results of IPC have been included in the consolidated financial statements and the Validus segment from the acquisition date in September 2009. The Validus data for all periods prior to September 2009 refer only to the company prior to the acquisition of IPC.
- Certain amounts in prior periods have been reclassified to conform to current period presentation. These reclassifications include internal re-categorization between classes of business and treaty types.
- During the first quarter, to better align the Company's operating and reporting structure with its current strategy, there was a change in the segment structure. This change was to allocate all 'non-core underwriting' expenses, predominately general and administration and stock compensation expenses to the Corporate segment.

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 excluding net realized gains (losses), net unrealized gains (losses) on investments, gains (losses) arising from translation of non-U.S.\$ denominated balances and non-recurring items. Net operating income focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items (including the gain on bargain purchase, net of expenses relating to the acquisition of IPC). Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-U.S.\$ denominated balances are unrelated to our underlying business. A reconciliation of net operating income to net income is included on page 39



Validus Holdings, Ltd.

Consolidated Financial Highlights

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

		Three Months Ended				Six Months Ended		
		June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	June 30, 2010	June 30, 2009
Highlights	Net income (loss)	\$ 179,782	\$ (118,378)	\$ 165,759	\$ 499,178	\$ 137,563	\$ 61,404	\$ 232,470
	Net operating income (loss) (a)	129,800	(136,425)	176,921	145,606	110,383	(6,625)	210,758
	Gross premiums written	516,861	870,934	255,289	331,028	425,032	1,387,795	1,034,924
	Net premiums earned	437,944	457,694	427,901	374,717	328,200	895,638	646,959
	Total assets	7,614,623	7,632,576	7,019,140	7,177,071	5,008,450	7,614,623	5,008,450
	Total shareholders' equity	3,602,926	3,759,565	4,031,120	3,966,192	2,151,969	3,602,926	2,151,969
Per share data	<u>Earnings per basic share (b)</u>							
	Net income (loss)	\$ 1.47	\$ (0.95)	\$ 1.26	\$ 5.38	\$ 1.79	\$ 0.47	\$ 3.02
	Net operating income (loss)	1.06	(1.09)	1.34	1.56	1.43	(0.08)	2.73
	<u>Earnings per diluted share (b)</u>							
	Net income (loss)	\$ 1.44	\$ (0.95)	\$ 1.23	\$ 5.21	\$ 1.74	\$ 0.46	\$ 2.94
	Net operating income (loss)	1.04	(1.09)	1.31	1.52	1.40	(0.08)	2.67
	<u>Book value per share</u>							
	Reported	\$ 32.34	\$ 30.34	\$ 31.38	\$ 30.25	\$ 28.26	\$ 32.34	\$ 28.26
	With investments at amortized cost	31.94	30.31	31.42	30.10	28.58	31.94	28.58
	<u>Diluted book value per share (b)</u>							
	Reported	\$ 30.30	\$ 28.66	\$ 29.68	\$ 28.61	\$ 26.08	\$ 30.30	\$ 26.08
	With investments at amortized cost	29.94	28.63	29.72	28.48	26.35	29.94	26.35
	<u>Diluted book value per common share plus accumulated dividends</u>	\$ 32.34	\$ 30.48	\$ 31.28	\$ 30.01	\$ 27.28	\$ 32.34	\$ 27.28
Financial ratios	Losses and loss expense ratio	44.5%	104.6%	31.1%	35.8%	38.0%	75.2%	39.7%
	Policy acquisition costs ratio	16.9%	16.6%	17.0%	17.1%	19.6%	16.8%	19.5%
	General and administration expenses ratio	<u>13.5%</u>	<u>13.1%</u>	<u>16.0%</u>	<u>13.8%</u>	<u>14.3%</u>	<u>13.3%</u>	<u>14.3%</u>
	Expense ratio	<u>30.4%</u>	<u>29.7%</u>	<u>33.0%</u>	<u>30.9%</u>	<u>33.9%</u>	<u>30.1%</u>	<u>33.8%</u>
	Combined ratio	<u>74.9%</u>	<u>134.3%</u>	<u>64.1%</u>	<u>66.7%</u>	<u>71.9%</u>	<u>105.3%</u>	<u>73.5%</u>
	Annualized return on average equity (c)	19.5%	(12.2)%	16.6%	65.3%	26.4%	3.2%	22.8%
	Annualized operating return on average equity (d)	14.1%	(14.0)%	17.7%	19.0%	21.2%	(0.3)%	20.7%

Notes:

(a) Net operating income (loss), a non-GAAP financial measure, is defined as net income (loss) excluding net realized and unrealized gains (losses) on investments, foreign exchange (losses) gains losses and non-recurring items including the gain on bargain purchase, net of expenses relating to the acquisition of IPC. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. (Losses) gains 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 39.

(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. A reconciliation of net operating income to net income is included on page 39.



Validus Holdings, Ltd.

Summary Consolidated Balance Sheets

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

	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008
Assets							
Fixed maturities, at fair value	\$ 4,975,019	\$ 5,181,042	\$ 4,869,378	\$ 4,590,143	\$ 2,816,536	\$ 2,644,496	\$ 2,454,501
Short-term investments, at fair value	269,782	308,502	481,766	594,581	323,940	282,363	377,036
Other investments, at fair value	26,068	34,398	37,615	129,012	-	-	-
Cash and cash equivalents	492,489	478,476	387,585	393,788	390,090	535,798	449,848
Total investments and cash	5,763,358	6,002,418	5,776,344	5,707,524	3,530,566	3,462,657	3,281,385
Premiums receivable	931,670	803,921	551,616	723,029	679,189	600,943	408,259
Deferred acquisition costs	165,957	165,158	112,329	139,157	145,615	143,510	108,156
Prepaid reinsurance premiums	185,771	103,950	73,164	101,711	87,798	59,510	22,459
Securities lending collateral	99,224	99,230	90,350	100,053	166,496	99,727	98,954
Loss reserves recoverable	193,604	198,956	181,765	172,101	169,666	204,197	208,796
Paid losses recoverable	24,133	18,261	14,782	10,064	36,624	4,438	1,388
Net receivable for investments sold	25,542	13,879	-	-	-	-	490
Income taxes recoverable	1,171	2,261	2,043	3,027	1,876	1,244	1,365
Intangible assets	120,975	122,015	123,055	124,096	125,136	126,177	127,217
Goodwill	20,393	20,393	20,393	20,393	20,393	20,393	20,393
Accrued investment income	38,643	42,867	38,077	43,190	19,636	20,511	20,433
Other assets	44,182	39,267	35,222	32,726	25,455	19,491	23,185
Total assets	\$ 7,614,623	\$ 7,632,576	\$ 7,019,140	\$ 7,177,071	\$ 5,008,450	\$ 4,762,798	\$ 4,322,480
Liabilities							
Reserve for losses and loss expenses	\$ 1,978,130	\$ 1,976,889	\$ 1,622,134	\$ 1,624,743	\$ 1,311,935	\$ 1,318,732	\$ 1,305,303
Unearned premiums	1,176,603	1,083,591	724,104	955,049	856,138	795,233	539,450
Reinsurance balances payable	98,740	44,715	65,414	40,879	101,004	66,180	33,042
Securities lending payable	100,000	100,000	90,106	101,040	168,923	105,369	105,688
Deferred income taxes	26,200	24,104	24,508	26,110	22,163	20,914	21,779
Net payable for investments purchased	-	-	44,145	39,224	16,346	57,434	-
Accounts payable and accrued expenses	95,404	107,119	127,809	119,534	75,672	71,650	74,184
Senior notes payable	246,820	246,793	-	-	-	-	-
Debentures payable	289,800	289,800	289,800	304,300	304,300	304,300	304,300
Total liabilities	4,011,697	3,873,011	2,988,020	3,210,879	2,856,481	2,739,812	2,383,746
Shareholders' equity							
Common shares	\$ 23,101	\$ 23,081	\$ 23,033	\$ 22,944	\$ 13,327	\$ 13,271	\$ 13,235
Treasury shares	(3,605)	(1,397)	(553)	-	-	-	-
Additional paid-in-capital	2,247,995	2,555,243	2,675,680	2,748,121	1,424,378	1,419,602	1,412,635
Accumulated other comprehensive (loss)	(6,726)	(6,658)	(4,851)	(4,976)	(4,061)	(8,054)	(7,858)
Retained earnings	1,342,161	1,189,296	1,337,811	1,200,103	718,325	598,167	520,722
Total shareholders' equity	3,602,926	3,759,565	4,031,120	3,966,192	2,151,969	2,022,986	1,938,734
Total liabilities and shareholders' equity	\$ 7,614,623	\$ 7,632,576	\$ 7,019,140	\$ 7,177,071	\$ 5,008,450	\$ 4,762,798	\$ 4,322,480
Book value per common share	\$ 32.34	\$ 30.34	\$ 31.38	\$ 30.25	\$ 28.26	\$ 26.68	\$ 25.64
Diluted book value per common share	\$ 30.30	\$ 28.66	\$ 29.68	\$ 28.61	\$ 26.08	\$ 24.65	\$ 23.78
Diluted book value per common share plus accumulated dividends	\$ 32.34	\$ 30.48	\$ 31.28	\$ 30.01	\$ 27.28	\$ 25.65	\$ 24.58



Validus Holdings, Ltd.

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

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

	At June 30, 2010				At December 31, 2009			
	Equity Amount	Shares	Exercise Price (a)	Book Value Per Share	Equity Amount	Shares	Exercise Price (a)	Book Value Per Share
<u>Book value per common share, reported</u>								
Book value per common share								
Total shareholders' equity	\$ 3,602,926	111,407,993		\$ <u>32.34</u>	\$ 4,031,120	128,459,478		\$ <u>31.38</u>
Diluted book value per common share								
Total shareholders' equity	\$ 3,602,926	111,407,993			\$ 4,031,120	128,459,478		
Assumed exercise of outstanding warrants (b)	139,576	7,952,138	\$ 17.55		139,576	7,952,138	\$ 17.55	
Assumed exercise of outstanding stock options (b)	63,920	3,222,164	\$ 19.84		65,159	3,278,015	\$ 19.88	
Unvested restricted shares	-	3,058,281			-	3,020,651		
Diluted book value per common share	\$ <u>3,806,422</u>	<u>125,640,576</u>		\$ <u>30.30</u>	\$ <u>4,235,855</u>	<u>142,710,282</u>		\$ <u>29.68</u>
<u>Book value per common share, adjusted (c)</u>								
Book value per common share								
Total shareholders' equity	\$ 3,602,926				\$ 4,031,120			
Accumulated other comprehensive loss	6,726				4,851			
Unrealized (gain) loss on investments	(51,682)				209			
Total shareholders' equity, adjusted	\$ <u>3,557,970</u>	111,407,993		\$ <u>31.94</u>	\$ <u>4,036,180</u>	128,459,478		\$ <u>31.42</u>
Diluted book value per common share								
Total shareholders' equity, adjusted	\$ 3,557,970	111,407,993			\$ 4,036,180	128,459,478		
Assumed exercise of outstanding warrants (b)	139,576	7,952,138	\$ 17.55		139,576	7,952,138	\$ 17.55	
Assumed exercise of outstanding stock options (b)	63,920	3,222,164	\$ 19.84		65,159	3,278,015	\$ 19.88	
Unvested restricted shares	-	3,058,281			-	3,020,651		
Diluted book value per common share	\$ <u>3,761,466</u>	<u>125,640,576</u>		\$ <u>29.94</u>	\$ <u>4,240,915</u>	<u>142,710,282</u>		\$ <u>29.72</u>

Notes:

(a) Weighted average exercise price for those warrants and stock options that have an exercise price lower than book value per shares.

(b) Using the "as-if-converted" method, assuming all proceeds received upon exercise of warrants and stock options will be retained by the Company and the resulting common shares from exercise remain outstanding.

(c) Adjusted book value excludes unrealized (gains) losses on investments and accumulated other comprehensive (income) loss.



Validus Holdings, Ltd.

Consolidated Statements of Cash Flows

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

	Three Months Ended				Six Months Ended	
	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	June 30, 2009
Cash flows provided by (used in) operating activities						
Net income (loss)	\$ 179,782	\$ (118,378)	\$ 165,759	\$ 499,178	\$ 137,563	\$ 232,470
Adjustments to reconcile net income to cash provided by (used in) operating activities:						
Share compensation expenses	6,846	6,576	8,189	11,293	5,632	12,986
Realized gain on repurchase of debentures	-	-	(4,444)	-	-	-
Bargain purchase gain	-	-	-	(352,349)	-	-
Discount on senior notes	27	-	-	-	-	27
Net realized (gains) losses on investments	(12,441)	(11,398)	(9,099)	(5,429)	2,650	26,071
Net unrealized (gains) losses on investments	(41,640)	(15,413)	25,042	(50,436)	(37,249)	(59,402)
Amortization of intangible assets	1,040	1,040	1,041	22,711	1,041	2,080
Foreign exchange losses (gains) on cash and cash equivalents included in net income	12,591	4,538	908	(894)	(10,152)	(9,593)
Amortization of premium on fixed maturities	4,697	3,713	7,308	4,846	2,421	4,123
Change in:						
Premiums receivable	(128,277)	(255,394)	171,170	130,187	(71,118)	(383,671)
Deferred acquisition costs	(799)	(52,829)	26,828	28,546	(2,116)	(53,628)
Prepaid reinsurance premiums	(81,821)	(30,786)	28,547	(12,085)	(26,372)	(112,607)
Loss reserves recoverable	5,383	(18,871)	(9,712)	(343)	38,564	42,977
Paid losses recoverable	(5,855)	(3,509)	(4,803)	25,462	(31,032)	(9,364)
Income taxes recoverable	901	(41)	940	(964)	131	(522)
Accrued investment income	4,222	(4,875)	5,110	(614)	766	(653)
Other assets	(4,993)	(6,557)	(3,065)	(815)	(2,825)	(11,550)
Reserve for losses and loss expenses	1,603	366,176	(1,337)	9,100	(33,065)	367,779
Unearned premiums	93,012	359,487	(230,945)	(106,590)	60,907	452,499
Reinsurance balances payable	54,443	(19,203)	24,830	(63,054)	33,697	35,240
Deferred income taxes	2,076	(624)	(1,642)	7,235	(2,597)	1,452
Accounts payable and accrued expenses	(11,181)	(19,686)	6,107	(6,412)	(4,902)	(30,867)
Net cash provided by operating activities	79,616	183,966	206,732	138,573	61,944	263,582
Cash flows provided by (used in) investing activities						
Proceeds on sales of investments	1,706,972	1,226,380	1,234,191	737,808	636,421	2,933,352
Proceeds on maturities of investments	85,296	113,341	101,965	154,844	88,819	198,637
Purchases of fixed maturities	(1,550,415)	(1,693,657)	(1,629,225)	(670,048)	(889,774)	(3,244,072)
Sales (purchases) of short-term investments, net	38,568	173,233	108,899	37,573	(40,863)	211,801
Sales (purchases) of other investments	7,227	4,383	92,442	(2,047)	-	11,610
(Increase) decrease in securities lending collateral	-	(9,894)	10,933	67,884	(63,554)	(9,894)
Purchase of subsidiary, net of cash acquired	-	-	-	(376,878)	-	-
Net cash provided by (used in) investing activities	287,648	(186,214)	(80,795)	(50,864)	(268,951)	101,434
Cash flows provided by (used in) financing activities						
Net proceeds on issuance of senior notes	-	246,793	-	-	-	246,793
Repurchase of debentures	-	-	(10,056)	-	-	-
Issue of common shares, net of expenses	(360)	348	3,024	(592)	(831)	(12)
Purchases of common shares under share repurchase program	(315,922)	(128,157)	(84,164)	-	-	(444,079)
Dividends paid	(26,050)	(29,944)	(27,577)	(16,965)	(16,511)	(55,994)
Investment by parent company	-	-	-	-	-	-
Increase (decrease) in securities lending payable	-	9,894	(10,933)	(67,884)	63,554	9,894
Net cash (used in) provided by financing activities	(342,332)	98,934	(129,706)	(85,441)	46,212	(243,398)
Effect of foreign currency rate changes on cash and cash equivalents	(10,919)	(5,795)	(2,434)	1,430	15,087	(16,714)
Net increase (decrease) in cash	14,013	90,891	(6,203)	3,698	(145,708)	104,904
Cash and cash equivalents - beginning of period	478,476	\$ 387,585	\$ 393,788	\$ 390,090	\$ 535,798	\$ 449,848
Cash and cash equivalents - end of period	\$ 492,489	\$ 478,476	\$ 387,585	\$ 393,788	\$ 390,090	\$ 492,489
Taxes paid during the period	\$ 1,137	\$ 198	\$ 278	\$ 196	\$ 900	\$ 1,199
Interest paid during the period	\$ 6,364	\$ 6,365	\$ 6,559	\$ 6,672	\$ 6,672	\$ 12,729
Losses paid during the period	\$ 178,432	\$ 127,652	\$ 144,051	\$ 126,127	\$ 125,386	\$ 237,257



Validus Holdings, Ltd.

Consolidated Statements of Operations and Comprehensive Income (Loss)

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

	Three Months Ended (a)				Six Months Ended (a)		
	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	June 30, 2010	June 30, 2009
Revenues							
Gross premiums written	\$ 516,861	\$ 870,934	\$ 255,289	\$ 331,028	\$ 425,032	\$ 1,387,795	\$ 1,034,924
Reinsurance premiums ceded	(67,726)	(90,739)	(30,393)	(67,687)	(62,291)	(158,465)	(134,803)
Net premiums written	449,135	780,195	224,896	263,341	362,741	1,229,330	900,121
Change in unearned premiums	(11,191)	(322,501)	203,005	111,376	(34,541)	(333,692)	(253,162)
Net premiums earned	437,944	457,694	427,901	374,717	328,200	895,638	646,959
Gain on bargain purchase, net of expenses (b)	-	-	-	302,950	(15,851)	-	(15,851)
Net investment income	34,809	34,299	35,506	29,532	26,963	69,108	53,735
Realized gain on repurchase of debentures	-	-	4,444	-	-	-	-
Net realized gains (losses) on investments	12,441	11,398	9,099	5,429	(2,650)	23,839	(26,071)
Net unrealized gains (losses) on investments	41,640	15,413	(25,043)	50,437	37,249	57,053	59,402
Other income	2,697	888	1,759	1,101	1,017	3,585	1,774
Foreign exchange (losses) gains	(4,099)	(8,764)	338	(5,244)	8,432	(12,863)	4,232
Total revenues	525,432	510,928	454,004	758,922	383,360	1,036,360	724,180
Expenses							
Losses and loss expenses	194,894	478,531	133,020	134,152	124,751	673,425	256,585
Policy acquisition costs	74,126	76,176	72,843	64,236	64,438	150,302	125,887
General and administrative expenses	52,379	53,569	60,253	46,036	41,200	105,948	79,279
Share compensation expenses	6,846	6,576	8,189	5,862	5,632	13,422	12,986
Finance expenses	13,218	15,151	14,398	11,257	10,752	28,369	18,475
Total expenses	341,463	630,003	288,703	261,543	246,773	971,466	493,212
Net income (loss) before taxes	183,969	(119,075)	165,301	497,379	136,587	64,894	230,968
Tax (expense) benefit	(4,187)	697	458	1,799	976	(3,490)	1,502
Net income (loss)	\$ 179,782	\$ (118,378)	\$ 165,759	\$ 499,178	\$ 137,563	\$ 61,404	\$ 232,470
Comprehensive income							
Foreign currency translation adjustments	(68)	(1,807)	125	(915)	3,993	(1,875)	3,797
Comprehensive income (loss)	\$ 179,714	\$ (120,185)	\$ 165,884	\$ 498,263	\$ 141,556	\$ 59,529	\$ 236,267
Earnings per share							
Weighted average number of common shares and common share equivalents outstanding							
Basic	121,009,553	126,633,277	130,413,790	92,492,373	76,138,038	123,821,415	75,941,308
Diluted	125,152,300	126,633,277	134,794,120	95,834,809	78,942,065	125,661,729	79,022,355
Basic earnings (loss) per share	\$ 1.47	\$ (0.95)	\$ 1.26	\$ 5.38	\$ 1.79	\$ 0.47	\$ 3.02
Diluted earnings (loss) per share	\$ 1.44	\$ (0.95)	\$ 1.23	\$ 5.21	\$ 1.74	\$ 0.46	\$ 2.94
Cash dividends declared per share	\$ 0.22	\$ 0.22	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.44	\$ 0.40

Notes:

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

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



Validus Holdings, Ltd.

Consolidated Statements of Operations - Underwriting Income Format

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

	Three Months Ended (a)				Six Months Ended (a)		
	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	June 30, 2009	
Underwriting income							
Gross premiums written	\$ 516,861	\$ 870,934	\$ 255,289	\$ 331,028	\$ 425,032	\$ 1,387,795	\$ 1,034,924
Reinsurance premiums ceded	(67,726)	(90,739)	(30,393)	(67,687)	(62,291)	(158,465)	(134,803)
Net premiums written	449,135	780,195	224,896	263,341	362,741	1,229,330	900,121
Change in unearned premiums	(11,191)	(322,501)	203,005	111,376	(34,541)	(333,692)	(253,162)
Net premiums earned	437,944	457,694	427,901	374,717	328,200	895,638	646,959
Underwriting deductions							
Losses and loss expenses	194,894	478,531	133,020	134,152	124,751	673,425	256,585
Policy acquisition costs	74,126	76,176	72,843	64,236	64,438	150,302	125,887
General and administrative expenses	52,379	53,569	60,253	46,036	41,200	105,948	79,279
Share compensation expenses	6,846	6,576	8,189	5,862	5,632	13,422	12,986
Total underwriting deductions	328,245	614,852	274,305	250,286	236,021	943,097	474,737
Underwriting income (loss)	\$ 109,699	\$ (157,158)	\$ 153,596	\$ 124,431	\$ 92,179	\$ (47,459)	\$ 172,222
Net investment income	34,809	34,299	35,506	29,532	26,963	69,108	53,735
Other income	2,697	888	1,759	1,101	1,017	3,585	1,774
Finance expenses	(13,218)	(15,151)	(14,398)	(11,257)	(10,752)	(28,369)	(18,475)
Operating income (loss) before taxes	133,987	(137,122)	176,463	143,807	109,407	(3,135)	209,256
Tax (expense) benefit	(4,187)	697	458	1,799	976	(3,490)	1,502
Net operating income (loss) (b)	\$ 129,800	\$ (136,425)	\$ 176,921	\$ 145,606	\$ 110,383	\$ (6,625)	\$ 210,758
Gain on bargain purchase, net of expenses (c)	-	-	-	302,950	(15,851)	-	(15,851)
Realized gain on repurchase of debentures	-	-	4,444	-	-	-	-
Net realized gains (losses) on investments	12,441	11,398	9,099	5,429	(2,650)	23,839	(26,071)
Net unrealized gains (losses) on investments	41,640	15,413	(25,043)	50,437	37,249	57,053	59,402
Foreign exchange (losses) gains	(4,099)	(8,764)	338	(5,244)	8,432	(12,863)	4,232
Net income (loss)	\$ 179,782	\$ (118,378)	\$ 165,759	\$ 499,178	\$ 137,563	\$ 61,404	\$ 232,470
Selected ratios:							
Net premiums written / Gross premiums written	86.9%	89.6%	88.1%	79.6%	85.3%	88.6%	87.0%
Losses and loss expenses	44.5%	104.6%	31.1%	35.8%	38.0%	75.2%	39.7%
Policy acquisition costs	16.9%	16.6%	17.0%	17.1%	19.6%	16.8%	19.5%
General and administrative expenses (d)	13.5%	13.1%	16.0%	13.8%	14.3%	13.3%	14.3%
Expense ratio	30.4%	29.7%	33.0%	30.9%	33.9%	30.1%	33.8%
Combined ratio	74.9%	134.3%	64.1%	66.7%	71.9%	105.3%	73.5%

Notes:

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

(b) Net operating income (loss), a non-GAAP financial measure, is defined as net income (loss) excluding net realized and unrealized gains (losses) on investments, foreign exchange (losses) gains and non-recurring items including the gain on bargain purchase, net of expenses relating to the acquisition of IPC. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. (Losses) gains 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 39.

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

(d) The general and administrative ratio includes share compensation expenses.



Validus Holdings, Ltd.

Computation of Earnings per Share

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

	Three Months Ended (a)						Six Months Ended (a)					
	June 30, 2010			June 30, 2009			June 30, 2010			June 30, 2009		
	Net Operating Income	Net Income	Comprehensive Income	Net Operating Income	Net Income	Comprehensive Income	Net operating income (c)	Net income	Comprehensive income	Net operating income	Net income	Comprehen- sive income
Basic earnings (loss) per share (b)												
Income (loss)	\$ 129,800	\$ 179,782	\$ 179,714	\$ 110,383	\$ 137,563	\$ 141,556	\$ (6,625)	\$ 61,404	\$ 59,529	\$ 210,758	\$ 232,470	\$ 236,267
less: Dividends and distributions declared on outstanding warrants	(1,749)	(1,749)	(1,749)	(1,590)	(1,590)	(1,590)	(3,498)	(3,498)	(3,498)	(3,326)	(3,326)	(3,326)
Income (loss) available to common shareholders	<u>\$ 128,051</u>	<u>\$ 178,033</u>	<u>\$ 177,965</u>	<u>\$ 108,793</u>	<u>\$ 135,973</u>	<u>\$ 139,966</u>	<u>\$ (10,123)</u>	<u>\$ 57,906</u>	<u>\$ 56,031</u>	<u>\$ 207,432</u>	<u>\$ 229,144</u>	<u>\$ 232,941</u>
Weighted average number of common shares outstanding	121,009,553	121,009,553	121,009,553	76,138,038	76,138,038	76,138,038	123,821,415	123,821,415	123,821,415	75,941,308	75,941,308	75,941,308
Basic earnings (loss) per share	<u>\$ 1.06</u>	<u>\$ 1.47</u>	<u>\$ 1.47</u>	<u>\$ 1.43</u>	<u>\$ 1.79</u>	<u>\$ 1.84</u>	<u>\$ (0.08)</u>	<u>\$ 0.47</u>	<u>\$ 0.45</u>	<u>\$ 2.73</u>	<u>\$ 3.02</u>	<u>\$ 3.07</u>
Diluted earnings (loss) per share (b)												
Income (loss)	\$ 129,800	\$ 179,782	\$ 179,714	\$ 110,383	\$ 137,563	\$ 141,556	\$ (6,625)	\$ 61,404	\$ 59,529	\$ 210,758	\$ 232,470	\$ 236,267
less: Dividends and distributions declared on outstanding warrants	-	-	-	-	-	-	(3,498)	(3,498)	(3,498)	-	-	-
Income (loss) available to common shareholders	<u>\$ 129,800</u>	<u>\$ 179,782</u>	<u>\$ 179,714</u>	<u>\$ 110,383</u>	<u>\$ 137,563</u>	<u>\$ 141,556</u>	<u>\$ (10,123)</u>	<u>\$ 57,906</u>	<u>\$ 56,031</u>	<u>\$ 210,758</u>	<u>\$ 232,470</u>	<u>\$ 236,267</u>
Weighted average number of common shares outstanding	121,009,553	121,009,553	121,009,553	76,138,038	76,138,038	76,138,038	123,821,415	123,821,415	123,821,415	75,941,308	75,941,308	75,941,308
Share equivalents:												
Warrants	2,339,922	2,339,922	2,339,922	1,806,372	1,806,372	1,806,372	-	-	-	2,056,733	2,056,733	2,056,733
Stock options	794,625	794,625	794,625	300,405	300,405	300,405	-	840,067	840,067	333,955	333,955	333,955
Unvested restricted shares	1,008,200	1,008,200	1,008,200	697,250	697,250	697,250	-	1,000,247	1,000,247	690,359	690,359	690,359
Weighted average number of diluted common shares outstanding	<u>125,152,300</u>	<u>125,152,300</u>	<u>125,152,300</u>	<u>78,942,065</u>	<u>78,942,065</u>	<u>78,942,065</u>	<u>123,821,415</u>	<u>125,661,729</u>	<u>125,661,729</u>	<u>79,022,355</u>	<u>79,022,355</u>	<u>79,022,355</u>
Diluted earnings (loss) per share	<u>\$ 1.04</u>	<u>\$ 1.44</u>	<u>\$ 1.44</u>	<u>\$ 1.40</u>	<u>\$ 1.74</u>	<u>\$ 1.79</u>	<u>\$ (0.08)</u>	<u>\$ 0.46</u>	<u>\$ 0.45</u>	<u>\$ 2.67</u>	<u>\$ 2.94</u>	<u>\$ 2.99</u>

Notes:

(a) ASC 718 requires that any unrecognized stock based compensation expense that will be recorded in future periods be included as proceeds for purposes of treasury stock repurchases, which is applied against the unvested restricted shares balance.

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

(c) Due to the net operating loss incurred for the six months ended June 30, 2010, share equivalents were not included in the computation of diluted earnings per share, because of their anti-dilutive effect.



Validus Holdings, Ltd.

Computation of Weighted Average Dilutive Shares Outstanding

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

	Three Months Ended		Six Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Average fair value per share	\$ 24.87	\$ 22.71	\$ 25.73	\$ 23.31
Basic weighted average common shares outstanding	121,009,553	76,138,038	123,821,415	75,941,308
Add: weighted average unvested restricted shares	3,058,281	2,928,813	3,122,557	2,970,834
Proceeds from unrecognized restricted share expenses	\$ 50,986	\$ 50,679	\$ 54,607	\$ 53,158
Less: restricted shares bought back via treasury method	(2,050,081)	(2,231,563)	(2,122,310)	(2,280,475)
Add: weighted average dilutive warrants outstanding	7,952,138	7,952,138	7,952,138	8,316,143
Weighted average exercise price per share	\$ 17.55	\$ 17.55	\$ 17.55	\$ 17.55
Less: warrants bought back via treasury method	(5,612,216)	(6,145,766)	(7,952,138)	(6,259,410)
Add: weighted average dilutive options outstanding	3,222,164	2,793,402	3,222,719	2,794,635
Weighted average exercise price per share	\$ 19.84	\$ 18.22	\$ 19.84	\$ 18.23
Proceeds from unrecognized option expenses	\$ 3,283	\$ 7,772	\$ 6,064	\$ 8,419
Less: options bought back via treasury method	(2,427,539)	(2,492,997)	(2,382,652)	(2,460,680)
Weighted average dilutive shares outstanding	125,152,300	78,942,065	125,661,729	79,022,355



Validus Holdings, Ltd.

Consolidated Segment Income Statement - Three months ended

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

	Three Months Ended June 30, 2010 (a)				Three Months Ended June 30, 2009 (a)			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Underwriting income								
Gross premiums written	\$ 284,328	\$ 253,710	\$ (21,177)	\$ 516,861	\$ 199,560	\$ 235,113	\$ (9,641)	\$ 425,032
Reinsurance premiums ceded	(41,175)	(47,728)	21,177	(67,726)	(43,070)	(28,862)	9,641	(62,291)
Net premiums written	243,153	205,982	-	449,135	156,490	206,251	-	362,741
Change in unearned premiums	18,888	(30,079)	-	(11,191)	7,207	(41,748)	-	(34,541)
Net premiums earned	262,041	175,903	-	437,944	163,697	164,503	-	328,200
Underwriting deductions								
Losses and loss expenses	123,793	71,101	-	194,894	41,121	83,630	-	124,751
Policy acquisition costs	37,979	38,647	(2,500)	74,126	29,120	36,114	(796)	64,438
General and administrative expenses	10,983	24,960	16,436	52,379	14,149	21,927	5,124	41,200
Share compensation expenses	1,749	1,468	3,629	6,846	1,548	2,098	1,986	5,632
Total underwriting deductions	174,504	136,176	17,565	328,245	85,938	143,769	6,314	236,021
Underwriting income (loss)	\$ 87,537	\$ 39,727	\$ (17,565)	\$ 109,699	\$ 77,759	\$ 20,734	\$ (6,314)	\$ 92,179
Net investment income	29,914	7,251	(2,356)	34,809	20,783	7,693	(1,513)	26,963
Other income	1,477	3,084	(1,864)	2,697	902	911	(796)	1,017
Finance expenses	(1,107)	105	(12,216)	(13,218)	(477)	(3,339)	(6,936)	(10,752)
Operating income (loss) before taxes	117,821	50,167	(34,001)	133,987	98,967	25,999	(15,559)	109,407
Tax (expense) benefit	(94)	(4,094)	1	(4,187)	(28)	1,004	-	976
Net operating income (loss) (b)	\$ 117,727	\$ 46,073	\$ (34,000)	\$ 129,800	\$ 98,939	\$ 27,003	\$ (15,559)	\$ 110,383
Transaction expenses (c)	-	-	-	-	-	-	(15,851)	(15,851)
Net realized gains (losses) on investments	10,363	2,078	-	12,441	(2,140)	(510)	-	(2,650)
Net unrealized gains on investments	35,697	5,943	-	41,640	35,793	1,456	-	37,249
Foreign exchange (losses) gains	(843)	(3,243)	(13)	(4,099)	1,827	6,549	56	8,432
Net income	\$ 162,944	\$ 50,851	\$ (34,013)	\$ 179,782	\$ 134,419	\$ 34,498	\$ (31,354)	\$ 137,563
Selected ratios:								
Net premiums written / Gross premiums written	85.5%	81.2%		86.9%	78.4%	87.7%		85.3%
Losses and loss expenses	47.2%	40.4%		44.5%	25.1%	50.8%		38.0%
Policy acquisition costs	14.5%	22.0%		16.9%	17.8%	22.0%		19.6%
General and administrative expenses (d)	4.9%	15.0%		13.5%	9.6%	14.6%		14.3%
Expense ratio	19.4%	37.0%		30.4%	27.4%	36.6%		33.9%
Combined ratio	66.6%	77.4%		74.9%	52.5%	87.4%		71.9%

Notes:

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

(b) Net operating income (loss), a non-GAAP financial measure, is defined as net income (loss) excluding net realized and unrealized gains (losses) on investments, foreign exchange (losses) gains and non-recurring items including the gain on bargain purchase, net of expenses relating to the acquisition of IPC. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S. currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. (Losses) gains 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 39.

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

(d) The general and administrative ratio includes share compensation expenses.



Validus Holdings, Ltd.

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

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

	Three Months Ended June 30, 2010 (a)				Three Months Ended June 30, 2009 (a)			
	Property (b)	Marine	Specialty (b)	Total	Property (b)	Marine	Specialty (b)	Total
Underwriting income								
Gross premiums written	\$ 261,568	\$ 15,410	\$ 7,350	\$ 284,328	\$ 183,898	\$ 3,957	\$ 11,705	\$ 199,560
Reinsurance premiums ceded	(33,933)	(7,242)	-	(41,175)	(42,705)	(209)	(156)	(43,070)
Net premiums written	227,635	8,168	7,350	243,153	141,193	3,748	11,549	156,490
Change in unearned premiums	(41,191)	39,986	20,093	18,888	(31,008)	29,836	8,379	7,207
Net premiums earned	186,444	48,154	27,443	262,041	110,185	33,584	19,928	163,697
Underwriting deductions								
Losses and loss expenses	62,063	52,947	8,783	123,793	20,381	13,341	7,399	41,121
Policy acquisition costs	27,182	7,707	3,090	37,979	18,052	8,290	2,778	29,120
Total underwriting deductions before G&A	89,245	60,654	11,873	161,772	38,433	21,631	10,177	70,241
Underwriting income (loss) before G&A	\$ 97,199	\$ (12,500)	\$ 15,570	\$ 100,269	\$ 71,752	\$ 11,953	\$ 9,751	\$ 93,456
General and administrative expenses				10,983				14,149
Share compensation expenses				1,749				1,548
Total underwriting deductions				174,504				85,938
Underwriting income				\$ 87,537				\$ 77,759
Net investment income				29,914				20,783
Other income				1,477				902
Finance expenses				(1,107)				(477)
Operating income before taxes				117,821				98,967
Tax (expense)				(94)				(28)
Net operating income (c)				\$ 117,727				\$ 98,939
Net realized gains (losses) on investments				10,363				(2,140)
Net unrealized gains on investments				35,697				35,793
Foreign exchange (losses) gains				(843)				1,827
Net income				\$ 162,944				\$ 134,419
Selected ratios:								
Net premiums written / Gross premiums written	87.0%	53.0%	100.0%	85.5%	76.8%	94.7%	98.7%	78.4%
Losses and loss expenses	33.3%	110.0%	32.0%	47.2%	18.5%	39.7%	37.1%	25.1%
Policy acquisition costs	14.6%	16.0%	11.3%	14.5%	16.4%	24.7%	13.9%	17.8%
General and administrative expenses (d)				4.9%				9.6%
Expense ratio				19.4%				27.4%
Combined ratio				66.6%				52.5%

Notes:

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

(b) Specialty class includes Aerospace & Aviation, Agriculture, Financial lines of business, Life and A&H, Nuclear, Terrorism, Workers' Compensation and Crisis Management. During 2009 Nuclear and Agriculture were reclassified from Property to Specialty.

(c) Net operating income (loss), a non-GAAP financial measure, is defined as net income (loss) excluding net realized and unrealized gains (losses) on investments, foreign exchange (losses) gains and non-recurring items including the gain on bargain purchase, net of expenses relating to the acquisition of IPC. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. (Losses) gains 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 39.

(d) The general and administrative ratio includes share compensation expenses.



Validus Holdings, Ltd.

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

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

	Three Months Ended June 30, 2010				Three Months Ended June 30, 2009			
	Property (a)	Marine	Specialty (b)	Total	Property (a)	Marine	Specialty (b)	Total
Underwriting income								
Gross premiums written	\$ 97,529	\$ 79,355	\$ 76,826	\$ 253,710	\$ 78,769	\$ 82,657	\$ 73,687	\$ 235,113
Reinsurance premiums ceded	(38,702)	(6,066)	(2,960)	(47,728)	(21,758)	(4,607)	(2,497)	(28,862)
Net premiums written	58,827	73,289	73,866	205,982	57,011	78,050	71,190	206,251
Change in unearned premiums	(21,675)	(9,876)	1,472	(30,079)	(23,353)	(10,681)	(7,714)	(41,748)
Net premiums earned	<u>37,152</u>	<u>63,413</u>	<u>75,338</u>	<u>175,903</u>	<u>33,658</u>	<u>67,369</u>	<u>63,476</u>	<u>164,503</u>
Underwriting deductions								
Losses and loss expenses	7,992	31,883	31,226	71,101	3,724	35,758	44,148	83,630
Policy acquisition costs	5,824	15,314	17,509	38,647	5,540	15,300	15,274	36,114
Total underwriting deductions before G&A	<u>13,816</u>	<u>47,197</u>	<u>48,735</u>	<u>109,748</u>	<u>9,264</u>	<u>51,058</u>	<u>59,422</u>	<u>119,744</u>
Underwriting income before G&A	\$ 23,336	\$ 16,216	\$ 26,603	\$ 66,155	\$ 24,394	\$ 16,311	\$ 4,054	\$ 44,759
General and administrative expenses				24,960				21,927
Share compensation expenses				1,468				2,098
Total underwriting deductions				<u>136,176</u>				<u>143,769</u>
Underwriting income				\$ 39,727				\$ 20,734
Net investment income				7,251				7,693
Other income				3,084				911
Finance expenses				105				(3,339)
Operating income before taxes				<u>50,167</u>				<u>25,999</u>
Tax (expense) benefit				(4,094)				1,004
Net operating income (c)				\$ 46,073				\$ 27,003
Net realized gains (losses) on investments				2,078				(510)
Net unrealized gains on investments				5,943				1,456
Foreign exchange (losses) gains				(3,243)				6,549
Net income				\$ 50,851				\$ 34,498
Selected ratios:								
Net premiums written / Gross premiums written	60.3%	92.4%	96.1%	81.2%	72.4%	94.4%	96.6%	87.7%
Losses and loss expenses	21.5%	50.3%	41.4%	40.4%	11.1%	53.1%	69.6%	50.8%
Policy acquisition costs	15.7%	24.1%	23.2%	22.0%	16.5%	22.7%	24.1%	22.0%
General and administrative expenses (d)				<u>15.0%</u>				<u>14.6%</u>
Expense ratio				<u>37.0%</u>				<u>36.6%</u>
Combined ratio				<u>77.4%</u>				<u>87.4%</u>

Notes:

(a) Property includes Onshore Energy.

(b) Specialty includes Accident & Health, Aviation (Direct & Other), Bloodstock, Contingency, Financial institutions, War and other classes.

(c) Net operating income (loss), a non-GAAP financial measure, is defined as net income (loss) excluding net realized and unrealized gains (losses) on investments, foreign exchange (losses) gains and non-recurring items including the gain on bargain purchase, net of expenses relating to the acquisition of IPC. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. (Losses) gains 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 39.

(d) The general and administrative ratio includes share compensation expenses.



Validus Holdings, Ltd.

Consolidated Segment Income Statement - Six months ended

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

	Six Months Ended June 30, 2010 (a)				Six Months Ended June 30, 2009 (a)			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Underwriting income								
Gross premiums written	\$ 924,623	\$ 524,251	\$ (61,079)	\$ 1,387,795	\$ 609,686	\$ 463,033	\$ (37,795)	\$ 1,034,924
Reinsurance premiums ceded	(54,285)	(165,259)	61,079	(158,465)	(56,359)	(116,239)	37,795	(134,803)
Net premiums written	870,338	358,992	-	1,229,330	553,327	346,794	-	900,121
Change in unearned premiums	(324,376)	(9,316)	-	(333,692)	(215,183)	(37,979)	-	(253,162)
Net premiums earned	545,962	349,676	-	895,638	338,144	308,815	-	646,959
Underwriting deductions								
Losses and loss expenses	472,713	200,712	-	673,425	96,583	160,002	-	256,585
Policy acquisition costs	81,482	73,592	(4,772)	150,302	57,697	69,271	(1,081)	125,887
General and administrative expenses	27,295	50,508	28,145	105,948	27,941	42,141	9,197	79,279
Share compensation expenses	3,378	3,027	7,017	13,422	3,220	4,433	5,333	12,986
Total underwriting deductions	584,868	327,839	30,390	943,097	185,441	275,847	13,449	474,737
Underwriting (loss) income	\$ (38,906)	\$ 21,837	\$ (30,390)	\$ (47,459)	\$ 152,703	\$ 32,968	\$ (13,449)	\$ 172,222
Net investment income	59,159	14,571	(4,622)	69,108	41,569	15,187	(3,021)	53,735
Other income	2,555	5,059	(4,029)	3,585	1,187	1,668	(1,081)	1,774
Finance expenses	(2,400)	(3,140)	(22,829)	(28,369)	(840)	(3,762)	(13,873)	(18,475)
Operating income (loss) before taxes	20,408	38,327	(61,870)	(3,135)	194,619	46,061	(31,424)	209,256
Tax (expense) benefit	(185)	(3,299)	(6)	(3,490)	(66)	1,568	-	1,502
Net operating income (loss) (b)	\$ 20,223	\$ 35,028	\$ (61,876)	\$ (6,625)	\$ 194,553	\$ 47,629	\$ (31,424)	\$ 210,758
Transaction expenses (c)	-	-	-	-	-	-	(15,851)	(15,851)
Net realized gains (losses) on investments	20,142	3,697	-	23,839	(19,679)	(6,392)	-	(26,071)
Net unrealized gains on investments	47,892	9,161	-	57,053	54,800	4,602	-	59,402
Foreign exchange (losses) gains	(5,982)	(6,842)	(39)	(12,863)	(1,380)	5,556	56	4,232
Net income	\$ 82,275	\$ 41,044	\$ (61,915)	\$ 61,404	\$ 228,294	\$ 51,395	\$ (47,219)	\$ 232,470
Selected ratios:								
Net premiums written / Gross premiums written	94.1%	68.5%		88.6%	90.8%	74.9%		87.0%
Losses and loss expenses	86.6%	57.4%		75.2%	28.6%	51.8%		39.7%
Policy acquisition costs	14.9%	21.0%		16.8%	17.1%	22.4%		19.5%
General and administrative expenses (d)	5.6%	15.3%		13.3%	9.2%	15.1%		14.3%
Expense ratio	20.5%	36.3%		30.1%	26.3%	37.5%		33.8%
Combined ratio	107.1%	93.7%		105.3%	54.9%	89.3%		73.5%

Notes:

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

(c) Net operating income (loss), a non-GAAP financial measure, is defined as net income (loss) excluding net realized and unrealized gains (losses) on investments, foreign exchange (losses) gains and non-recurring items including the gain on bargain purchase, net of expenses relating to the acquisition of IPC. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. (Losses) gains 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 39.

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

(d) The general and administrative ratio includes share compensation expenses.



Validus Holdings, Ltd.

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

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

	Six Months Ended June 30, 2010 (a)				Six Months Ended June 30, 2009 (a)			
	Property (b)	Marine	Specialty (b)	Total	Property (b)	Marine	Specialty (b)	Total
Underwriting income								
Gross premiums written	\$ 673,976	\$ 185,396	\$ 65,251	\$ 924,623	\$ 424,646	\$ 125,505	\$ 59,535	\$ 609,686
Reinsurance premiums ceded	(43,275)	(11,293)	283	(54,285)	(46,024)	(8,766)	(1,569)	(56,359)
Net premiums written	630,701	174,103	65,534	870,338	378,622	116,739	57,966	553,327
Change in unearned premiums	(232,814)	(84,920)	(6,642)	(324,376)	(145,973)	(57,751)	(11,459)	(215,183)
Net premiums earned	397,887	89,183	58,892	545,962	232,649	58,988	46,507	338,144
Underwriting deductions								
Losses and loss expenses	375,564	76,295	20,854	472,713	47,020	38,511	11,052	96,583
Policy acquisition costs	59,440	14,516	7,526	81,482	38,241	13,662	5,794	57,697
Total underwriting deductions before G&A	435,004	90,811	28,380	554,195	85,261	52,173	16,846	154,280
Underwriting (loss) income before G&A	\$ (37,117)	\$ (1,628)	\$ 30,512	\$ (8,233)	\$ 147,388	\$ 6,815	\$ 29,661	\$ 183,864
General and administrative expenses				27,295				27,941
Share compensation expenses				3,378				3,220
Total underwriting deductions				584,868				185,441
Underwriting (loss) income				\$ (38,906)				\$ 152,703
Net investment income				59,159				41,569
Other income				2,555				1,187
Finance expenses				(2,400)				(840)
Operating income before taxes				20,408				194,619
Tax (expense)				(185)				(66)
Net operating income (c)				\$ 20,223				\$ 194,553
Net realized gains (losses) on investments				20,142				(19,679)
Net unrealized gains on investments				47,892				54,800
Foreign exchange (losses)				(5,982)				(1,380)
Net income				\$ 82,275				\$ 228,294
Selected ratios:								
Net premiums written / Gross premiums written	93.6%	93.9%	100.4%	94.1%	89.2%	93.0%	97.4%	90.8%
Losses and loss expenses	94.4%	85.5%	35.4%	86.6%	20.2%	65.3%	23.8%	28.6%
Policy acquisition costs	14.9%	16.3%	12.8%	14.9%	16.4%	23.2%	12.5%	17.1%
General and administrative expenses (d)				5.6%				9.2%
Expense ratio				20.5%				26.3%
Combined ratio				107.1%				54.9%

Notes:

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

(b) Specialty class includes Aerospace & Aviation, Agriculture, Financial lines of business, Life and A&H, Nuclear, Terrorism, Workers' Compensation and Crisis Management. During 2009 Nuclear and Agriculture were reclassified from Property to Specialty.

(c) Net operating income (loss), a non-GAAP financial measure, is defined as net income (loss) excluding net realized and unrealized gains (losses) on investments, foreign exchange (losses) gains and non-recurring items including the gain on bargain purchase, net of expenses relating to the acquisition of IPC. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. (Losses) gains 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 39.

(d) The general and administrative ratio includes share compensation expenses.



Validus Holdings, Ltd.

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

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

	Six Months Ended June 30, 2010				Six Months Ended June 30, 2009			
	Property (a)	Marine	Specialty (b)	Total	Property (a)	Marine	Specialty (b)	Total
Underwriting income								
Gross premiums written	\$ 183,404	\$ 182,227	\$ 158,620	\$ 524,251	\$ 139,495	\$ 175,067	\$ 148,471	\$ 463,033
Reinsurance premiums ceded	(92,178)	(29,874)	(43,207)	(165,259)	(54,963)	(22,867)	(38,409)	(116,239)
Net premiums written	91,226	152,353	115,413	358,992	84,532	152,200	110,062	346,794
Change in unearned premiums	(16,031)	(25,718)	32,433	(9,316)	(23,222)	(21,934)	7,177	(37,979)
Net premiums earned	75,195	126,635	147,846	349,676	61,310	130,266	117,239	308,815
Underwriting deductions								
Losses and loss expenses	68,226	66,181	66,305	200,712	11,783	75,117	73,102	160,002
Policy acquisition costs	12,880	26,709	34,003	73,592	11,139	29,267	28,865	69,271
Total underwriting deductions before G&A	81,106	92,890	100,308	274,304	22,922	104,384	101,967	229,273
Underwriting (loss) income before G&A	\$ (5,911)	\$ 33,745	\$ 47,538	\$ 75,372	\$ 38,388	\$ 25,882	\$ 15,272	\$ 79,542
General and administrative expenses				50,508				42,141
Share compensation expenses				3,027				4,433
Total underwriting deductions				327,839				275,847
Underwriting income				\$ 21,837				\$ 32,968
Net investment income				14,571				15,187
Other income				5,059				1,668
Finance expenses				(3,140)				(3,762)
Operating income before taxes				38,327				46,061
Tax (expense) benefit				(3,299)				1,568
Net operating income (c)				\$ 35,028				\$ 47,629
Net realized gains (losses) on investments				3,697				(6,392)
Net unrealized gains on investments				9,161				4,602
Foreign exchange (losses) gains				(6,842)				5,556
Net income				\$ 41,044				\$ 51,395
Selected ratios:								
Net premiums written / Gross premiums written	49.7%	83.6%	72.8%	68.5%	60.6%	86.9%	74.1%	74.9%
Losses and loss expenses	90.7%	52.3%	44.8%	57.4%	19.2%	57.7%	62.4%	51.8%
Policy acquisition costs	17.1%	21.1%	23.0%	21.0%	18.2%	22.5%	24.6%	22.4%
General and administrative expenses (d)				15.3%				15.1%
Expense ratio				36.3%				37.5%
Combined ratio				93.7%				89.3%

Notes:

(a) Property includes Onshore Energy.

(b) Specialty includes Accident & Health, Aviation (Direct & Other), Bloodstock, Contingency, Financial institutions, War and other classes.

(c) Net operating income (loss), a non-GAAP financial measure, is defined as net income (loss) excluding net realized and unrealized gains (losses) on investments, foreign exchange (losses) gains and non-recurring items including the gain on bargain purchase, net of expenses relating to the acquisition of IPC. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. (Losses) gains 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 39.

(d) The general and administrative ratio includes share compensation expenses.



Validus Holdings, Ltd.

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

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

<u>Validus Re Segment</u>		<u>Three Months Ended (a)</u>				<u>Six Months Ended (a)</u>			
		<u>June 30, 2010</u>		<u>June 30, 2009</u>		<u>June 30, 2010</u>		<u>June 30, 2009</u>	
<u>Class of business</u>	<u>Treaty type</u>	<u>Gross premiums written</u>		<u>Gross premiums written</u>		<u>Gross premiums written (a)</u>		<u>Gross premiums written</u>	
		<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
Property (b)	Cat XOL (c)	\$ 201,874	71.0%	\$ 144,450	72.4%	\$ 506,890	54.8%	\$ 328,649	53.9%
	Per Risk XOL	20,863	7.3%	10,434	5.2%	40,830	4.4%	23,232	3.8%
	Proportional (d)	38,831	13.7%	29,014	14.5%	126,256	13.7%	72,765	11.9%
		<u>261,568</u>	<u>92.0%</u>	<u>183,898</u>	<u>92.1%</u>	<u>673,976</u>	<u>72.9%</u>	<u>424,646</u>	<u>69.6%</u>
Marine	Cat XOL (e)	1,011	0.3%	(439)	-0.2%	14,527	1.6%	5,734	0.9%
	Per Risk XOL	13,081	4.7%	3,802	1.9%	74,183	8.0%	57,594	9.5%
	Proportional (d)	1,318	0.4%	594	0.3%	96,686	10.4%	62,177	10.2%
		<u>15,410</u>	<u>5.4%</u>	<u>3,957</u>	<u>2.0%</u>	<u>185,396</u>	<u>20.0%</u>	<u>125,505</u>	<u>20.6%</u>
Specialty (b) (f)	Cat XOL (c)	1,637	0.6%	2,943	1.5%	37,119	4.0%	27,697	4.5%
	Per Risk XOL	2,128	0.7%	1,193	0.6%	9,090	1.0%	9,067	1.5%
	Proportional (d)	3,585	1.3%	7,569	3.8%	19,042	2.1%	22,771	3.8%
		<u>7,350</u>	<u>2.6%</u>	<u>11,705</u>	<u>5.9%</u>	<u>65,251</u>	<u>7.1%</u>	<u>59,535</u>	<u>9.8%</u>
Total	Cat XOL (c) (e)	204,522	71.9%	146,954	73.7%	558,536	60.4%	362,080	59.3%
	Per Risk XOL	36,072	12.7%	15,429	7.7%	124,103	13.4%	89,893	14.8%
	Proportional (d)	43,734	15.4%	37,177	18.6%	241,984	26.2%	157,713	25.9%
		<u>\$ 284,328</u>	<u>100.0%</u>	<u>\$ 199,560</u>	<u>100.0%</u>	<u>\$ 924,623</u>	<u>100.0%</u>	<u>\$ 609,686</u>	<u>100.0%</u>

Notes:

- (a) Operating results of IPC have been included in the Validus Re segment from the September 2009 date of acquisition.
- (b) During 2009 Nuclear and Agriculture were reclassified from Property to Specialty and internal re-categorization by treaty type occurred.
- (c) Property and Specialty Cat XOL is comprised of Catastrophe XOL, Aggregate XOL, RPP, Per Event XOL, Second Event and Third Event covers.
- (d) Proportional is comprised of Quota Share and Surplus Share covers.
- (e) Marine Cat XOL is comprised of Catastrophe XOL, Aggregate XOL, RPP, Second Event and Third Event covers.
- (f) Specialty includes Aerospace & Aviation, Agriculture, Financial lines of business, Life and A&H, Nuclear, Terrorism, Workers' Compensation and Crisis Management.



Validus Holdings, Ltd.

Consolidated Class of Business Policy Type Detail - Gross Premiums Written

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

Line of business	Treaty type	Three Months Ended (a)				Six Months Ended (a)			
		June 30, 2010		June 30, 2009		June 30, 2010		June 30, 2009	
		Gross premiums written	%	Gross premiums written	%	Gross premiums written (a)	%	Gross premiums written	%
Property (b)	Treaty Reinsurance	\$ 265,720	51.3%	\$ 196,322	46.2%	\$ 692,035	49.9%	\$ 448,183	43.2%
	Facultative Reinsurance	42,190	8.2%	29,416	6.9%	75,316	5.4%	49,014	4.8%
	Direct Insurance	32,379	6.3%	29,704	7.0%	50,075	3.6%	46,611	4.5%
		<u>340,289</u>	<u>65.8%</u>	<u>255,442</u>	<u>60.1%</u>	<u>817,426</u>	<u>58.9%</u>	<u>543,808</u>	<u>52.5%</u>
Marine	Treaty Reinsurance	23,041	4.5%	14,997	3.5%	207,436	14.9%	149,743	14.5%
	Facultative Reinsurance	21,141	4.1%	20,436	4.9%	52,553	3.8%	50,838	4.9%
	Direct Insurance	48,198	9.3%	48,998	11.5%	93,016	6.7%	89,950	8.7%
		<u>92,380</u>	<u>17.9%</u>	<u>84,431</u>	<u>19.9%</u>	<u>353,005</u>	<u>25.4%</u>	<u>290,531</u>	<u>28.1%</u>
Specialty (b) (c)	Treaty Reinsurance	18,962	3.7%	28,376	6.7%	84,392	6.1%	86,561	8.4%
	Facultative Reinsurance	20,697	4.0%	15,872	3.7%	44,620	3.2%	33,370	3.2%
	Direct Insurance	44,533	8.6%	40,911	9.6%	88,352	6.4%	80,654	7.8%
		<u>84,192</u>	<u>16.3%</u>	<u>85,159</u>	<u>20.0%</u>	<u>217,364</u>	<u>15.7%</u>	<u>200,585</u>	<u>19.4%</u>
Total	Treaty Reinsurance	307,723	59.5%	239,695	56.4%	983,863	70.9%	684,487	66.1%
	Facultative Reinsurance	84,028	16.3%	65,724	15.5%	172,489	12.4%	133,222	12.9%
	Direct Insurance	125,110	24.2%	119,613	28.1%	231,443	16.7%	217,215	21.0%
		<u>\$ 516,861</u>	<u>100.0%</u>	<u>\$ 425,032</u>	<u>100.0%</u>	<u>\$ 1,387,795</u>	<u>100.0%</u>	<u>\$ 1,034,924</u>	<u>100.0%</u>

Notes:

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

(b) During 2009 Nuclear and Agriculture were reclassified from Property to Specialty and internal re-categorization by treaty type occurred.

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



Validus Holdings, Ltd.

Gross Premiums Written by Segment by Class of Business

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

	Three Months Ended (a)				Six Months Ended (a)		
	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	June 30, 2010	June 30, 2009
Validus Re							
Property (b)	\$ 261,568	\$ 412,408	\$ 21,204	\$ 80,578	\$ 183,898	673,976	\$ 424,646
Marine	15,410	169,986	(1,060)	28,408	3,957	185,396	125,505
Aerospace & Aviation (c)	4,133	15,842	2,421	7,737	5,989	19,975	20,021
Agriculture (b)	(318)	2,951	163	435	264	2,633	2,446
Financial	171	1,992	1,079	259	969	2,163	1,108
Life and A&H	54	3,475	3	1,200	74	3,529	2,103
Nuclear (b)	1,884	992	-	608	-	2,876	2,441
Terrorism	1,117	27,144	10,098	3,559	3,862	28,261	25,835
Workers' Comp	(3)	5,505	(214)	1,920	547	5,502	5,581
Crisis Management	312	-	-	-	-	312	-
Total Validus Re Segment	284,328	640,295	33,694	124,704	199,560	924,623	609,686
Talbot							
Property	50,322	60,807	28,620	44,739	47,651	111,129	99,423
Onshore Energy	47,207	25,067	22,313	34,416	31,118	72,274	40,072
Marine	79,355	102,873	62,697	69,621	82,657	182,228	175,067
Accident & Health	4,328	5,648	2,424	6,151	4,957	9,976	9,931
Aviation, Direct	9,802	8,719	38,358	19,959	70	18,521	70
Aviation & Other	11,811	15,915	13,058	6,516	14,150	27,726	27,083
Bloodstock	2,436	3,692	3,982	4,568	2,746	6,128	5,832
Contingency	4,314	4,094	2,592	4,885	5,685	8,408	11,600
Financial Institutions	7,456	7,954	13,945	9,989	8,637	15,410	17,735
War	36,679	35,772	44,559	26,481	37,442	72,451	76,220
Total Talbot Segment	253,710	270,541	229,548	227,325	235,113	524,251	463,033
Intersegment Revenue							
Property	(18,807)	(21,145)	(6,684)	(18,253)	(7,225)	(39,952)	(20,333)
Marine	(2,385)	(12,234)	(978)	(2,257)	(2,183)	(14,619)	(10,041)
Specialty	15	(6,523)	(291)	(491)	(233)	(6,508)	(7,421)
Total Intersegment Revenue Eliminated	(21,177)	(39,902)	(7,953)	(21,001)	(9,641)	(61,079)	(37,795)
Total Gross Premiums Written	\$ 516,861	\$ 870,934	\$ 255,289	\$ 331,028	\$ 425,032	\$ 1,387,795	\$ 1,034,924

Notes:

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

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

(c) Prior to March 31, 2010 this category only included Aerospace.



Validus Holdings, Ltd.

Underwriting Income - Validus Re

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

	Three Months Ended (a)				Six Months Ended (a)		
	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	June 30, 2010	June 30, 2009
Underwriting income							
Gross premiums written	\$ 284,328	\$ 640,295	\$ 33,694	\$ 124,704	\$ 199,560	\$ 924,623	\$ 609,686
Reinsurance premiums ceded	(41,175)	(13,110)	(652)	(38,435)	(43,070)	(54,285)	(56,359)
Net premiums written	243,153	627,185	33,042	86,269	156,490	870,338	553,327
Change in unearned premiums	18,888	(343,264)	224,596	113,499	7,207	(324,376)	(215,183)
Net premiums earned	<u>262,041</u>	<u>283,921</u>	<u>257,638</u>	<u>199,768</u>	<u>163,697</u>	<u>545,962</u>	<u>338,144</u>
Underwriting deductions							
Losses and loss expenses	123,793	348,920	44,134	45,987	41,121	472,713	96,583
Policy acquisition costs	37,979	43,503	37,088	32,648	29,120	81,482	57,697
General and administrative expenses	10,983	16,312	19,782	17,987	14,149	27,295	27,941
Share compensation expenses	1,749	1,629	2,590	1,766	1,548	3,378	3,220
Total underwriting deductions	<u>174,504</u>	<u>410,364</u>	<u>103,594</u>	<u>98,388</u>	<u>85,938</u>	<u>584,868</u>	<u>185,441</u>
Underwriting income (loss)	<u>\$ 87,537</u>	<u>\$ (126,443)</u>	<u>\$ 154,044</u>	<u>\$ 101,380</u>	<u>\$ 77,759</u>	<u>\$ (38,906)</u>	<u>\$ 152,703</u>
Selected ratios:							
Losses and loss expenses	47.2%	122.9%	17.1%	23.0%	25.1%	86.6%	28.6%
Policy acquisition costs	14.5%	15.3%	14.4%	16.3%	17.8%	14.9%	17.1%
General and administrative expenses (b)	4.9%	6.3%	8.7%	9.9%	9.6%	5.6%	9.2%
Expense ratio	19.4%	21.6%	23.1%	26.2%	27.4%	20.5%	26.3%
Combined ratio	<u>66.6%</u>	<u>144.5%</u>	<u>40.2%</u>	<u>49.2%</u>	<u>52.5%</u>	<u>107.1%</u>	<u>54.9%</u>

Notes:

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

(b) The general and administrative ratio includes share compensation expenses.



Validus Holdings, Ltd.

Underwriting Income - Talbot

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

	Three Months Ended				Six Months Ended		
	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	June 30, 2010	June 30, 2009
Underwriting income							
Gross premiums written	\$ 253,710	\$ 270,541	\$ 229,548	\$ 227,325	\$ 235,113	\$ 524,251	\$ 463,033
Reinsurance premiums ceded	(47,728)	(117,531)	(37,694)	(50,253)	(28,862)	(165,259)	(116,239)
Net premiums written	205,982	153,010	191,854	177,072	206,251	358,992	346,794
Change in unearned premiums	(30,079)	20,763	(21,591)	(2,123)	(41,748)	(9,316)	(37,979)
Net premiums earned	175,903	173,773	170,263	174,949	164,503	349,676	308,815
Underwriting deductions							
Losses and loss expenses	71,101	129,611	88,886	88,165	83,630	200,712	160,002
Policy acquisition costs	38,647	34,945	37,555	33,106	36,114	73,592	69,271
General and administrative expenses	24,960	25,548	30,787	23,424	21,927	50,508	42,141
Share compensation expenses	1,468	1,559	1,367	1,371	2,098	3,027	4,433
Total underwriting deductions	136,176	191,663	158,595	146,066	143,769	327,839	275,847
Underwriting income (loss)	\$ 39,727	\$ (17,890)	\$ 11,668	\$ 28,883	\$ 20,734	\$ 21,837	\$ 32,968
Selected ratios:							
Losses and loss expenses	40.4%	74.6%	52.2%	50.4%	50.8%	57.4%	51.8%
Policy acquisition costs	22.0%	20.1%	22.1%	18.9%	22.0%	21.0%	22.4%
General and administrative expenses (a)	15.0%	15.6%	18.9%	14.2%	14.6%	15.3%	15.1%
Expense ratio	37.0%	35.7%	41.0%	33.1%	36.6%	36.3%	37.5%
Combined ratio	77.4%	110.3%	93.2%	83.5%	87.4%	93.7%	89.3%

Notes:

(a) The general and administrative ratio includes share compensation expenses.



Validus Holdings, Ltd.

Underwriting Income - Class of Business - Property

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

	Three Months Ended (a)				Six Months Ended (a)		
	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	June 30, 2009 (b)	
Underwriting income							
Net premiums written	\$ 286,463	\$ 435,464	\$ 52,595	\$ 85,014	\$ 198,204	\$ 721,927	\$ 463,154
Net premiums earned	223,597	249,485	240,787	177,916	143,843	473,082	293,959
Underwriting deductions							
Losses and loss expenses	70,055	373,735	30,130	24,049	24,105	443,790	58,803
Policy acquisition costs	33,006	39,314	33,494	26,437	23,592	72,320	49,380
Total underwriting deductions	103,061	413,049	63,624	50,486	47,697	516,110	108,183
Underwriting income (loss) before G&A	\$ 120,536	\$ (163,564)	\$ 177,163	\$ 127,430	\$ 96,146	\$ (43,028)	\$ 185,776
Selected underwriting ratios (c):							
Losses and loss expenses	31.3%	149.8%	12.5%	13.5%	16.8%	93.8%	20.0%
Policy acquisition costs	14.8%	15.8%	13.9%	14.9%	16.4%	15.3%	16.8%
Combined ratio before G&A	46.1%	165.6%	26.4%	28.4%	33.2%	109.1%	36.8%

Notes:

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

(b) During 2009, Nuclear and Agriculture were reclassified from Property to Specialty.

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



Validus Holdings, Ltd.

Underwriting Income - Class of Business - Marine

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

	Three Months Ended				Six Months Ended		
	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	June 30, 2009	
Underwriting income							
Net premiums written	\$ 81,455	\$ 245,001	\$ 57,617	\$ 89,268	\$ 81,798	\$ 326,456	\$ 268,939
Net premiums earned	111,565	104,253	93,693	114,114	100,953	215,818	189,254
Underwriting deductions							
Losses and loss expenses	84,830	57,646	54,333	74,766	49,099	142,476	113,628
Policy acquisition costs	23,021	18,204	21,780	21,586	23,590	41,225	42,929
Total underwriting deductions	107,851	75,850	76,113	96,352	72,689	183,701	156,557
Underwriting income before G&A	\$ 3,714	\$ 28,403	\$ 17,580	\$ 17,762	\$ 28,264	\$ 32,117	\$ 32,697
Selected underwriting ratios (a):							
Losses and loss expenses	76.0%	55.3%	58.0%	65.5%	48.6%	66.0%	60.0%
Policy acquisition costs	20.6%	17.5%	23.2%	18.9%	23.4%	19.1%	22.7%
Combined ratio before G&A	96.6%	72.8%	81.2%	84.4%	72.0%	85.1%	82.7%

Notes:

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



Validus Holdings, Ltd.

Underwriting Income - Class of Business - Specialty

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

	Three Months Ended (a)				Six Months Ended (a)		
	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	June 30, 2010	June 30, 2009 (b)
Underwriting income							
Net premiums written	\$ 81,217	\$ 99,730	\$ 114,686	\$ 89,059	\$ 82,739	\$ 180,947	\$ 168,028
Net premiums earned	102,782	103,956	93,421	82,687	83,404	206,738	163,746
Underwriting deductions							
Losses and loss expenses	40,009	47,150	48,557	35,337	51,547	87,159	84,154
Policy acquisition costs	20,599	20,930	19,369	17,731	18,052	41,529	34,659
Total underwriting deductions	60,608	68,080	67,926	53,068	69,599	128,688	118,813
Underwriting income before G&A	\$ 42,174	\$ 35,876	\$ 25,495	\$ 29,619	\$ 13,805	\$ 78,050	\$ 44,933
Selected underwriting ratios (c):							
Losses and loss expenses	38.9%	45.4%	52.0%	42.7%	61.8%	42.2%	51.4%
Policy acquisition costs	20.0%	20.1%	20.7%	21.4%	21.6%	20.1%	21.2%
Combined ratio before G&A	58.9%	65.5%	72.7%	64.1%	83.4%	62.3%	72.6%

Notes:

(a) For the Validus Re segment, the Specialty class includes Aerospace & Aviation, Agriculture, Financial lines of business, Life and A&H, Nuclear, Terrorism, Workers' Compensation and Crisis Management. For the Talbot segment, Specialty includes Accident & Health, Aviation (Direct & Other), Bloodstock, Contingency, Financial institutions and War.

(b) During 2009, Nuclear and Agriculture were reclassified from Property to Specialty.

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



Validus Holdings, Ltd.

Consolidated Analysis of Reserves for Losses and Loss Expenses

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

	At June 30, 2010 (a)			At December 31, 2009 (a)		
	Reserve for losses and loss expenses	Loss reserves recoverable	Net	Reserve for losses and loss expenses	Loss reserves recoverable	Net
Property (b)	\$ 959,360	\$ 42,481	\$ 916,879	\$ 704,653	\$ 38,251	\$ 666,402
Marine	610,413	87,954	522,459	575,900	84,178	491,722
Specialty (c)	408,357	63,169	345,188	341,581	59,336	282,245
Total	\$ 1,978,130	\$ 193,604	\$ 1,784,526	\$ 1,622,134	\$ 181,765	\$ 1,440,369

	At June 30, 2010 (a)			At December 31, 2009 (a)		
	Case Reserves	IBNR	Total Reserves	Case Reserves	IBNR	Total Reserves
Property (b)	\$ 487,032	\$ 472,328	\$ 959,360	\$ 365,858	\$ 338,795	\$ 704,653
Marine	314,443	295,970	610,413	321,844	254,056	575,900
Specialty (c)	150,746	257,611	408,357	143,623	197,958	341,581
Total	\$ 952,221	\$ 1,025,909	\$ 1,978,130	\$ 831,325	\$ 790,809	\$ 1,622,134
% of Total	48.1%	51.9%	100.0%	51.2%	48.8%	100.0%

Notes:

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

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

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



Validus Holdings, Ltd.

Consolidated Losses and Loss Ratios by Segment

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

	At or for the Three Months Ended							
	June 30, 2010 (a)				June 30, 2009 (a)			
	Validus Re	Talbot	Eliminations	Total	Validus Re	Talbot	Eliminations	Total
Gross reserves at period beginning	\$ 1,025,073	\$ 1,164,550	\$ (212,734)	\$ 1,976,889	\$ 527,475	\$ 810,143	\$ (18,886)	\$ 1,318,732
Losses recoverable	(57,480)	(354,210)	212,734	(198,956)	(78,687)	(144,396)	18,886	(204,197)
Net reserves at period beginning	967,593	810,340	-	1,777,933	448,788	665,747	-	1,114,535
Incurred losses- current year	141,670	102,787	-	244,457	44,080	93,896	-	137,976
Change in prior accident years	(17,877)	(31,686)	-	(49,563)	(2,959)	(10,266)	-	(13,225)
Incurred losses	123,793	71,101	-	194,894	41,121	83,630	-	124,751
Foreign exchange	(9,471)	(398)	-	(9,869)	3,073	25,296	-	28,369
Paid losses	(112,582)	(65,850)	-	(178,432)	(65,440)	(59,946)	-	(125,386)
Net reserves at period end	969,333	815,193	-	1,784,526	427,542	714,727	-	1,142,269
Losses recoverable	60,145	327,522	(194,063)	193,604	61,798	130,810	(22,942)	169,666
Gross reserves at period end	\$ 1,029,478	\$ 1,142,715	\$ (194,063)	\$ 1,978,130	\$ 489,340	\$ 845,537	\$ (22,942)	\$ 1,311,935
Net premiums earned	\$ 262,041	\$ 175,903	\$	\$ 437,944	\$ 163,697	\$ 164,503	\$	\$ 328,200
Current year loss ratio	54.1%	58.4%		55.8%	26.9%	57.0%		42.0%
Prior accident year adjustments	-6.9%	-18.0%		-11.3%	-1.8%	-6.2%		-4.0%
Net loss ratio	47.2%	40.4%		44.5%	25.1%	50.8%		38.0%
Paid to incurred	90.9%	92.6%		91.6%	159.1%	71.7%		100.5%

	At or for the Six Months Ended							
	June 30, 2010 (a)				June 30, 2009 (a)			
	Validus Re	Talbot	Eliminations	Total	Validus Re	Talbot	Eliminations	Total
Gross reserves at period beginning	\$ 742,510	\$ 903,986	\$ (24,362)	1,622,134	\$ 535,888	\$ 790,199	\$ (20,784)	\$ 1,305,303
Losses recoverable	(49,808)	(156,319)	24,362	(181,765)	(84,523)	(145,057)	20,784	(208,796)
Net reserves at period beginning	692,702	747,667	-	1,440,369	451,365	645,142	-	1,096,507
Incurred losses- current year	502,068	247,649	-	749,717	101,404	176,485	-	277,889
Change in prior accident years	(29,355)	(46,937)	-	(76,292)	(4,821)	(16,483)	-	(21,304)
Incurred losses	472,713	200,712	-	673,425	96,583	160,002	-	256,585
Foreign exchange	(13,044)	(10,140)	-	(23,184)	2,584	23,850	-	26,434
Paid losses	(183,038)	(123,046)	-	(306,084)	(122,990)	(114,267)	-	(237,257)
Net reserves at period end	969,333	815,193	-	1,784,526	427,542	714,727	-	1,142,269
Losses recoverable	60,145	327,522	(194,063)	193,604	61,798	130,810	(22,942)	169,666
Gross reserves at period end	\$ 1,029,478	\$ 1,142,715	\$ (194,063)	\$ 1,978,130	\$ 489,340	\$ 845,537	\$ (22,942)	\$ 1,311,935
Net premiums earned	\$ 545,962	\$ 349,676	\$	\$ 895,638	\$ 338,144	\$ 308,815	\$	\$ 646,959
Current year loss ratio	92.0%	70.8%		83.7%	30.0%	57.1%		43.0%
Prior accident year adjustments	-5.4%	-13.4%		-8.5%	-1.4%	-5.3%		-3.3%
Net loss ratio	86.6%	57.4%		75.2%	28.6%	51.8%		39.7%
Paid to incurred	38.7%	61.3%		45.5%	127.3%	71.4%		92.5%

Notes:

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



Validus Holdings, Ltd.

Losses and Loss Ratios by Classes of Business - Validus Re

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

	At or for the Three Months Ended							
	June 30, 2010 (a)				June 30, 2009 (a)			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Gross reserves at period beginning	\$ 763,859	\$ 182,964	\$ 78,250	\$ 1,025,073	\$ 294,929	\$ 201,251	\$ 31,295	\$ 527,475
Losses recoverable	(21,844)	(35,099)	(537)	(57,480)	(12,843)	(65,844)	-	(78,687)
Net reserves at period beginning	742,015	147,865	77,713	967,593	282,086	135,407	31,295	448,788
Incurred losses- current year	75,660	56,597	9,413	141,670	23,363	13,318	7,399	44,080
Change in prior accident years	(13,597)	(3,650)	(630)	(17,877)	(2,982)	23	-	(2,959)
Incurred losses	62,063	52,947	8,783	123,793	20,381	13,341	7,399	41,121
Foreign exchange	(9,296)	(128)	(47)	(9,471)	2,954	84	35	3,073
Paid losses	(65,876)	(45,205)	(1,501)	(112,582)	(40,941)	(17,532)	(6,967)	(65,440)
Net reserves at period end	728,906	155,479	84,948	969,333	264,480	131,300	31,762	427,542
Losses recoverable	12,196	47,412	537	60,145	12,737	49,061	-	61,798
Gross reserves at period end	\$ 741,102	\$ 202,891	\$ 85,485	\$ 1,029,478	\$ 277,217	\$ 180,361	\$ 31,762	\$ 489,340
Net premiums earned	\$ 186,444	\$ 48,154	\$ 27,443	\$ 262,041	\$ 110,185	\$ 33,584	\$ 19,928	\$ 163,697
Current year loss ratio	40.6%	117.5%	34.3%	54.1%	21.2%	39.7%	37.1%	26.9%
Prior accident year adjustments	-7.3%	-7.5%	-2.3%	-6.9%	-2.7%	0.0%	0.0%	-1.8%
Net loss ratio	<u>33.3%</u>	<u>110.0%</u>	<u>32.0%</u>	<u>47.2%</u>	<u>18.5%</u>	<u>39.7%</u>	<u>37.1%</u>	<u>25.1%</u>
Paid to incurred	106.1%	85.4%	17.1%	90.9%	200.9%	131.4%	94.2%	159.1%

	At or for the Six Months Ended							
	June 30, 2010 (a)				June 30, 2009 (a)			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Gross reserves at period beginning	\$ 489,960	\$ 176,648	\$ 75,902	742,510	311,685	190,104	34,099	535,888
Losses recoverable	(10,494)	(37,740)	(1,574)	(49,808)	(14,058)	(70,465)	-	(84,523)
Net reserves at period beginning	479,466	138,908	74,328	692,702	297,627	119,639	34,099	451,365
Incurred losses- current year	397,455	83,920	20,693	502,068	54,991	33,559	12,854	101,404
Change in prior accident years	(21,891)	(7,625)	161	(29,355)	(7,971)	4,952	(1,802)	(4,821)
Incurred losses	375,564	76,295	20,854	472,713	47,020	38,511	11,052	96,583
Foreign exchange	(12,771)	(188)	(85)	(13,044)	2,614	(57)	27	2,584
Paid losses	(113,354)	(59,536)	(10,148)	(183,038)	(82,781)	(26,793)	(13,416)	(122,990)
Net reserves at period end	728,905	155,479	84,949	969,333	264,480	131,300	31,762	427,542
Losses recoverable	12,196	47,412	537	60,145	12,737	49,061	-	61,798
Gross reserves at period end	\$ 741,101	\$ 202,891	\$ 85,486	\$ 1,029,478	\$ 277,217	\$ 180,361	\$ 31,762	\$ 489,340
Net premiums earned	\$ 397,887	\$ 89,183	\$ 58,892	\$ 545,962	\$ 232,649	\$ 58,988	\$ 46,507	\$ 338,144
Current year loss ratio	99.9%	94.1%	35.1%	92.0%	23.6%	56.9%	27.7%	30.0%
Prior accident year adjustments	-5.5%	-8.6%	0.3%	-5.4%	-3.4%	8.4%	-3.9%	-1.4%
Net loss ratio	<u>94.4%</u>	<u>85.5%</u>	<u>35.4%</u>	<u>86.6%</u>	<u>20.2%</u>	<u>65.3%</u>	<u>23.8%</u>	<u>28.6%</u>
Paid to incurred	30.2%	78.0%	48.7%	38.7%	176.1%	69.6%	121.4%	127.3%

Notes:

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

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



Validus Holdings, Ltd.

Losses and Loss Ratios by Classes of Business - Talbot

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

	At or for the Three Months Ended							
	June 30, 2010				June 30, 2009			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Gross reserves at period beginning	\$ 429,902	\$ 422,795	\$ 311,853	\$ 1,164,550	\$ 163,393	\$ 423,177	\$ 223,573	\$ 810,143
Losses recoverable	(231,236)	(60,005)	(62,969)	(354,210)	(10,198)	(101,932)	(32,266)	(144,396)
Net reserves at period beginning	198,666	362,790	248,884	810,340	153,195	321,245	191,307	665,747
Incurred losses- current year	17,827	42,699	42,261	102,787	11,617	40,297	41,982	93,896
Change in prior accident years	(9,835)	(10,816)	(11,035)	(31,686)	(7,893)	(4,539)	2,166	(10,266)
Incurred losses	7,992	31,883	31,226	71,101	3,724	35,758	44,148	83,630
Foreign exchange	(163)	(169)	(67)	(399)	4,677	11,285	9,334	25,296
Paid losses	(18,523)	(27,523)	(19,803)	(65,849)	(12,750)	(32,248)	(14,948)	(59,946)
Net reserves at period end	187,972	366,981	260,240	815,193	148,846	336,040	229,841	714,727
Losses recoverable	210,904	53,338	63,280	327,522	9,145	84,229	37,436	130,810
Gross reserves at period end	\$ 398,876	\$ 420,319	\$ 323,520	\$ 1,142,715	\$ 157,991	\$ 420,269	\$ 267,277	\$ 845,537
Net premiums earned	\$ 37,152	\$ 63,413	\$ 75,338	\$ 175,903	\$ 33,658	\$ 67,369	\$ 63,476	\$ 164,503
Current year loss ratio	48.0%	67.3%	56.1%	58.4%	34.5%	59.8%	66.2%	57.0%
Prior accident year adjustments	-26.5%	-17.0%	-14.7%	-18.0%	-23.5%	-6.7%	3.4%	-6.2%
Net loss ratio	21.5%	50.3%	41.4%	40.4%	11.0%	53.1%	69.6%	50.8%
Paid to incurred	231.8%	86.3%	63.4%	92.6%	342.4%	90.2%	33.9%	71.7%

	At or for the Six Months Ended							
	June 30, 2010				June 30, 2009			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Gross reserves at period beginning	\$ 188,041	\$ 417,365	\$ 298,580	\$ 903,986	\$ 170,277	\$ 415,408	\$ 204,514	\$ 790,199
Losses recoverable	(36,674)	(59,788)	(59,857)	(156,319)	(9,263)	(103,937)	(31,857)	(145,057)
Net reserves at period beginning	151,367	357,577	238,723	747,667	161,014	311,471	172,657	645,142
Incurred losses- current year	82,280	85,574	79,795	247,649	28,083	78,921	69,481	176,485
Change in prior accident years	(14,054)	(19,393)	(13,490)	(46,937)	(16,300)	(3,804)	3,621	(16,483)
Incurred losses	68,226	66,181	66,305	200,712	11,783	75,117	73,102	160,002
Foreign exchange	(1,753)	(4,356)	(4,031)	(10,140)	4,301	10,711	8,838	23,850
Paid losses	(29,868)	(52,421)	(40,757)	(123,046)	(28,252)	(61,259)	(24,756)	(114,267)
Net reserves at period end	187,972	366,981	260,240	815,193	148,846	336,040	229,841	714,727
Losses recoverable	210,904	53,338	63,280	327,522	9,145	84,229	37,436	130,810
Gross reserves at period end	\$ 398,876	\$ 420,319	\$ 323,520	\$ 1,142,715	\$ 157,991	\$ 420,269	\$ 267,277	\$ 845,537
Net premiums earned	\$ 75,195	\$ 126,635	\$ 147,846	\$ 349,676	\$ 61,310	\$ 130,266	\$ 117,239	\$ 308,815
Current year loss ratio	109.4%	67.6%	54.0%	70.8%	45.8%	60.6%	59.3%	57.1%
Prior accident year adjustments	-18.7%	-15.3%	-9.2%	-13.4%	-26.6%	-2.9%	3.1%	-5.3%
Net loss ratio	90.7%	52.3%	44.8%	57.4%	19.2%	57.7%	62.4%	51.8%
Paid to incurred	43.8%	79.2%	61.5%	61.3%	239.8%	81.6%	33.9%	71.4%

Notes:

(a) For the Talbot segment, Specialty includes Accident, Health, Aviation (Direct & Other), Bloodstock, Contingency, Financial institutions, Political Violence, Political Risk, War and other classes. The Property class includes Onshore Energy.



Validus Holdings, Ltd.

Consolidated Reinsurance Recoverable Analysis

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

Consolidated Reinsurance Recoverable at June 30, 2010

Categories	Reinsurance		Top 10 Reinsurers	Rating (b)	Reinsurance	
	Recoverable (a)	%			Recoverable (a)	%
Top 10 reinsurers	\$ 169,005	77.6%	Fully collateralized reinsurers	NR	\$ 40,591	24.0%
Other reinsurers' balances > \$1 million	38,635	17.8%	Lloyd's Syndicates	A+	37,641	22.3%
Other reinsurers' balances < \$1 million	10,097	4.6%	Hannover Re	AA-	14,973	8.9%
Total	\$ 217,737	100.0%	Montpelier Re	A-	15,000	8.9%
			Munich Re	AA-	12,276	7.3%
			Tokio Millenium	AA	10,000	5.9%
			Flagstone	A-	9,745	5.8%
			Transatlantic Re	A+	9,711	5.7%
			Everest Re	A-	9,695	5.7%
			Aspen	A	9,373	5.5%
			Total		\$ 169,005	100.0%

Consolidated Reinsurance Recoverable at December 31, 2009

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

Notes:

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

(b) 99.2% of Reinsurance Recoverable at June 30, 2010 were from reinsurers rated A- or better by internationally recognized rating agencies, or, were fully collateralized.



Validus Holdings, Ltd.

Consolidated Investment Portfolio Composition and Net Investment Income

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

Investment portfolio	June 30, 2010 (a)		December 31, 2009 (a)	
	Fair Value	%	Fair Value	%
U.S. Government and Government Agency	\$ 1,751,516	30.4%	\$ 1,918,811	33.2%
Non-U.S. Government and Government Agency	662,062	11.5%	673,680	11.7%
States, municipalities, political subdivision	27,210	0.5%	19,359	0.3%
Agency residential mortgage-backed securities	500,018	8.7%	551,610	9.5%
Non-Agency residential mortgage-backed securities	127,322	2.2%	137,569	2.4%
U.S. corporate	1,294,383	22.4%	1,027,225	17.8%
Non-U.S. corporate	432,711	7.5%	409,398	7.1%
Catastrophe bonds	63,164	1.1%	52,351	1.0%
Asset-backed securities	88,270	1.5%	36,712	0.6%
Commercial mortgage-backed securities	28,363	0.5%	42,663	0.7%
Total fixed maturities	4,975,019	86.3%	4,869,378	84.3%
Total short-term investments	269,782	4.7%	481,766	8.3%
Total other investments	26,068	0.5%	37,615	0.7%
Total investments	5,270,869	91.5%	5,388,759	93.3%
Cash and cash equivalents	492,489	8.5%	387,585	6.7%
Total cash and cash equivalents, and investments	\$ 5,763,358	100.0%	\$ 5,776,344	100.0%

Net investment income	Three Months Ended (a)		Six Months Ended (a)	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Fixed maturities and short-term investments	\$ 36,346	\$ 26,396	\$ 72,101	\$ 52,914
Cash and cash equivalents	311	1,120	897	1,881
Securities lending income	49	173	119	512
Total gross investment income	36,706	27,689	73,117	55,307
Investment expenses	(1,897)	(726)	(4,009)	(1,572)
Net investment income	\$ 34,809	\$ 26,963	\$ 69,108	\$ 53,735

Annualized effective investment yield (b)	<u>2.37%</u>	<u>3.08%</u>	<u>2.36%</u>	<u>3.14%</u>
---	--------------	--------------	--------------	--------------

Notes:

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

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



Validus Holdings, Ltd.

Consolidated Fixed Maturity Portfolio Credit Quality and Maturity Profile

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

Fixed maturities - Credit Quality	June 30, 2010 (a)		December 31, 2009 (a)	
	Fair Value	%	Fair Value	%
AAA	\$ 3,111,753	62.5%	\$ 3,287,879	67.5%
AA	490,443	9.9%	487,364	10.0%
A	1,158,636	23.3%	925,532	19.0%
BBB	49,042	1.0%	14,416	0.3%
Investment grade	<u>4,809,874</u>	<u>96.7%</u>	<u>4,715,191</u>	<u>96.8%</u>
BB	52,701	1.0%	45,191	0.9%
B	35,087	0.7%	59,116	1.2%
CCC	72,574	1.5%	45,194	1.0%
D/NR	4,783	0.1%	4,686	0.1%
Non-Investment grade	<u>165,145</u>	<u>3.3%</u>	<u>154,187</u>	<u>3.2%</u>
Total fixed maturities	<u>\$ 4,975,019</u>	<u>100.0%</u>	<u>\$ 4,869,378</u>	<u>100.0%</u>

Fixed maturities - Maturity Profile	June 30, 2010		December 31, 2009	
	Fair Value	%	Fair Value	%
Due in one year or less	\$ 453,706	9.1%	\$ 270,688	5.6%
Due after one year through five years	3,602,572	72.4%	3,521,167	72.2%
Due after five years through ten years	174,656	3.5%	306,502	6.3%
Due after ten years	112	0.0%	2,467	0.1%
	<u>4,231,046</u>	<u>85.0%</u>	<u>4,100,824</u>	<u>84.2%</u>
Asset-backed and mortgage backed securities	743,973	15.0%	768,554	15.8%
Total fixed maturities	<u>\$ 4,975,019</u>	<u>100.0%</u>	<u>\$ 4,869,378</u>	<u>100.0%</u>

Notes:

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



Validus Holdings, Ltd.

Top Ten Exposures to Fixed Income Corporate Issuers

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

Issuer (a)	June 30, 2010		
	Fair Value (b)	S&P Rating (c)	% of Total Cash and Investments
JP Morgan Chase & Co	\$ 87,936	A+	1.5%
Verizon Communications Inc	65,652	A	1.1%
General Electric Co	53,654	AA+	0.9%
Citigroup Inc	52,892	A	0.9%
Bank of America Corp	51,150	A	0.9%
Wells Fargo & Company	47,542	AA-	0.8%
Hewlett-Packard Company	44,369	A	0.8%
Pepsico Inc	44,238	A	0.8%
Rabobank Nederland NV	40,869	AAA	0.7%
The Southern Company	40,365	A	0.7%
Total	<u>\$ 528,667</u>		<u>9.1%</u>

Notes:

(a) Issuers exclude government-backed, government-sponsored enterprises and cash and cash equivalents.

(b) Credit exposures represent only direct exposure to fixed maturities and short-term investments of the parent issuer and its major subsidiaries. These exposures exclude asset and mortgage backed securities that were issued, sponsored or serviced by the parent.

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



Validus Holdings, Ltd.

Consolidated Agency Mortgage-Backed Portfolio

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

Agency Mortgage-Backed Securities	Government Rated				Total
	GNMA	FNMA	FHLMC	FDIC	
Vintage Year					
2004 and prior	\$ 49,761	\$ 39,434	\$ 13,615	\$ -	\$ 102,810
2005	4,854	40,500	14,084	-	59,438
2006	-	21,439	22,949	-	44,388
2007	1,074	58,465	58,465	-	118,004
2008	11,438	53,490	7,418	-	72,346
2009	68,801	15,816	4,479	-	89,096
2010	10,023	1,036	1,035	1,842	13,936
Total Agency MBS	145,951	230,180	122,045	1,842	500,018



Validus Holdings, Ltd.

Consolidated Non-Agency Mortgage-Backed and Asset-Backed Portfolio

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

	S&P Rating (a)						Total
	Gov't	AAA	AA	A	BBB	BB and below	
Non-Agency Residential Mortgage-Backed Securities							
Vintage year							
2004 and prior	-	\$ 3,559	\$ 1,260	\$ 2,538	\$ 1,596	-	\$ 8,953
2005	-	2,216	-	1,201	8,002	30,838	42,257
2006	-	-	-	-	-	25,232	25,232
2007	-	-	-	3,037	869	44,167	48,073
2010	-	2,807	-	-	-	-	2,807
Total Non-Agency RMBS	-	8,582	1,260	6,776	10,467	100,237	127,322
Commercial Mortgage-Backed Securities							
Vintage year							
2004 and prior	-	21,672	-	-	-	-	21,672
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	5,850	-	-	-	-	5,850
2008	841	-	-	-	-	-	841
Total Commercial Mortgage-Backed Securities	841	27,522	-	-	-	-	28,363
Total Non-agency RMBS and Commercial MBS	\$ 841	\$ 36,104	\$ 1,260	\$ 6,776	\$ 10,467	\$ 100,237	\$ 155,685
Asset-Backed Securities							
Sub-Prime	-	\$ 1,274	-	\$ 1,800	-	-	\$ 3,074
Credit Cards	-	\$ 8,189	-	-	-	-	8,189
Autos	-	\$ 50,548	-	-	\$ 195	-	50,743
Student Loan	-	\$ 21,286	-	-	-	-	21,286
Stranded Cost & UK ABS	-	\$ 4,978	-	-	-	-	4,978
Total Asset-Backed Securities	\$ -	\$ 86,275	\$ -	\$ 1,800	\$ 195	\$ -	\$ 88,270

Notes:

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



Validus Holdings, Ltd.

Capitalization

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

Capitalization	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Borrowings drawn under credit facility	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Senior Notes (a)	246,820	246,793	-	-	-	-
Junior Subordinated Deferrable Debentures (JSDs) (b)	289,800	289,800	289,800	304,300	304,300	304,300
Total debt	<u>536,620</u>	<u>536,593</u>	<u>289,800</u>	<u>304,300</u>	<u>304,300</u>	<u>304,300</u>
Ordinary shares- capital and surplus	3,609,652	3,766,223	4,035,971	3,971,168	2,156,030	2,031,040
Accumulated other comprehensive (loss)	(6,726)	(6,658)	(4,851)	(4,976)	(4,061)	(8,054)
Total shareholders' equity	<u>3,602,926</u>	<u>3,759,565</u>	<u>4,031,120</u>	<u>3,966,192</u>	<u>2,151,969</u>	<u>2,022,986</u>
Total capitalization (c)	<u>\$ 4,139,546</u>	<u>\$ 4,296,158</u>	<u>\$ 4,320,920</u>	<u>\$ 4,270,492</u>	<u>\$ 2,456,269</u>	<u>\$ 2,327,286</u>
Debt to total capitalization	<u>13.0%</u>	<u>12.5%</u>	<u>6.7%</u>	<u>7.1%</u>	<u>12.4%</u>	<u>13.1%</u>
Debt (excluding JSDs) to total capitalization	<u>6.0%</u>	<u>5.7%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

Notes:

(a) On January 21, 2010, the Company offered and sold \$250.0 million of Senior Notes due 2040 (the "8.875% Senior Notes") in a registered public offering. The 8.875% Senior Notes mature on January 26, 2040, and are redeemable at the Company's option in whole any time or in part from time to time at a make-whole redemption price. Interest on the 8.875% Senior Notes is payable at 8.875% per annum through January 26, 2040. Interest on the Notes is payable semi-annually in arrears on January 26 and July 26 of each year, commencing on July 26, 2010. The net proceeds of \$244.0 million from the sale of the 8.875% Senior Notes, after the deduction of commissions paid to the underwriters in the transaction and other expenses, was used by the Company for general corporate purposes, which included the repurchase of our outstanding capital stock and dividends to our shareholders.

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

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



Validus Holdings, Ltd.

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

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

Probable Maximum Losses by Zone and Peril

		Consolidated (Validus Re and Talbot) Estimated Net Loss				Validus Re Net
Zones	Perils	20 year return period	50 year return period	100 year return period	250 year return period	Maximum Zonal Aggregate
United States	Hurricane	\$ 384,816	\$ 647,884	\$ 885,635	\$ 1,159,380	\$ 2,033,036
California	Earthquake	91,427	290,642	446,819	609,456	2,011,352
Europe	Windstorm	194,837	428,839	624,516	852,698	1,730,066
Japan	Earthquake	36,065	118,857	150,818	230,630	704,123
Japan	Typhoon	66,336	155,620	227,780	305,968	659,159

Net loss estimates and zonal aggregates are before income tax, net of reinstatement premiums, and net of reinsurance and retrocessional recoveries. The estimates set forth above are based on an Occurrence basis on assumptions that are inherently subject to significant uncertainties and contingencies. These uncertainties and contingencies can affect actual losses and could cause actual losses to differ materially from those expressed above. In particular, modeled loss estimates do not necessarily accurately predict actual losses, and may significantly mis-estimate actual losses. Such estimates, therefore, should not be considered as a representation of actual losses.

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

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



Validus Holdings, Ltd.

Estimated Exposures to Specified Loss Scenarios - As of July 1, 2010

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

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

Type	Catastrophe Scenarios		% of latest 12 Months	
			Estimated Consolidated (Validus Re and Talbot) Net Loss	Consolidated Pro Forma Net Premiums Earned
Terrorism	Rockefeller Center	Midtown Manhattan suffers a 2-ton conventional bomb blast	\$ 150.5	8.5%
Terrorism	Exchange Place	Lower Manhattan suffers a 2-ton conventional bomb blast	108.0	6.1%
Marine	Marine collision in Prince William Sound	Fully laden tanker collides with a cruise vessel in Prince William Sound	187.4	10.6%
Marine	Major cruise vessel incident	U.S.-owned cruise vessel sunk or severely damaged	127.2	7.2%
Marine	Loss of major complex	Total loss to all platforms and bridge links of a major oil complex	156.2	8.8%
Aviation	Aviation collision	Collision of two aircraft over a major city	98.2	5.6%
Satellite	Proton flare	Large single or sequence of proton flares results in loss to all satellites in synchronous orbit	21.6	1.2%
Satellite	Generic defect	Undetected defect in a number of operational satellites causing major loss	38.5	2.2%
Liability	Professional lines	Failure or collapse of a major corporation	48.4	2.7%
Liability	Professional lines	UK pensions mis-selling	22.1	1.3%
Political Risks	South East Asia	Chinese economy has a "hard landing" with sharp fall in growth rates; regional contagion	27.1	1.5%
Political Risks	South America	Severe economic crisis in Brazil due to political upheaval; regional contagion	25.7	1.5%
Political Risks	Middle East	U.S. and Iran escalate into military confrontation; regional contagion	13.9	0.8%
Political Risks	Russia	The Russian corporate sector struggles to deal with the effects of crashing commodity and stock prices	23.4	1.3%
Political Risks	Turkey	Severe economic crisis in Turkey due to political upheaval	27.3	1.5%

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

The Consolidated Pro Forma Net Premiums Earned used in the calculation represent the latest 12 months of net premiums earned from July 1, 2009 and are on a pro forma basis, including IPC earned premiums.

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

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

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



Validus Holdings, Ltd.

Non-GAAP Financial Measure Reconciliation

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

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

	Three Months Ended		Six Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Net income	\$ 179,782	\$ 137,563	\$ 61,404	\$ 232,470
Adjustments for:				
Transaction expenses (a)	-	15,851	-	15,851
Net realized (gains) losses on investments	(12,441)	2,650	(23,839)	26,071
Net unrealized (gains) on investments	(41,640)	(37,249)	(57,053)	(59,402)
Foreign exchange losses (gains)	4,099	(8,432)	12,863	(4,232)
Net operating income (loss)	\$ 129,800	\$ 110,383	\$ (6,625)	\$ 210,758
less: Dividends and distributions declared on outstanding warrants	(1,749)	(1,590)	(3,498)	(3,326)
Net operating income (loss), adjusted	<u>\$ 128,051</u>	<u>\$ 108,793</u>	<u>\$ (10,123)</u>	<u>\$ 207,432</u>
Net income per share - diluted	\$ 1.44	\$ 1.74	\$ 0.46	\$ 2.94
Adjustments for:				
Transaction expenses (a)	-	0.20	-	0.20
Net realized (gains) losses on investments	(0.10)	0.03	(0.19)	0.33
Net unrealized (gains) on investments	(0.33)	(0.47)	(0.45)	(0.75)
Foreign exchange losses (gains)	0.03	(0.10)	0.10	(0.05)
Net operating income (loss) per share - diluted	<u>\$ 1.04</u>	<u>\$ 1.40</u>	<u>\$ (0.08)</u>	<u>\$ 2.67</u>
Weighted average number of common shares and common share equivalents - diluted	<u>125,152,300</u>	<u>78,942,065</u>	<u>128,182,164</u>	<u>79,022,355</u>
Average shareholders' equity	<u>3,681,246</u>	<u>2,087,478</u>	<u>3,797,870</u>	<u>2,037,896</u>
Annualized operating return on average equity	<u>14.1%</u>	<u>21.2%</u>	<u>-0.3%</u>	<u>20.7%</u>

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