



Validus Holdings, Ltd.

Investor Financial Supplement - Third Quarter 2010

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29 Richmond Road
Pembroke, HM08 Bermuda
Telephone: (441) 278-9000
Facsimile: (441) 278-9009
Website: www.validusholdings.com
Mailing address: Suite 1790 48 Par-la-ville Road
Hamilton, HM11 Bermuda



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**Validus Holdings, Ltd.
Explanatory Notes**

Basis of Presentation

- All financial information contained herein is unaudited, however, certain information contained herein relating to the years ended December 31, 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.
- Underwriting income is a measure of profitability that takes into account net premiums earned and other insurance related income as revenue and net loss and loss expenses, acquisition costs and underwriting related general and administrative expenses as expenses. Underwriting income is the difference between revenues and expense items. A reconciliation of underwriting income to net income, the most comparable U.S. GAAP financial measure is presented in the 'Consolidated Statement of Operations - Underwriting Income Format' contained herein.
- Annualized effective investment yield is calculated by dividing the investment income generated from invested assets and other investments by the average balance of the assets managed by our portfolio managers and our other investments during the period. Percentages for the quarter periods are annualized
- Annualized return on average equity represents the level of net income available to the shareholders generated from average shareholders' equity during the period. Average shareholders' equity is the average of the beginning, ending and intervening quarter end shareholders' equity balances. Percentages for the quarter periods are annualized.
- Annualized net 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.

Consolidated Financial Highlights

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

		Three Months Ended				Nine Months Ended			
		September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	September 30, 2010	September 30, 2009	
Highlights	Net income (loss)	\$ 238,473	\$ 179,782	\$ (118,378)	\$ 165,759	\$ 499,178	\$ 299,877	\$ 731,647	
	Net operating income (loss) (a)	173,037	129,800	(136,425)	176,921	145,606	166,412	356,363	
	Gross premiums written	344,040	516,861	870,934	255,289	331,028	1,731,835	1,365,951	
	Net premiums earned	432,674	437,944	457,694	427,901	374,717	1,328,312	1,021,676	
	Total assets	7,503,242	7,614,623	7,632,576	7,019,140	7,177,071	7,503,242	7,177,071	
	Total shareholders' equity	3,761,285	3,602,926	3,759,565	4,031,120	3,966,192	3,761,285	3,966,192	
Per share data	<u>Earnings per basic share (b)</u>								
	Net income (loss)	\$ 2.14	\$ 1.47	\$ (0.95)	\$ 1.26	\$ 5.38	\$ 2.47	\$ 8.92	
	Net operating income (loss)	1.55	1.06	(1.09)	1.34	1.56	1.35	4.31	
	<u>Earnings per diluted share (b)</u>								
	Net income (loss)	\$ 2.08	\$ 1.44	\$ (0.95)	\$ 1.23	\$ 5.21	\$ 2.42	\$ 8.65	
	Net operating income (loss)	1.51	1.04	(1.09)	1.31	1.52	1.34	4.21	
	<u>Book value per share</u>								
	Reported	\$ 34.43	\$ 32.34	\$ 30.34	\$ 31.38	\$ 30.25	\$ 34.43	\$ 30.25	
	With investments at amortized cost	33.60	31.94	30.31	31.42	30.10	33.60	30.10	
	<u>Diluted book value per share (b)</u>								
	Reported	\$ 32.02	\$ 30.30	\$ 28.66	\$ 29.68	\$ 28.61	\$ 32.02	\$ 28.61	
	With investments at amortized cost	31.29	29.94	28.63	29.72	28.48	31.29	28.48	
	<u>Diluted book value per common share plus accumulated dividends</u>	\$ 34.28	\$ 32.34	\$ 30.48	\$ 31.28	\$ 30.01	\$ 34.28	\$ 30.01	
Financial ratios	Losses and loss expense ratio	36.7%	44.5%	104.6%	31.1%	35.8%	62.7%	38.2%	
	Policy acquisition costs ratio	15.5%	16.9%	16.6%	17.0%	17.1%	16.4%	18.6%	
	General and administration expenses ratio	<u>13.0%</u>	<u>13.5%</u>	<u>13.1%</u>	<u>16.0%</u>	<u>13.8%</u>	<u>13.2%</u>	<u>14.1%</u>	
	Expense ratio	<u>28.5%</u>	<u>30.4%</u>	<u>29.7%</u>	<u>33.0%</u>	<u>30.9%</u>	<u>29.6%</u>	<u>32.7%</u>	
	Combined ratio	<u>65.2%</u>	<u>74.9%</u>	<u>134.3%</u>	<u>64.1%</u>	<u>66.7%</u>	<u>92.3%</u>	<u>70.9%</u>	
	Annualized return on average equity (c)	25.9%	19.5%	(12.2)%	16.6%	65.3%	10.6%	38.7%	
	Annualized net operating return on average equity (d)	18.8%	14.1%	(14.0)%	17.7%	19.0%	5.9%	18.9%	

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 net 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)

	September 30, 2010	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	\$ 5,200,285	\$ 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	228,356	269,782	308,502	481,766	594,581	323,940	282,363	377,036
Other investments, at fair value	19,888	26,068	34,398	37,615	129,012	-	-	-
Cash and cash equivalents	518,770	492,489	478,476	387,585	393,788	390,090	535,798	449,848
Total investments and cash	5,967,299	5,763,358	6,002,418	5,776,344	5,707,524	3,530,566	3,462,657	3,281,385
Premiums receivable	745,968	931,670	803,921	551,616	723,029	679,189	600,943	408,259
Deferred acquisition costs	151,701	165,957	165,158	112,329	139,157	145,615	143,510	108,156
Prepaid reinsurance premiums	88,651	185,771	103,950	73,164	101,711	87,798	59,510	22,459
Securities lending collateral	33,135	99,224	99,230	90,350	100,053	166,496	99,727	98,954
Loss reserves recoverable	268,821	193,604	198,956	181,765	172,101	169,666	204,197	208,796
Paid losses recoverable	19,560	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	1,027	1,171	2,261	2,043	3,027	1,876	1,244	1,365
Intangible assets	119,935	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	20,393
Accrued investment income	41,464	38,643	42,867	38,077	43,190	19,636	20,511	20,433
Other assets	45,288	44,182	39,267	35,222	32,726	25,455	19,491	23,185
Total assets	\$ 7,503,242	\$ 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	\$ 2,020,845	\$ 1,978,130	\$ 1,976,889	\$ 1,622,134	\$ 1,624,743	\$ 1,311,935	\$ 1,318,732	\$ 1,305,303
Unearned premiums	955,236	1,176,603	1,083,591	724,104	955,049	856,138	795,233	539,450
Reinsurance balances payable	60,561	98,740	44,715	65,414	40,879	101,004	66,180	33,042
Securities lending payable	33,905	100,000	100,000	90,106	101,040	168,923	105,369	105,688
Deferred income taxes	23,827	26,200	24,104	24,508	26,110	22,163	20,914	21,779
Net payable for investments purchased	14,415	-	-	44,145	39,224	16,346	57,434	-
Accounts payable and accrued expenses	96,521	95,404	107,119	127,809	119,534	75,672	71,650	74,184
Senior notes payable	246,847	246,820	246,793	-	-	-	-	-
Debentures payable	289,800	289,800	289,800	289,800	304,300	304,300	304,300	304,300
Total liabilities	3,741,957	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	\$ 23,154	\$ 23,101	\$ 23,081	\$ 23,033	\$ 22,944	\$ 13,327	\$ 13,271	\$ 13,235
Treasury shares	(4,037)	(3,605)	(1,397)	(553)	-	-	-	-
Additional paid-in-capital	2,193,140	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)	(4,945)	(6,726)	(6,658)	(4,851)	(4,976)	(4,061)	(8,054)	(7,858)
Retained earnings	1,553,973	1,342,161	1,189,296	1,337,811	1,200,103	718,325	598,167	520,722
Total shareholders' equity	3,761,285	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	\$ 7,503,242	\$ 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	\$ 34.43	\$ 32.34	\$ 30.34	\$ 31.38	\$ 30.25	\$ 28.26	\$ 26.68	\$ 25.64
Diluted book value per common share	\$ 32.02	\$ 30.30	\$ 28.66	\$ 29.68	\$ 28.61	\$ 26.08	\$ 24.65	\$ 23.78
Diluted book value per common share plus accumulated dividends	\$ 34.28	\$ 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 September 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	\$ 3,761,285	109,237,890		\$ <u>34.43</u>	\$ 4,031,120	128,459,478		\$ <u>31.38</u>
Diluted book value per common share								
Total shareholders' equity	\$ 3,761,285	109,237,890			\$ 4,031,120	128,459,478		
Assumed exercise of outstanding warrants (b)	139,400	7,942,120	\$ 17.55		139,576	7,952,138	\$ 17.55	
Assumed exercise of outstanding stock options (b)	63,790	3,215,198	\$ 19.84		65,159	3,278,015	\$ 19.88	
Unvested restricted shares	-	3,400,376			-	3,020,651		
Diluted book value per common share	\$ <u>3,964,475</u>	<u>123,795,584</u>		\$ <u>32.02</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	\$ 3,761,285				\$ 4,031,120			
Accumulated other comprehensive loss	4,945				4,851			
Unrealized (gain) loss on investments	(95,951)				209			
Total shareholders' equity, adjusted	\$ <u>3,670,279</u>	109,237,890		\$ <u>33.60</u>	\$ <u>4,036,180</u>	128,459,478		\$ <u>31.42</u>
Diluted book value per common share								
Total shareholders' equity, adjusted	\$ 3,670,279	109,237,890			\$ 4,036,180	128,459,478		
Assumed exercise of outstanding warrants (b)	139,400	7,942,120	\$ 17.55		139,576	7,952,138	\$ 17.55	
Assumed exercise of outstanding stock options (b)	63,790	3,215,198	\$ 19.84		65,159	3,278,015	\$ 19.88	
Unvested restricted shares	-	3,400,376			-	3,020,651		
Diluted book value per common share	\$ <u>3,873,469</u>	<u>123,795,584</u>		\$ <u>31.29</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					Nine Months Ended	
	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	September 30, 2010	September 30, 2009
Cash flows provided by (used in) operating activities							
Net income (loss)	\$ 238,473	\$ 179,782	\$ (118,378)	\$ 165,759	\$ 499,178	\$ 299,877	\$ 731,647
Adjustments to reconcile net income to cash provided by (used in) operating activities:							
Share compensation expenses	7,618	6,846	6,576	8,189	11,293	21,040	24,279
Realized gain on repurchase of debentures	-	-	-	(4,444)	-	-	-
Gain on bargain purchase	-	-	-	-	(352,349)	-	(352,349)
Amortization of discount on senior notes	27	27	-	-	-	54	-
Net realized (gains) losses on investments	(23,058)	(12,441)	(11,398)	(9,099)	(5,429)	(46,897)	20,642
Net unrealized (gains) losses on investments	(31,588)	(41,640)	(15,413)	25,042	(50,436)	(88,641)	(109,838)
Amortization of intangible assets	1,040	1,040	1,040	1,041	22,711	3,120	24,792
Foreign exchange (gains) losses on cash and cash equivalents included in net income	(20,561)	12,591	4,538	908	(894)	(3,432)	(10,487)
Amortization of premium on fixed maturities	14,526	4,697	3,713	7,308	4,846	22,936	8,969
Change in:							
Premiums receivable	188,732	(128,277)	(255,394)	171,170	130,187	(194,939)	(134,007)
Deferred acquisition costs	14,256	(799)	(52,829)	26,828	28,546	(39,372)	(8,914)
Prepaid reinsurance premiums	97,120	(81,821)	(30,786)	28,547	(12,085)	(15,487)	(75,617)
Loss reserves recoverable	(73,711)	5,383	(18,871)	(9,712)	(343)	(87,199)	42,634
Paid losses recoverable	4,585	(5,855)	(3,509)	(4,803)	25,462	(4,779)	(8,621)
Income taxes recoverable	159	901	(41)	940	(964)	1,019	(1,486)
Accrued investment income	(2,743)	4,222	(4,875)	5,110	(614)	(3,396)	66
Other assets	2,263	(4,993)	(6,557)	(3,065)	(815)	(9,287)	(557)
Reserve for losses and loss expenses	32,626	1,603	366,176	(1,337)	9,100	400,405	(8,900)
Unearned premiums	(221,367)	93,012	359,487	(230,945)	(106,590)	231,132	210,099
Reinsurance balances payable	(39,766)	54,443	(19,203)	24,830	(63,054)	(4,526)	3,903
Deferred income taxes	(2,060)	2,076	(624)	(1,642)	7,235	(608)	4,731
Accounts payable and accrued expenses	(1,489)	(11,181)	(19,686)	6,107	(6,412)	(32,356)	(12,602)
Net cash provided by operating activities	185,082	79,616	183,966	206,732	138,573	448,664	348,384
Cash flows provided by (used in) investing activities							
Proceeds on sales of investments	1,038,873	1,706,972	1,226,380	1,234,191	737,808	3,972,225	2,247,581
Proceeds on maturities of investments	73,532	85,296	113,341	101,965	154,844	272,169	466,065
Purchases of fixed maturities	(1,251,059)	(1,550,415)	(1,693,657)	(1,629,225)	(670,048)	(4,495,131)	(2,792,562)
Sales of short-term investments, net	41,539	38,568	173,233	108,899	37,573	253,340	91,354
Sales (purchases) of other investments	6,460	7,227	4,383	92,442	(2,047)	18,070	(2,047)
Decrease (increase) in securities lending collateral	66,095	-	(9,894)	10,933	67,884	56,201	4,649
Purchase of subsidiary, net of cash acquired	-	-	-	-	(376,878)	-	(376,878)
Net cash (used in) provided by investing activities	(24,560)	287,648	(186,214)	(80,795)	(50,864)	76,874	(361,838)
Cash flows provided by (used in) financing activities							
Net proceeds on issuance of senior notes	-	-	246,793	-	-	246,793	-
Repurchase of debentures	-	-	-	(10,056)	-	-	-
Redemption of common shares, net	(472)	(360)	348	3,024	(592)	(484)	(1,774)
Purchases of common shares under share repurchase program	(62,380)	(315,922)	(128,157)	(84,164)	-	(506,459)	-
Dividends paid	(25,865)	(26,050)	(29,944)	(27,577)	(16,965)	(81,859)	(50,938)
Investment by parent company	-	-	-	-	-	-	-
(Decrease) increase in securities lending payable	(66,095)	-	9,894	(10,933)	(67,884)	(56,201)	(4,649)
Net cash (used in) provided by financing activities	(154,812)	(342,332)	98,934	(129,706)	(85,441)	(398,210)	(57,361)
Effect of foreign currency rate changes on cash and cash equivalents	20,571	(10,919)	(5,795)	(2,434)	1,430	3,857	14,755
Net increase (decrease) in cash	26,281	14,013	90,891	(6,203)	3,698	131,185	(56,060)
Cash and cash equivalents - beginning of period	492,489	\$ 478,476	\$ 387,585	\$ 393,788	\$ 390,090	\$ 387,585	\$ 449,848
Cash and cash equivalents - end of period	\$ 518,770	\$ 492,489	\$ 478,476	\$ 387,585	\$ 393,788	\$ 518,770	\$ 393,788
Taxes paid during the period	\$ 1,023	\$ 1,137	\$ 198	\$ 278	\$ 196	\$ 2,358	\$ 1,395
Interest paid during the period	\$ 17,459	\$ 6,364	\$ 6,365	\$ 6,559	\$ 6,672	\$ 30,188	\$ 20,016
Losses paid during the period	\$ 213,846	\$ 178,432	\$ 127,652	\$ 144,051	\$ 126,127	\$ 519,930	\$ 363,384



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)				Nine Months Ended (a)		
	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	September 30, 2010	September 30, 2009
Revenues							
Gross premiums written	\$ 344,040	\$ 516,861	\$ 870,934	\$ 255,289	\$ 331,028	\$ 1,731,835	\$ 1,365,951
Reinsurance premiums ceded	(35,641)	(67,726)	(90,739)	(30,393)	(67,687)	(194,106)	(202,489)
Net premiums written	308,399	449,135	780,195	224,896	263,341	1,537,729	1,163,462
Change in unearned premiums	124,275	(11,191)	(322,501)	203,005	111,376	(209,417)	(141,786)
Net premiums earned	432,674	437,944	457,694	427,901	374,717	1,328,312	1,021,676
Gain on bargain purchase, net of expenses (b)	-	-	-	-	302,950	-	287,099
Net investment income	34,033	34,809	34,299	35,506	29,532	103,141	83,267
Realized gain on repurchase of debentures	-	-	-	4,444	-	-	-
Net realized gains (losses) on investments	23,058	12,441	11,398	9,099	5,429	46,897	(20,642)
Net unrealized gains (losses) on investments	31,588	41,640	15,413	(25,043)	50,437	88,641	109,839
Other income	1,082	2,697	888	1,759	1,101	4,667	2,875
Foreign exchange gains (losses)	10,790	(4,099)	(8,764)	338	(5,244)	(2,073)	(1,012)
Total revenues	533,225	525,432	510,928	454,004	758,922	1,569,585	1,483,102
Expenses							
Losses and loss expenses	158,936	194,894	478,531	133,020	134,152	832,361	390,736
Policy acquisition costs	67,074	74,126	76,176	72,843	64,236	217,376	190,125
General and administrative expenses	48,831	52,379	53,569	60,253	46,036	154,779	125,315
Share compensation expenses	7,618	6,846	6,576	8,189	5,862	21,040	18,848
Finance expenses	13,715	13,218	15,151	14,398	11,257	42,084	29,732
Total expenses	296,174	341,463	630,003	288,703	261,543	1,267,640	754,756
Net income (loss) before taxes	237,051	183,969	(119,075)	165,301	497,379	301,945	728,346
Tax benefit (expense)	1,422	(4,187)	697	458	1,799	(2,068)	3,301
Net income (loss)	\$ 238,473	\$ 179,782	\$ (118,378)	\$ 165,759	\$ 499,178	\$ 299,877	\$ 731,647
Comprehensive income							
Foreign currency translation adjustments	1,781	(68)	(1,807)	125	(915)	(94)	2,882
Comprehensive income (loss)	\$ 240,254	\$ 179,714	\$ (120,185)	\$ 165,884	\$ 498,263	\$ 299,783	\$ 734,529
Earnings per share							
Weighted average number of common shares and common share equivalents outstanding							
Basic	110,601,888	121,009,553	126,633,277	130,413,790	92,492,373	119,414,906	81,458,329
Diluted	114,842,742	125,152,300	126,633,277	134,794,120	95,834,809	123,735,683	84,626,505
Basic earnings (loss) per share	\$ 2.14	\$ 1.47	\$ (0.95)	\$ 1.26	\$ 5.38	\$ 2.47	\$ 8.92
Diluted earnings (loss) per share	\$ 2.08	\$ 1.44	\$ (0.95)	\$ 1.23	\$ 5.21	\$ 2.42	\$ 8.65
Cash dividends declared per share	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.20	\$ 0.20	\$ 0.66	\$ 0.60

Notes:

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

(b) 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.



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)					Nine Months Ended (a)	
	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	September 30, 2010	September 30, 2009
Underwriting income							
Gross premiums written	\$ 344,040	\$ 516,861	\$ 870,934	\$ 255,289	\$ 331,028	\$ 1,731,835	\$ 1,365,951
Reinsurance premiums ceded	(35,641)	(67,726)	(90,739)	(30,393)	(67,687)	(194,106)	(202,489)
Net premiums written	308,399	449,135	780,195	224,896	263,341	1,537,729	1,163,462
Change in unearned premiums	124,275	(11,191)	(322,501)	203,005	111,376	(209,417)	(141,786)
Net premiums earned	<u>432,674</u>	<u>437,944</u>	<u>457,694</u>	<u>427,901</u>	<u>374,717</u>	<u>1,328,312</u>	<u>1,021,676</u>
Underwriting deductions							
Losses and loss expenses	158,936	194,894	478,531	133,020	134,152	832,361	390,736
Policy acquisition costs	67,074	74,126	76,176	72,843	64,236	217,376	190,125
General and administrative expenses	48,831	52,379	53,569	60,253	46,036	154,779	125,315
Share compensation expenses	7,618	6,846	6,576	8,189	5,862	21,040	18,848
Total underwriting deductions	<u>282,459</u>	<u>328,245</u>	<u>614,852</u>	<u>274,305</u>	<u>250,286</u>	<u>1,225,556</u>	<u>725,024</u>
Underwriting income (loss)	\$ 150,215	\$ 109,699	\$ (157,158)	\$ 153,596	\$ 124,431	\$ 102,756	\$ 296,652
Net investment income	34,033	34,809	34,299	35,506	29,532	103,141	83,267
Other income	1,082	2,697	888	1,759	1,101	4,667	2,875
Finance expenses	(13,715)	(13,218)	(15,151)	(14,398)	(11,257)	(42,084)	(29,732)
Operating income (loss) before taxes	<u>171,615</u>	<u>133,987</u>	<u>(137,122)</u>	<u>176,463</u>	<u>143,807</u>	<u>168,480</u>	<u>353,062</u>
Tax benefit (expense)	1,422	(4,187)	697	458	1,799	(2,068)	3,301
Net operating income (loss) (b)	\$ 173,037	\$ 129,800	\$ (136,425)	\$ 176,921	\$ 145,606	\$ 166,412	\$ 356,363
Gain on bargain purchase, net of expenses (c)	-	-	-	-	302,950	-	287,099
Realized gain on repurchase of debentures	-	-	-	4,444	-	-	-
Net realized gains (losses) on investments	23,058	12,441	11,398	9,099	5,429	46,897	(20,642)
Net unrealized gains (losses) on investments	31,588	41,640	15,413	(25,043)	50,437	88,641	109,839
Foreign exchange gains (losses)	10,790	(4,099)	(8,764)	338	(5,244)	(2,073)	(1,012)
Net income (loss)	\$ 238,473	\$ 179,782	\$ (118,378)	\$ 165,759	\$ 499,178	\$ 299,877	\$ 731,647
Selected ratios:							
Net premiums written / Gross premiums written	89.6%	86.9%	89.6%	88.1%	79.6%	88.8%	85.2%
Losses and loss expenses	36.7%	44.5%	104.6%	31.1%	35.8%	62.7%	38.2%
Policy acquisition costs	15.5%	16.9%	16.6%	17.0%	17.1%	16.4%	18.6%
General and administrative expenses (d)	13.0%	13.5%	13.1%	16.0%	13.8%	13.2%	14.1%
Expense ratio	28.5%	30.4%	29.7%	33.0%	30.9%	29.6%	32.7%
Combined ratio	65.2%	74.9%	134.3%	64.1%	66.7%	92.3%	70.9%

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)						Nine Months Ended (a)					
	September 30, 2010			September 30, 2009			September 30, 2010			September 30, 2009		
	Net Operating Income	Net Income	Comprehensive Income	Net Operating Income	Net Income	Comprehensive Income	Net operating income	Net income	Comprehensive income	Net operating income	Net income	Comprehen- sive income
Basic earnings (loss) per share (b)												
Income	\$ 173,037	\$ 238,473	\$ 240,254	\$ 145,606	\$ 499,178	\$ 498,263	\$ 166,412	\$ 299,877	\$ 299,783	\$ 356,363	\$ 731,647	\$ 734,529
less: Dividends and distributions declared on outstanding warrants	(1,747)	(1,747)	(1,747)	(1,591)	(1,591)	(1,591)	(5,245)	(5,245)	(5,245)	(4,917)	(4,917)	(4,917)
Income available to common shareholders	<u>\$ 171,290</u>	<u>\$ 236,726</u>	<u>\$ 238,507</u>	<u>\$ 144,015</u>	<u>\$ 497,587</u>	<u>\$ 496,672</u>	<u>\$ 161,167</u>	<u>\$ 294,632</u>	<u>\$ 294,538</u>	<u>\$ 351,446</u>	<u>\$ 726,730</u>	<u>\$ 729,612</u>
Weighted average number of common shares outstanding	110,601,888	110,601,888	110,601,888	92,492,373	92,492,373	92,492,373	119,414,906	119,414,906	119,414,906	81,458,329	81,458,329	81,458,329
Basic earning per share	<u>\$ 1.55</u>	<u>\$ 2.14</u>	<u>\$ 2.16</u>	<u>\$ 1.56</u>	<u>\$ 5.38</u>	<u>\$ 5.37</u>	<u>\$ 1.35</u>	<u>\$ 2.47</u>	<u>\$ 2.47</u>	<u>\$ 4.31</u>	<u>\$ 8.92</u>	<u>\$ 8.96</u>
Diluted earnings (loss) per share (b)												
Income	\$ 173,037	\$ 238,473	\$ 240,254	\$ 145,606	\$ 499,178	\$ 498,263	\$ 166,412	\$ 299,877	\$ 299,783	\$ 356,363	\$ 731,647	\$ 734,529
less: Dividends and distributions declared on outstanding warrants	-	-	-	-	-	-	-	-	-	-	-	-
Income available to common shareholders	<u>\$ 173,037</u>	<u>\$ 238,473</u>	<u>\$ 240,254</u>	<u>\$ 145,606</u>	<u>\$ 499,178</u>	<u>\$ 498,263</u>	<u>\$ 166,412</u>	<u>\$ 299,877</u>	<u>\$ 299,783</u>	<u>\$ 356,363</u>	<u>\$ 731,647</u>	<u>\$ 734,529</u>
Weighted average number of common shares outstanding	110,601,888	110,601,888	110,601,888	92,492,373	92,492,373	92,492,373	119,414,906	119,414,906	119,414,906	81,458,329	81,458,329	81,458,329
Share equivalents:												
Warrants	2,442,095	2,442,095	2,442,095	2,146,172	2,146,172	2,146,172	2,494,322	2,494,322	2,494,322	2,086,546	2,086,546	2,086,546
Stock options	867,429	867,429	867,429	466,525	466,525	466,525	849,187	849,187	849,187	378,144	378,144	378,144
Unvested restricted shares	931,330	931,330	931,330	729,739	729,739	729,739	977,268	977,268	977,268	703,486	703,486	703,486
Weighted average number of diluted common shares outstanding	<u>114,842,742</u>	<u>114,842,742</u>	<u>114,842,742</u>	<u>95,834,809</u>	<u>95,834,809</u>	<u>95,834,809</u>	<u>123,735,683</u>	<u>123,735,683</u>	<u>123,735,683</u>	<u>84,626,505</u>	<u>84,626,505</u>	<u>84,626,505</u>
Diluted earnings per share	<u>\$ 1.51</u>	<u>\$ 2.08</u>	<u>\$ 2.09</u>	<u>\$ 1.52</u>	<u>\$ 5.21</u>	<u>\$ 5.20</u>	<u>\$ 1.34</u>	<u>\$ 2.42</u>	<u>\$ 2.42</u>	<u>\$ 4.21</u>	<u>\$ 8.65</u>	<u>\$ 8.68</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.



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		Nine Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Average fair value per share	\$ 25.34	\$ 24.03	\$ 25.60	\$ 23.31
Basic weighted average common shares outstanding	110,601,888	92,492,373	119,414,906	81,458,329
Add: weighted average unvested restricted shares	3,400,376	3,383,298	3,215,158	3,108,322
Proceeds from unrecognized restricted share expenses	\$ 62,566	\$ 63,765	\$ 57,290	\$ 56,057
Less: restricted shares bought back via treasury method	(2,469,046)	(2,653,559)	(2,237,890)	(2,404,836)
Add: weighted average dilutive warrants outstanding	7,942,120	7,952,138	7,948,799	8,194,808
Weighted average exercise price per share	\$ 17.55	\$ 17.55	\$ 17.55	\$ 17.55
Less: warrants bought back via treasury method	(5,500,025)	(5,805,966)	(5,454,477)	(6,108,262)
Add: weighted average dilutive options outstanding	3,215,198	3,430,816	3,220,212	3,006,695
Weighted average exercise price per share	\$ 19.84	\$ 19.93	\$ 19.84	\$ 18.79
Proceeds from unrecognized option expenses	\$ 2,171	\$ 6,659	\$ 3,271	\$ 7,759
Less: options bought back via treasury method	(2,347,769)	(2,964,291)	(2,371,025)	(2,628,551)
Weighted average dilutive shares outstanding	114,842,742	95,834,809	123,735,683	84,626,505



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 September 30, 2010 (a)				Three Months Ended September 30, 2009 (a)			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Underwriting income								
Gross premiums written	\$ 142,630	\$ 218,722	\$ (17,312)	\$ 344,040	\$ 124,704	\$ 227,325	\$ (21,001)	\$ 331,028
Reinsurance premiums ceded	(8,463)	(44,490)	17,312	(35,641)	(38,435)	(50,253)	21,001	(67,687)
Net premiums written	134,167	174,232	-	308,399	86,269	177,072	-	263,341
Change in unearned premiums	124,747	(472)	-	124,275	113,499	(2,123)	-	111,376
Net premiums earned	258,914	173,760	-	432,674	199,768	174,949	-	374,717
Underwriting deductions								
Losses and loss expenses	79,098	79,838	-	158,936	45,987	88,165	-	134,152
Policy acquisition costs	39,818	32,451	(5,195)	67,074	32,648	33,106	(1,518)	64,236
General and administrative expenses	5,663	33,201	9,967	48,831	17,987	23,424	4,625	46,036
Share compensation expenses	1,869	1,754	3,995	7,618	1,766	1,371	2,725	5,862
Total underwriting deductions	126,448	147,244	8,767	282,459	98,388	146,066	5,832	250,286
Underwriting income (loss)	\$ 132,466	\$ 26,516	\$ (8,767)	\$ 150,215	\$ 101,380	\$ 28,883	\$ (5,832)	\$ 124,431
Net investment income	28,683	7,614	(2,264)	34,033	23,420	7,629	(1,517)	29,532
Other income	891	3,291	(3,100)	1,082	1,847	772	(1,518)	1,101
Finance expenses	(1,505)	-	(12,210)	(13,715)	(393)	(3,926)	(6,938)	(11,257)
Operating income (loss) before taxes	160,535	37,421	(26,341)	171,615	126,254	33,358	(15,805)	143,807
Tax benefit (expense)	-	1,544	(122)	1,422	(41)	1,840	-	1,799
Net operating income (loss) (b)	\$ 160,535	\$ 38,965	\$ (26,463)	\$ 173,037	\$ 126,213	\$ 35,198	\$ (15,805)	\$ 145,606
Gain on bargain purchase, net of expenses (c)	-	-	-	-	-	-	302,950	302,950
Net realized gains on investments	20,297	2,761	-	23,058	5,397	32	-	5,429
Net unrealized gains on investments	25,505	6,083	-	31,588	40,893	9,544	-	50,437
Foreign exchange gains (losses)	2,895	7,595	300	10,790	739	(5,983)	-	(5,244)
Net income (loss)	\$ 209,232	\$ 55,404	\$ (26,163)	\$ 238,473	\$ 173,242	\$ 38,791	\$ 287,145	\$ 499,178
Selected ratios:								
Net premiums written / Gross premiums written	94.1%	79.7%		89.6%	69.2%	77.9%		79.6%
Losses and loss expenses	30.5%	45.9%		36.7%	23.0%	50.4%		35.8%
Policy acquisition costs	15.4%	18.7%		15.5%	16.3%	18.9%		17.1%
General and administrative expenses (d)	2.9%	20.1%		13.0%	9.9%	14.2%		13.8%
Expense ratio	18.3%	38.8%		28.5%	26.2%	33.1%		30.9%
Combined ratio	48.8%	84.7%		65.2%	49.2%	83.5%		66.7%

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 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.

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 September 30, 2010 (a)				Three Months Ended September 30, 2009 (a)			
	Property (b)	Marine	Specialty (b)	Total	Property (b)	Marine	Specialty (b)	Total
Underwriting income								
Gross premiums written	\$ 99,313	\$ 37,495	\$ 5,822	\$ 142,630	\$ 80,578	\$ 28,408	\$ 15,718	\$ 124,704
Reinsurance premiums ceded	(178)	(8,035)	(250)	(8,463)	(33,991)	(4,444)	-	(38,435)
Net premiums written	99,135	29,460	5,572	134,167	46,587	23,964	15,718	86,269
Change in unearned premiums	91,892	12,434	20,421	124,747	94,960	11,433	7,106	113,499
Net premiums earned	191,027	41,894	25,993	258,914	141,547	35,397	22,824	199,768
Underwriting deductions								
Losses and loss expenses	41,141	37,117	840	79,098	6,889	28,486	10,612	45,987
Policy acquisition costs	27,335	9,113	3,370	39,818	22,884	6,392	3,372	32,648
Total underwriting deductions before G&A	68,476	46,230	4,210	118,916	29,773	34,878	13,984	78,635
Underwriting income (loss) before G&A	\$ 122,551	\$ (4,336)	\$ 21,783	\$ 139,998	\$ 111,774	\$ 519	\$ 8,840	\$ 121,133
General and administrative expenses				5,663				17,987
Share compensation expenses				1,869				1,766
Total underwriting deductions				126,448				98,388
Underwriting income				\$ 132,466				\$ 101,380
Net investment income				28,683				23,420
Other income				891				1,847
Finance expenses				(1,505)				(393)
Operating income before taxes				160,535				126,254
Tax (expense)				-				(41)
Net operating income (c)				\$ 160,535				\$ 126,213
Net realized gains on investments				20,297				5,397
Net unrealized gains on investments				25,505				40,893
Foreign exchange gains				2,895				739
Net income				\$ 209,232				\$ 173,242
Selected ratios:								
Net premiums written / Gross premiums written	99.8%	78.6%	95.7%	94.1%	57.8%	84.4%	100.0%	69.2%
Losses and loss expenses	21.5%	88.6%	3.2%	30.5%	4.9%	80.5%	46.5%	23.0%
Policy acquisition costs	14.3%	21.8%	13.0%	15.4%	16.2%	18.1%	14.8%	16.3%
General and administrative expenses (d)				2.9%				9.9%
Expense ratio				18.3%				26.2%
Combined ratio				48.8%				49.2%

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 September 30, 2010				Three Months Ended September 30, 2009			
	Property (a)	Marine	Specialty (b)	Total	Property (a)	Marine	Specialty (b)	Total
Underwriting income								
Gross premiums written	\$ 73,201	\$ 64,422	\$ 81,099	\$ 218,722	\$ 79,155	\$ 69,621	\$ 78,549	\$ 227,325
Reinsurance premiums ceded	(29,617)	(3,513)	(11,360)	(44,490)	(40,728)	(4,317)	(5,208)	(50,253)
Net premiums written	43,584	60,909	69,739	174,232	38,427	65,304	73,341	177,072
Change in unearned premiums	(2,494)	7,101	(5,079)	(472)	(2,058)	13,413	(13,478)	(2,123)
Net premiums earned	41,090	68,010	64,660	173,760	36,369	78,717	59,863	174,949
Underwriting deductions								
Losses and loss expenses	18,830	11,214	49,794	79,838	17,160	46,280	24,725	88,165
Policy acquisition costs	433	15,302	16,716	32,451	3,553	15,194	14,359	33,106
Total underwriting deductions before G&A	19,263	26,516	66,510	112,289	20,713	61,474	39,084	121,271
Underwriting income before G&A	\$ 21,827	\$ 41,494	\$ (1,850)	\$ 61,471	\$ 15,656	\$ 17,243	\$ 20,779	\$ 53,678
General and administrative expenses				33,201				23,424
Share compensation expenses				1,754				1,371
Total underwriting deductions				147,244				146,066
Underwriting income				\$ 26,516				\$ 28,883
Net investment income				7,614				7,629
Other income				3,291				772
Finance expenses				-				(3,926)
Operating income before taxes				37,421				33,358
Tax benefit				1,544				1,840
Net operating income (c)				\$ 38,965				\$ 35,198
Net realized gains on investments				2,761				32
Net unrealized gains on investments				6,083				9,544
Foreign exchange (losses) gains				7,595				(5,983)
Net income				\$ 55,404				\$ 38,791
Selected ratios:								
Net premiums written / Gross premiums written	59.5%	94.5%	86.0%	79.7%	48.5%	93.8%	93.4%	77.9%
Losses and loss expenses	45.8%	16.5%	77.0%	45.9%	47.2%	58.8%	41.3%	50.4%
Policy acquisition costs	1.1%	22.5%	25.9%	18.7%	9.8%	19.3%	24.0%	18.9%
General and administrative expenses (d)				20.1%				14.2%
Expense ratio				38.8%				33.1%
Combined ratio				84.7%				83.5%

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 - Nine months ended

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

	Nine Months Ended September 30, 2010 (a)				Nine Months Ended September 30, 2009 (a)			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
	Underwriting income							
Gross premiums written	\$ 1,067,253	\$ 742,973	\$ (78,391)	\$ 1,731,835	\$ 734,390	\$ 690,357	\$ (58,796)	\$ 1,365,951
Reinsurance premiums ceded	(62,748)	(209,749)	78,391	(194,106)	(94,794)	(166,491)	58,796	(202,489)
Net premiums written	1,004,505	533,224	-	1,537,729	639,596	523,866	-	1,163,462
Change in unearned premiums	(199,629)	(9,788)	-	(209,417)	(101,684)	(40,102)	-	(141,786)
Net premiums earned	804,876	523,436	-	1,328,312	537,912	483,764	-	1,021,676
Underwriting deductions								
Losses and loss expenses	551,811	280,550	-	832,361	142,570	248,166	-	390,736
Policy acquisition costs	121,300	106,043	(9,967)	217,376	90,346	102,378	(2,599)	190,125
General and administrative expenses	32,958	83,709	38,112	154,779	45,928	65,565	13,822	125,315
Share compensation expenses	5,247	4,781	11,012	21,040	4,986	5,804	8,058	18,848
Total underwriting deductions	711,316	475,083	39,157	1,225,556	283,830	421,913	19,281	725,024
Underwriting income (loss)	\$ 93,560	\$ 48,353	\$ (39,157)	\$ 102,756	\$ 254,082	\$ 61,851	\$ (19,281)	\$ 296,652
Net investment income	87,842	22,185	(6,886)	103,141	64,989	22,816	(4,538)	83,267
Other income	3,446	8,350	(7,129)	4,667	3,034	2,440	(2,599)	2,875
Finance expenses	(3,905)	(3,140)	(35,039)	(42,084)	(1,233)	(7,688)	(20,811)	(29,732)
Operating income (loss) before taxes	180,943	75,748	(88,211)	168,480	320,872	79,419	(47,229)	353,062
Tax (expense) benefit	(185)	(1,755)	(128)	(2,068)	(107)	3,408	-	3,301
Net operating income (loss) (b)	\$ 180,758	\$ 73,993	\$ (88,339)	\$ 166,412	\$ 320,765	\$ 82,827	\$ (47,229)	\$ 356,363
Gain on bargain purchase, net of expenses (c)	-	-	-	-	-	-	287,099	287,099
Realized gain on repurchase of debentures	-	-	-	-	-	-	-	-
Net realized gains (losses) on investments	40,439	6,458	-	46,897	(14,282)	(6,360)	-	(20,642)
Net unrealized gains on investments	73,397	15,244	-	88,641	95,693	14,146	-	109,839
Foreign exchange (losses) gains	(3,087)	753	261	(2,073)	(641)	(427)	56	(1,012)
Net income (loss)	\$ 291,507	\$ 96,448	\$ (88,078)	\$ 299,877	\$ 401,535	\$ 90,186	\$ 239,926	\$ 731,647
Selected ratios:								
Net premiums written / Gross premiums written	94.1%	71.8%		88.8%	87.1%	75.9%		85.2%
Losses and loss expenses	68.6%	53.6%		62.7%	26.5%	51.3%		38.2%
Policy acquisition costs	15.1%	20.3%		16.4%	16.8%	21.2%		18.6%
General and administrative expenses (d)	4.7%	16.9%		13.2%	9.5%	14.8%		14.1%
Expense ratio	19.8%	37.2%		29.6%	26.3%	36.0%		32.7%
Combined ratio	88.4%	90.8%		92.3%	52.8%	87.3%		70.9%

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 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.

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

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

	Nine Months Ended September 30, 2010 (a)				Nine Months Ended September 30, 2009 (a)			
	Property (b)	Marine	Specialty (b)	Total	Property (b)	Marine	Specialty (b)	Total
Underwriting income								
Gross premiums written	\$ 773,289	\$ 222,891	\$ 71,073	\$ 1,067,253	\$ 505,225	\$ 153,913	\$ 75,252	\$ 734,390
Reinsurance premiums ceded	(43,452)	(19,328)	32	(62,748)	(80,014)	(13,211)	(1,569)	(94,794)
Net premiums written	729,837	203,563	71,105	1,004,505	425,211	140,702	73,683	639,596
Change in unearned premiums	(140,922)	(72,486)	13,779	(199,629)	(51,012)	(46,318)	(4,354)	(101,684)
Net premiums earned	<u>588,915</u>	<u>131,077</u>	<u>84,884</u>	<u>804,876</u>	<u>374,199</u>	<u>94,384</u>	<u>69,329</u>	<u>537,912</u>
Underwriting deductions								
Losses and loss expenses	416,706	113,412	21,693	551,811	53,909	66,997	21,664	142,570
Policy acquisition costs	86,775	23,629	10,896	121,300	61,126	20,054	9,166	90,346
Total underwriting deductions before G&A	<u>503,481</u>	<u>137,041</u>	<u>32,589</u>	<u>673,111</u>	<u>115,035</u>	<u>87,051</u>	<u>30,830</u>	<u>232,916</u>
Underwriting income (loss) before G&A	\$ 85,434	\$ (5,964)	\$ 52,295	\$ 131,765	\$ 259,164	\$ 7,333	\$ 38,499	\$ 304,996
General and administrative expenses				32,958				45,928
Share compensation expenses				5,247				4,986
Total underwriting deductions				<u>711,316</u>				<u>283,830</u>
Underwriting income (loss)				\$ 93,560				\$ 254,082
Net investment income				87,842				64,989
Other income				3,446				3,034
Finance expenses				(3,905)				(1,233)
Operating income before taxes				<u>180,943</u>				<u>320,872</u>
Tax (expense)				(185)				(107)
Net operating income (c)				\$ 180,758				\$ 320,765
Net realized gains (losses) on investments				40,439				(14,282)
Net unrealized gains on investments				73,397				95,693
Foreign exchange (losses)				(3,087)				(641)
Net income				\$ 291,507				\$ 401,535
Selected ratios:								
Net premiums written / Gross premiums written	94.4%	91.3%	100.0%	94.1%	84.2%	91.4%	97.9%	87.1%
Losses and loss expenses	70.8%	86.5%	25.6%	68.6%	14.4%	71.0%	31.2%	26.5%
Policy acquisition costs	14.7%	18.0%	12.8%	15.1%	16.3%	21.2%	13.2%	16.8%
General and administrative expenses (d)				4.7%				9.5%
Expense ratio				<u>19.8%</u>				<u>26.3%</u>
Combined ratio				<u>88.4%</u>				<u>52.8%</u>

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 - Nine months ended - Talbot

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

	Nine Months Ended September 30, 2010				Nine Months Ended September 30, 2009			
	Property (a)	Marine	Specialty (b)	Total	Property (a)	Marine	Specialty (b)	Total
Underwriting income								
Gross premiums written	\$ 256,604	\$ 246,650	\$ 239,719	\$ 742,973	\$ 218,650	\$ 244,688	\$ 227,019	\$ 690,357
Reinsurance premiums ceded	(121,795)	(33,388)	(54,566)	(209,749)	(95,690)	(27,184)	(43,617)	(166,491)
Net premiums written	134,809	213,262	185,153	533,224	122,960	217,504	183,402	523,866
Change in unearned premiums	(18,525)	(18,617)	27,354	(9,788)	(25,280)	(8,521)	(6,301)	(40,102)
Net premiums earned	116,284	194,645	212,507	523,436	97,680	208,983	177,101	483,764
Underwriting deductions								
Losses and loss expenses	87,055	77,395	116,100	280,550	28,943	121,396	97,827	248,166
Policy acquisition costs	13,313	42,011	50,719	106,043	14,692	44,461	43,225	102,378
Total underwriting deductions before G&A	100,368	119,406	166,819	386,593	43,635	165,857	141,052	350,544
Underwriting income (loss) before G&A	\$ 15,916	\$ 75,239	\$ 45,688	\$ 136,843	\$ 54,045	\$ 43,126	\$ 36,049	\$ 133,220
General and administrative expenses				83,709				65,565
Share compensation expenses				4,781				5,804
Total underwriting deductions				475,083				421,913
Underwriting income				\$ 48,353				\$ 61,851
Net investment income				22,185				22,816
Other income				8,350				2,440
Finance expenses				(3,140)				(7,688)
Operating income before taxes				75,748				79,419
Tax (expense) benefit				(1,755)				3,408
Net operating income (c)				\$ 73,993				\$ 82,827
Net realized gains (losses) on investments				6,458				(6,360)
Net unrealized gains on investments				15,244				14,146
Foreign exchange gains (losses)				753				(427)
Net income				\$ 96,448				\$ 90,186
Selected ratios:								
Net premiums written / Gross premiums written	52.5%	86.5%	77.2%	71.8%	56.2%	88.9%	80.8%	75.9%
Losses and loss expenses	74.9%	39.8%	54.6%	53.6%	29.6%	58.1%	55.2%	51.3%
Policy acquisition costs	11.4%	21.6%	23.9%	20.3%	15.0%	21.3%	24.4%	21.2%
General and administrative expenses (d)				16.9%				14.8%
Expense ratio				37.2%				36.0%
Combined ratio				90.8%				87.3%

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>Nine Months Ended (a)</u>			
		<u>September 30, 2010</u>		<u>September 30, 2009</u>		<u>September 30, 2010</u>		<u>September 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)	\$ 55,716	39.0%	\$ 45,180	36.3%	\$ 562,606	52.8%	\$ 373,829	50.8%
	Per Risk XOL	22,211	15.6%	19,125	15.3%	63,041	5.9%	42,357	5.8%
	Proportional (d)	21,386	15.0%	16,273	13.0%	147,642	13.8%	89,039	12.1%
		<u>99,313</u>	<u>69.6%</u>	<u>80,578</u>	<u>64.6%</u>	<u>773,289</u>	<u>72.5%</u>	<u>505,225</u>	<u>68.7%</u>
Marine	Cat XOL (e)	574	0.4%	3,513	2.8%	15,101	1.4%	9,247	1.3%
	Per Risk XOL	5,411	3.8%	7,200	5.8%	79,594	7.4%	64,794	8.8%
	Proportional (d)	31,510	22.1%	17,695	14.2%	128,196	12.0%	79,872	10.9%
		<u>37,495</u>	<u>26.3%</u>	<u>28,408</u>	<u>22.8%</u>	<u>222,891</u>	<u>20.8%</u>	<u>153,913</u>	<u>21.0%</u>
Specialty (b) (f)	Cat XOL (c)	3,665	2.6%	6,220	5.0%	40,784	3.8%	33,916	4.6%
	Per Risk XOL	2,308	1.6%	(95)	-0.1%	11,399	1.1%	8,972	1.2%
	Proportional (d)	(151)	-0.1%	9,593	7.7%	18,890	1.8%	32,364	4.5%
		<u>5,822</u>	<u>4.1%</u>	<u>15,718</u>	<u>12.6%</u>	<u>71,073</u>	<u>6.7%</u>	<u>75,252</u>	<u>10.3%</u>
Total	Cat XOL (c) (e)	59,955	42.0%	54,913	44.1%	618,491	58.0%	416,992	56.7%
	Per Risk XOL	29,930	21.0%	26,230	21.0%	154,034	14.4%	116,123	15.8%
	Proportional (d)	52,745	37.0%	43,561	34.9%	294,728	27.6%	201,275	27.5%
		<u>\$ 142,630</u>	<u>100.0%</u>	<u>\$ 124,704</u>	<u>100.0%</u>	<u>\$ 1,067,253</u>	<u>100.0%</u>	<u>\$ 734,390</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)				Nine Months Ended (a)			
		September 30, 2010		September 30, 2009		September 30, 2010		September 30, 2009	
		Gross premiums written	%	Gross premiums written	%	Gross premiums written (a)	%	Gross premiums written	%
Property (b)	Treaty Reinsurance	\$ 99,014	28.8%	\$ 82,231	24.8%	\$ 791,050	45.7%	\$ 530,415	38.9%
	Facultative Reinsurance	38,268	11.1%	38,719	11.7%	113,585	6.5%	87,733	6.4%
	Direct Insurance	19,099	5.6%	20,530	6.2%	69,173	4.0%	67,141	4.9%
		<u>156,381</u>	<u>45.5%</u>	<u>141,480</u>	<u>42.7%</u>	<u>973,808</u>	<u>56.2%</u>	<u>685,289</u>	<u>50.3%</u>
Marine	Treaty Reinsurance	42,360	12.3%	32,308	9.8%	249,797	14.4%	182,051	13.3%
	Facultative Reinsurance	16,356	4.8%	19,222	5.8%	68,909	4.0%	70,060	5.1%
	Direct Insurance	42,030	12.2%	44,242	13.4%	135,045	7.8%	134,192	9.8%
		<u>100,746</u>	<u>29.3%</u>	<u>95,772</u>	<u>29.0%</u>	<u>453,751</u>	<u>26.2%</u>	<u>386,303</u>	<u>28.2%</u>
Specialty (b) (c)	Treaty Reinsurance	12,069	3.5%	20,902	6.3%	96,460	5.6%	107,462	7.9%
	Facultative Reinsurance	29,043	8.4%	24,863	7.5%	73,663	4.3%	58,233	4.3%
	Direct Insurance	45,801	13.3%	48,011	14.5%	134,153	7.7%	128,664	9.4%
		<u>86,913</u>	<u>25.2%</u>	<u>93,776</u>	<u>28.3%</u>	<u>304,276</u>	<u>17.6%</u>	<u>294,359</u>	<u>21.5%</u>
Total	Treaty Reinsurance	153,443	44.6%	135,441	40.9%	1,137,307	65.7%	819,928	60.1%
	Facultative Reinsurance	83,667	24.3%	82,804	25.0%	256,157	14.8%	216,026	15.8%
	Direct Insurance	106,930	31.1%	112,783	34.1%	338,371	19.5%	329,997	24.1%
		<u>\$ 344,040</u>	<u>100.0%</u>	<u>\$ 331,028</u>	<u>100.0%</u>	<u>\$ 1,731,835</u>	<u>100.0%</u>	<u>\$ 1,365,951</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)				Nine Months Ended (a)		
	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	September 30, 2010	September 30, 2009
Validus Re							
Property (b)	\$ 99,313	\$ 261,568	\$ 412,408	\$ 21,204	\$ 80,578	773,289	\$ 505,225
Marine	37,495	15,410	169,986	(1,060)	28,408	222,891	153,913
Aerospace & Aviation (c)	(1,034)	4,133	15,842	2,421	7,737	18,941	27,758
Agriculture (b)	465	(318)	2,951	163	435	3,098	2,881
Financial	178	171	1,992	1,079	259	2,341	1,367
Life and A&H	(140)	54	3,475	3	1,200	3,389	3,303
Nuclear (b)	1,614	1,884	992	-	608	4,490	3,048
Terrorism	(901)	1,117	27,144	10,098	3,559	27,360	29,394
Workers' Comp	1,828	(3)	5,505	(214)	1,920	7,330	7,501
Crisis Management	3,812	312	-	-	-	4,124	-
Total Validus Re Segment	142,630	284,328	640,295	33,694	124,704	1,067,253	734,390
Talbot							
Property	45,440	50,322	60,807	28,620	44,739	156,569	144,162
Onshore Energy	27,761	47,207	25,067	22,313	34,416	100,035	74,488
Marine	64,422	79,355	102,873	62,697	69,621	246,650	244,688
Accident & Health	5,283	4,328	5,648	2,424	6,151	15,259	16,082
Aviation, Direct	17,640	9,802	8,719	35,358	19,959	36,161	20,029
Aviation & Other	5,088	11,811	15,915	13,058	6,516	32,814	33,599
Bloodstock	3,408	2,436	3,692	3,982	4,568	9,536	10,400
Contingency	7,158	4,314	4,094	2,592	4,885	15,566	16,485
Financial Institutions	11,489	7,456	7,954	13,945	9,989	26,899	27,724
War	31,033	36,679	35,772	44,559	26,481	103,484	102,700
Total Talbot Segment	218,722	253,710	270,541	229,548	227,325	742,973	690,357
Intersegment Revenue							
Property	(16,133)	(18,807)	(21,145)	(6,684)	(18,253)	(56,085)	(38,586)
Marine	(1,171)	(2,385)	(12,234)	(978)	(2,257)	(15,790)	(12,298)
Specialty	(8)	15	(6,523)	(291)	(491)	(6,516)	(7,912)
Total Intersegment Revenue Eliminated	(17,312)	(21,177)	(39,902)	(7,953)	(21,001)	(78,391)	(58,796)
Total Gross Premiums Written	\$ 344,040	\$ 516,861	\$ 870,934	\$ 255,289	\$ 331,028	\$ 1,731,835	\$ 1,365,951

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)				Nine Months Ended (a)		
	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	September 30, 2010	September 30, 2009
Underwriting income							
Gross premiums written	\$ 142,630	\$ 284,328	\$ 640,295	\$ 33,694	\$ 124,704	\$ 1,067,253	\$ 734,390
Reinsurance premiums ceded	(8,463)	(41,175)	(13,110)	(652)	(38,435)	(62,748)	(94,794)
Net premiums written	134,167	243,153	627,185	33,042	86,269	1,004,505	639,596
Change in unearned premiums	124,747	18,888	(343,264)	224,596	113,499	(199,629)	(101,684)
Net premiums earned	<u>258,914</u>	<u>262,041</u>	<u>283,921</u>	<u>257,638</u>	<u>199,768</u>	<u>804,876</u>	<u>537,912</u>
Underwriting deductions							
Losses and loss expenses	79,098	123,793	348,920	44,134	45,987	551,811	142,570
Policy acquisition costs	39,818	37,979	43,503	37,088	32,648	121,300	90,346
General and administrative expenses	5,663	10,983	16,312	19,782	17,987	32,958	45,928
Share compensation expenses	1,869	1,749	1,629	2,590	1,766	5,247	4,986
Total underwriting deductions	<u>126,448</u>	<u>174,504</u>	<u>410,364</u>	<u>103,594</u>	<u>98,388</u>	<u>711,316</u>	<u>283,830</u>
Underwriting income (loss)	<u>\$ 132,466</u>	<u>\$ 87,537</u>	<u>\$ (126,443)</u>	<u>\$ 154,044</u>	<u>\$ 101,380</u>	<u>\$ 93,560</u>	<u>\$ 254,082</u>
Selected ratios:							
Losses and loss expenses	30.5%	47.2%	122.9%	17.1%	23.0%	68.6%	26.5%
Policy acquisition costs	15.4%	14.5%	15.3%	14.4%	16.3%	15.1%	16.8%
General and administrative expenses (b)	2.9%	4.9%	6.3%	8.7%	9.9%	4.7%	9.5%
Expense ratio	<u>18.3%</u>	<u>19.4%</u>	<u>21.6%</u>	<u>23.1%</u>	<u>26.2%</u>	<u>19.8%</u>	<u>26.3%</u>
Combined ratio	<u>48.8%</u>	<u>66.6%</u>	<u>144.5%</u>	<u>40.2%</u>	<u>49.2%</u>	<u>88.4%</u>	<u>52.8%</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				Nine Months Ended		
	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	September 30, 2010	September 30, 2009
Underwriting income							
Gross premiums written	\$ 218,722	\$ 253,710	\$ 270,541	\$ 229,548	\$ 227,325	\$ 742,973	\$ 690,357
Reinsurance premiums ceded	(44,490)	(47,728)	(117,531)	(37,694)	(50,253)	(209,749)	(166,491)
Net premiums written	174,232	205,982	153,010	191,854	177,072	533,224	523,866
Change in unearned premiums	(472)	(30,079)	20,763	(21,591)	(2,123)	(9,788)	(40,102)
Net premiums earned	173,760	175,903	173,773	170,263	174,949	523,436	483,764
Underwriting deductions							
Losses and loss expenses	79,838	71,101	129,611	88,886	88,165	280,550	248,166
Policy acquisition costs	32,451	38,647	34,945	37,555	33,106	106,043	102,378
General and administrative expenses	33,201	24,960	25,548	30,787	23,424	83,709	65,565
Share compensation expenses	1,754	1,468	1,559	1,367	1,371	4,781	5,804
Total underwriting deductions	147,244	136,176	191,663	158,595	146,066	475,083	421,913
Underwriting income (loss)	\$ 26,516	\$ 39,727	\$ (17,890)	\$ 11,668	\$ 28,883	\$ 48,353	\$ 61,851
Selected ratios:							
Losses and loss expenses	45.9%	40.4%	74.6%	52.2%	50.4%	53.6%	51.3%
Policy acquisition costs	18.7%	22.0%	20.1%	22.1%	18.9%	20.3%	21.2%
General and administrative expenses (a)	20.1%	15.0%	15.6%	18.9%	14.2%	16.9%	14.8%
Expense ratio	38.8%	37.0%	35.7%	41.0%	33.1%	37.2%	36.0%
Combined ratio	84.7%	77.4%	110.3%	93.2%	83.5%	90.8%	87.3%

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)				Nine Months Ended (a)		
	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	September 30, 2010	September 30, 2009 (b)
Underwriting income							
Net premiums written	\$ 142,719	\$ 286,463	\$ 435,464	\$ 52,595	\$ 85,014	\$ 864,646	\$ 548,171
Net premiums earned	232,117	223,597	249,485	240,787	177,916	705,199	471,879
Underwriting deductions							
Losses and loss expenses	59,971	70,055	373,735	30,130	24,049	503,761	82,852
Policy acquisition costs	27,768	33,006	39,314	33,494	26,437	100,088	75,818
Total underwriting deductions	87,739	103,061	413,049	63,624	50,486	603,849	158,670
Underwriting income (loss) before G&A	\$ 144,378	\$ 120,536	\$ (163,564)	\$ 177,163	\$ 127,430	\$ 101,350	\$ 313,209
Selected underwriting ratios (c):							
Losses and loss expenses	25.8%	31.3%	149.8%	12.5%	13.5%	71.4%	17.6%
Policy acquisition costs	12.0%	14.8%	15.8%	13.9%	14.9%	14.2%	16.1%
Combined ratio before G&A	37.8%	46.1%	165.6%	26.4%	28.4%	85.6%	33.7%

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				Nine Months Ended		
	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	September 30, 2010	
Underwriting income							
Net premiums written	\$ 90,369	\$ 81,455	\$ 245,001	\$ 57,617	\$ 89,268	\$ 416,825	\$ 358,206
Net premiums earned	109,904	111,565	104,253	93,693	114,114	325,722	303,367
Underwriting deductions							
Losses and loss expenses	48,331	84,830	57,646	54,333	74,766	190,807	188,393
Policy acquisition costs	24,415	23,021	18,204	21,780	21,586	65,640	64,515
Total underwriting deductions	72,746	107,851	75,850	76,113	96,352	256,447	252,908
Underwriting income before G&A	\$ 37,158	\$ 3,714	\$ 28,403	\$ 17,580	\$ 17,762	\$ 69,275	\$ 50,459
Selected underwriting ratios (a):							
Losses and loss expenses	44.0%	76.0%	55.3%	58.0%	65.5%	58.6%	62.1%
Policy acquisition costs	22.2%	20.6%	17.5%	23.2%	18.9%	20.2%	21.3%
Combined ratio before G&A	66.2%	96.6%	72.8%	81.2%	84.4%	78.8%	83.4%

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)				Nine Months Ended (a)		
	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	September 30, 2010	September 30, 2009 (b)
Underwriting income							
Net premiums written	\$ 75,311	\$ 81,217	\$ 99,730	\$ 114,686	\$ 89,059	\$ 256,258	\$ 257,085
Net premiums earned	90,653	102,782	103,956	93,421	82,687	297,391	246,430
Underwriting deductions							
Losses and loss expenses	50,634	40,009	47,150	48,557	35,337	137,793	119,491
Policy acquisition costs	20,086	20,599	20,930	19,369	17,731	61,615	52,391
Total underwriting deductions	70,720	60,608	68,080	67,926	53,068	199,408	171,882
Underwriting income before G&A	\$ 19,933	\$ 42,174	\$ 35,876	\$ 25,495	\$ 29,619	\$ 97,983	\$ 74,548
Selected underwriting ratios (c):							
Losses and loss expenses	55.9%	38.9%	45.4%	52.0%	42.7%	46.3%	48.5%
Policy acquisition costs	22.2%	20.0%	20.1%	20.7%	21.4%	20.7%	21.3%
Combined ratio before G&A	78.1%	58.9%	65.5%	72.7%	64.1%	67.0%	69.8%

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 September 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)	\$ 930,288	\$ 60,728	\$ 869,560	\$ 704,653	\$ 38,251	\$ 666,402
Marine	639,090	122,640	516,450	575,900	84,178	491,722
Specialty (c)	451,467	85,453	366,014	341,581	59,336	282,245
Total	\$ 2,020,845	\$ 268,821	\$ 1,752,024	\$ 1,622,134	\$ 181,765	\$ 1,440,369

	At September 30, 2010 (a)			At December 31, 2009 (a)		
	Case Reserves	IBNR	Total Reserves	Case Reserves	IBNR	Total Reserves
Property (b)	\$ 511,831	\$ 418,457	\$ 930,288	\$ 365,858	\$ 338,795	\$ 704,653
Marine	322,300	316,790	639,090	321,844	254,056	575,900
Specialty (c)	194,428	257,039	451,467	143,623	197,958	341,581
Total	\$ 1,028,559	\$ 992,286	\$ 2,020,845	\$ 831,325	\$ 790,809	\$ 1,622,134
% of Total	50.9%	49.1%	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							
	September 30, 2010 (a)				September 30, 2009 (a)			
	Validus Re	Talbot	Eliminations	Total	Validus Re	Talbot	Eliminations	Total
Gross reserves at period beginning	\$ 1,029,478	\$ 1,142,715	\$ (194,063)	\$ 1,978,130	\$ 489,340	\$ 845,537	\$ -	\$ 1,334,877
Net reserves acquired from IPC acquisition					304,957			304,957
Losses recoverable	(60,145)	(327,522)	194,063	(193,604)	(61,798)	(130,810)	-	(192,608)
Net reserves at period beginning	969,333	815,193	-	1,784,526	732,499	714,727	-	1,447,226
Incurred losses- current year	98,295	110,394	-	208,689	65,259	100,919	-	166,178
Change in prior accident years	(19,197)	(30,556)	-	(49,753)	(19,272)	(12,754)	-	(32,026)
Incurred losses	79,098	79,838	-	158,936	45,987	88,165	-	134,152
Foreign exchange	13,812	8,596	-	22,408	2,383	(4,992)	-	(2,609)
Paid losses	(108,384)	(105,462)	-	(213,846)	(55,242)	(70,885)	-	(126,127)
Net reserves at period end	953,859	798,165	-	1,752,024	725,627	727,015	-	1,452,642
Losses recoverable	81,368	355,778	(168,325)	268,821	57,608	143,064	(28,571)	172,101
Gross reserves at period end	\$ 1,035,227	\$ 1,153,943	\$ (168,325)	\$ 2,020,845	\$ 783,235	\$ 870,079	\$ (28,571)	\$ 1,624,743
Net premiums earned	\$ 258,914	\$ 173,760		\$ 432,674	\$ 199,768	\$ 174,949		\$ 374,717
Current year loss ratio	38.0%	63.5%		48.2%	32.6%	57.7%		44.3%
Prior accident year adjustments	-7.5%	-17.6%		-11.5%	-9.6%	-7.3%		-8.5%
Net loss ratio	<u>30.5%</u>	<u>45.9%</u>		<u>36.7%</u>	<u>23.0%</u>	<u>50.4%</u>		<u>35.8%</u>
Paid to incurred	137.0%	132.1%		134.5%	120.1%	80.4%		94.0%

	At or for the Nine Months Ended							
	September 30, 2010 (a)				September 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	\$ -	1,326,087
Net reserves acquired from IPC acquisition					304,957			304,957
Losses recoverable	(49,808)	(156,319)	24,362	(181,765)	(84,523)	(145,057)	-	(229,580)
Net reserves at period beginning	692,702	747,667	-	1,440,369	756,322	645,142	-	1,401,464
Incurred losses- current year	600,363	358,043	-	958,406	166,663	277,403	-	444,066
Change in prior accident years	(48,552)	(77,493)	-	(126,045)	(24,093)	(29,237)	-	(53,330)
Incurred losses	551,811	280,550	-	832,361	142,570	248,166	-	390,736
Foreign exchange	768	(1,544)	-	(776)	4,967	18,859	-	23,826
Paid losses	(291,422)	(228,508)	-	(519,930)	(178,232)	(185,152)	-	(363,384)
Net reserves at period end	953,859	798,165	-	1,752,024	725,627	727,015	-	1,452,642
Losses recoverable	81,368	355,778	(168,325)	268,821	57,608	143,064	(28,571)	172,101
Gross reserves at period end	\$ 1,035,227	\$ 1,153,943	\$ (168,325)	\$ 2,020,845	\$ 783,235	\$ 870,079	\$ (28,571)	\$ 1,624,743
Net premiums earned	\$ 804,876	\$ 523,436		\$ 1,328,312	\$ 537,912	\$ 483,764		\$ 1,021,676
Current year loss ratio	74.6%	68.4%		72.2%	31.0%	57.3%		43.4%
Prior accident year adjustments	-6.0%	-14.8%		-9.5%	-4.5%	-6.0%		-5.2%
Net loss ratio	<u>68.6%</u>	<u>53.6%</u>		<u>62.7%</u>	<u>26.5%</u>	<u>51.3%</u>		<u>38.2%</u>
Paid to incurred	52.8%	81.5%		62.5%	125.0%	74.6%		93.0%

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							
	September 30, 2010 (a)				September 30, 2009 (a)			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Gross reserves at period beginning	\$ 741,102	\$ 202,891	\$ 85,485	\$ 1,029,478	\$ 277,217	\$ 180,361	\$ 31,762	\$ 489,340
Net reserves acquired from IPC acquisition					304,957			\$ 304,957
Losses recoverable	(12,196)	(47,412)	(537)	(60,145)	(12,737)	(49,061)	-	(61,798)
Net reserves at period beginning	728,906	155,479	84,948	969,333	569,437	131,300	31,762	732,499
Incurred losses- current year	58,252	37,837	2,206	98,295	39,934	11,568	13,757	65,259
Change in prior accident years	(17,111)	(720)	(1,366)	(19,197)	(33,045)	16,918	(3,145)	(19,272)
Incurred losses	41,141	37,117	840	79,098	6,889	28,486	10,612	45,987
Foreign exchange	13,550	115	147	13,812	2,348	5	30	2,383
Paid losses	(84,727)	(21,489)	(2,168)	(108,384)	(35,298)	(15,719)	(4,225)	(55,242)
Net reserves at period end	698,870	171,222	83,767	953,859	543,376	144,072	38,179	725,627
Losses recoverable	12,412	68,419	537	81,368	11,730	45,341	537	57,608
Gross reserves at period end	\$ 711,282	\$ 239,641	\$ 84,304	\$ 1,035,227	\$ 555,106	\$ 189,413	\$ 38,716	\$ 783,235
Net premiums earned	\$ 191,027	\$ 41,894	\$ 25,993	\$ 258,914	\$ 141,547	\$ 35,397	\$ 22,824	\$ 199,768
Current year loss ratio	30.5%	90.3%	8.5%	38.0%	28.2%	32.7%	60.3%	32.6%
Prior accident year adjustments	-9.0%	-1.7%	-5.3%	-7.5%	-23.3%	47.8%	-13.8%	-9.6%
Net loss ratio	21.5%	88.6%	3.2%	30.5%	4.9%	80.5%	46.5%	23.0%
Paid to incurred	205.9%	57.9%	258.1%	137.0%	512.4%	55.2%	39.8%	120.1%

	At or for the Nine Months Ended							
	September 30, 2010 (a)				September 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
Net reserves acquired from IPC acquisition					304,957			\$ 304,957
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	602,584	119,639	34,099	756,322
Incurred losses- current year	\$ 455,707	\$ 121,757	\$ 22,899	\$ 600,363	\$ 94,926	\$ 45,127	\$ 26,610	\$ 166,663
Change in prior accident years	(39,001)	(8,345)	(1,206)	(48,552)	(41,017)	21,870	(4,946)	(24,093)
Incurred losses	416,706	113,412	21,693	551,811	53,909	66,997	21,664	142,570
Foreign exchange	\$ 779	\$ (71)	\$ 60	\$ 768	\$ 4,962	\$ (52)	\$ 57	\$ 4,967
Paid losses	(198,081)	(81,027)	(12,314)	(291,422)	(118,079)	(42,512)	(17,641)	(178,232)
Net reserves at period end	698,870	171,222	83,767	953,859	543,376	144,072	38,179	725,627
Losses recoverable	12,412	68,419	537	81,368	11,730	45,341	537	57,608
Gross reserves at period end	\$ 711,282	\$ 239,641	\$ 84,304	\$ 1,035,227	\$ 555,106	\$ 189,413	\$ 38,716	\$ 783,235
Net premiums earned	\$ 588,915	\$ 131,077	\$ 84,884	\$ 804,876	\$ 374,199	\$ 94,384	\$ 69,329	\$ 537,912
Current year loss ratio	77.4%	92.9%	27.0%	74.6%	25.4%	47.8%	38.3%	31.0%
Prior accident year adjustments	-6.6%	-6.4%	-1.4%	-6.0%	-11.0%	23.2%	-7.1%	-4.5%
Net loss ratio	70.8%	86.5%	25.6%	68.6%	14.4%	71.0%	31.2%	26.5%
Paid to incurred	47.5%	71.4%	56.8%	52.8%	219.0%	63.5%	81.4%	125.0%

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							
	September 30, 2010				September 30, 2009			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Gross reserves at period beginning	\$ 398,876	\$ 420,319	\$ 323,520	\$ 1,142,715	\$ 157,991	\$ 420,269	\$ 267,277	\$ 845,537
Losses recoverable	(210,904)	(53,338)	(63,280)	(327,522)	(9,145)	(84,229)	(37,436)	(130,810)
Net reserves at period beginning	187,972	366,981	260,240	815,193	148,846	336,040	229,841	714,727
Incurred losses- current year	24,684	36,085	49,625	110,394	20,395	46,217	34,307	100,919
Change in prior accident years	(5,854)	(24,871)	169	(30,556)	(3,235)	63	(9,582)	(12,754)
Incurred losses	18,830	11,214	49,794	79,838	17,160	46,280	24,725	88,165
Foreign exchange	605	4,891	3,100	8,596	(327)	(2,104)	(2,561)	(4,992)
Paid losses	(36,717)	(37,858)	(30,887)	(105,462)	(14,447)	(31,475)	(24,963)	(70,885)
Net reserves at period end	170,690	345,228	282,247	798,165	151,232	348,741	227,042	727,015
Losses recoverable	191,858	74,604	89,316	355,778	22,974	79,473	40,617	143,064
Gross reserves at period end	\$ 362,548	\$ 419,832	\$ 371,563	\$ 1,153,943	\$ 174,206	\$ 428,214	\$ 267,659	\$ 870,079
Net premiums earned	\$ 41,090	\$ 68,010	\$ 64,660	\$ 173,760	\$ 36,369	\$ 78,717	\$ 59,863	\$ 174,949
Current year loss ratio	60.1%	53.1%	76.7%	63.5%	56.1%	58.7%	57.3%	57.7%
Prior accident year adjustments	-14.3%	-36.6%	0.3%	-17.6%	-8.9%	0.1%	-16.0%	-7.3%
Net loss ratio	45.8%	16.5%	77.0%	45.9%	47.2%	58.8%	41.3%	50.4%
Paid to incurred	195.0%	337.6%	62.0%	132.1%	84.2%	68.0%	101.0%	80.4%

	At or for the Nine Months Ended							
	September 30, 2010				September 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	106,963	121,659	129,421	358,043	48,478	125,137	103,788	277,403
Change in prior accident years	(19,908)	(44,264)	(13,321)	(77,493)	(19,535)	(3,741)	(5,961)	(29,237)
Incurred losses	87,055	77,395	116,100	280,550	28,943	121,396	97,827	248,166
Foreign exchange	(1,147)	535	(932)	(1,544)	3,974	8,608	6,277	18,859
Paid losses	(66,585)	(90,279)	(71,644)	(228,508)	(42,699)	(92,734)	(49,719)	(185,152)
Net reserves at period end	170,690	345,228	282,247	798,165	151,232	348,741	227,042	727,015
Losses recoverable	191,858	74,604	89,316	355,778	22,974	79,473	40,617	143,064
Gross reserves at period end	\$ 362,548	\$ 419,832	\$ 371,563	\$ 1,153,943	\$ 174,206	\$ 428,214	\$ 267,659	\$ 870,079
Net premiums earned	\$ 116,284	\$ 194,645	\$ 212,507	\$ 523,436	\$ 97,680	\$ 208,983	\$ 177,101	\$ 483,764
Current year loss ratio	92.0%	62.5%	60.9%	68.4%	49.6%	59.9%	58.6%	57.3%
Prior accident year adjustments	-17.1%	-22.7%	-6.3%	-14.8%	-20.0%	-1.8%	-3.4%	-6.0%
Net loss ratio	74.9%	39.8%	54.6%	53.6%	29.6%	58.1%	55.2%	51.3%
Paid to incurred	76.5%	116.6%	61.7%	81.5%	147.5%	76.4%	50.8%	74.6%

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 September 30, 2010

Categories	Reinsurance		Top 10 Reinsurers	Rating (b)	Reinsurance	
	Recoverable (a)	%			Recoverable (a)	%
Top 10 reinsurers	\$ 211,844	73.5%	Lloyd's Syndicates	A+	\$ 51,660	24.3%
Other reinsurers' balances > \$1 million	67,797	23.5%	Fully collateralized reinsurers	NR	38,249	18.1%
Other reinsurers' balances < \$1 million	8,740	3.0%	Hannover Re	AA-	23,658	11.2%
Total	\$ 288,381	100.0%	Montpelier Re	A-	20,000	9.4%
			Munich Re	AA-	18,852	8.9%
			Everest Re	A+	13,109	6.2%
			Transatlantic Re	A+	12,348	5.8%
			Tokio Millennium Re	AA	11,980	5.7%
			Odyssey Re	A-	11,773	5.6%
			Brit Insurance	A+	10,215	4.8%
			Total		\$ 211,844	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) 99.0% of Reinsurance Recoverable at September 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	September 30, 2010 (a)		December 31, 2009 (a)	
	Fair Value	%	Fair Value	%
U.S. Government and Government Agency	\$ 1,923,730	32.2%	\$ 1,918,811	33.2%
Non-U.S. Government and Government Agency	641,265	10.7%	673,680	11.7%
States, municipalities, political subdivision	17,529	0.3%	19,359	0.3%
Agency residential mortgage-backed securities	453,036	7.6%	551,610	9.5%
Non-Agency residential mortgage-backed securities	117,886	2.0%	137,569	2.4%
U.S. corporate	1,353,191	22.7%	1,027,225	17.8%
Non-U.S. corporate	481,517	8.1%	409,398	7.1%
Catastrophe bonds	63,818	1.1%	52,351	1.0%
Asset-backed securities	124,371	2.1%	36,712	0.6%
Commercial mortgage-backed securities	23,942	0.4%	42,663	0.7%
Total fixed maturities	5,200,285	87.2%	4,869,378	84.3%
Total short-term investments	228,356	3.8%	481,766	8.3%
Total other investments	19,888	0.3%	37,615	0.7%
Total investments	5,448,529	91.3%	5,388,759	93.3%
Cash and cash equivalents	518,770	8.7%	387,585	6.7%
Total cash and cash equivalents, and investments	\$ 5,967,299	100.0%	\$ 5,776,344	100.0%

Net investment income	Three Months Ended (a)		Nine Months Ended (a)	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Fixed maturities and short-term investments	\$ 34,531	\$ 29,427	\$ 106,632	\$ 82,341
Cash and cash equivalents	960	742	1,857	2,623
Securities lending income	49	171	168	683
Total gross investment income	35,540	30,340	108,657	85,647
Investment expenses	(1,507)	(808)	(5,516)	(2,380)
Net investment income	<u>\$ 34,033</u>	<u>\$ 29,532</u>	<u>\$ 103,141</u>	<u>\$ 83,267</u>
Annualized effective investment yield (b)	2.32%	2.56%	2.34%	2.78%

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	September 30, 2010 (a)		December 31, 2009 (a)	
	Fair Value	%	Fair Value	%
AAA	\$ 3,256,140	62.6%	\$ 3,287,879	67.5%
AA	488,871	9.4%	487,364	10.0%
A	1,169,035	22.5%	925,532	19.0%
BBB	130,841	2.5%	14,416	0.3%
Investment grade	<u>5,044,887</u>	<u>97.0%</u>	<u>4,715,191</u>	<u>96.8%</u>
BB	49,684	1.0%	45,191	0.9%
B	35,666	0.7%	59,116	1.2%
CCC	58,343	1.1%	45,194	1.0%
CC	7,428	0.1%	-	0.0%
C	-	0.0%	-	0.0%
D/NR	4,277	0.1%	4,686	0.1%
Non-Investment grade	<u>155,398</u>	<u>3.0%</u>	<u>154,187</u>	<u>3.2%</u>
Total fixed maturities	<u>\$ 5,200,285</u>	<u>100.0%</u>	<u>\$ 4,869,378</u>	<u>100.0%</u>

Fixed maturities - Maturity Profile	September 30, 2010		December 31, 2009	
	Fair Value	%	Fair Value	%
Due in one year or less	\$ 467,582	9.0%	\$ 270,688	5.6%
Due after one year through five years	3,827,180	73.6%	3,521,167	72.2%
Due after five years through ten years	183,472	3.5%	306,502	6.3%
Due after ten years	2,816	0.1%	2,467	0.1%
	<u>4,481,050</u>	<u>86.2%</u>	<u>4,100,824</u>	<u>84.2%</u>
Asset-backed and mortgage backed securities	719,235	13.8%	768,554	15.8%
Total fixed maturities	<u>\$ 5,200,285</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)	September 30, 2010		
	Fair Value (b)	S&P Rating (c)	% of Total Cash and Investments
JP Morgan Chase & Co	\$ 81,186	A+	1.4%
General Electric Co	61,339	AA	1.0%
Citigroup Inc	57,689	A	1.0%
Verizon Communications Inc	55,247	A	0.9%
Bank of America Corp	51,114	A	0.9%
Wells Fargo & Company	48,638	AA-	0.8%
Goldman Sachs Group Inc	45,687	A	0.8%
AT&T Inc	44,986	A	0.8%
Pepsico Inc	44,663	A	0.7%
Rabobank Nederland NV	41,533	AAA	0.7%
Total	<u>\$ 532,082</u>		<u>9.0%</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	\$ 45,746	\$ 32,602	\$ 13,689	\$ -	\$ 92,037
2005	6,859	36,726	12,558	-	56,143
2006	-	19,088	19,231	-	38,319
2007	1,010	54,003	53,361	-	108,374
2008	15,875	48,426	6,704	-	71,005
2009	54,203	15,713	3,476	-	73,392
2010	10,890	1,166	-	1,710	13,766
Total Agency MBS	134,583	207,724	109,019	1,710	453,036



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	-	\$ 3,917	\$ 1,419	\$ 2,612	\$ 1,763	-	\$ 9,711
2005	-	2,499	-	1,445	7,872	28,609	40,425
2006	-	-	-	-	-	23,166	23,166
2007	-	-	-	2,943	791	37,803	41,537
2010	-	3,047	-	-	-	-	3,047
Total Non-Agency RMBS	-	9,463	1,419	7,000	10,426	89,578	117,886
Commercial Mortgage-Backed Securities							
Vintage year							
2004 and prior	-	17,835	-	-	-	-	17,835
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	5,322	-	-	-	-	5,322
2008	785	-	-	-	-	-	785
Total Commercial Mortgage-Backed Securities	785	23,157	-	-	-	-	23,942
Total Non-agency RMBS and Commercial MBS	\$ 785	\$ 32,620	\$ 1,419	\$ 7,000	\$ 10,426	\$ 89,578	\$ 141,828
Asset-Backed Securities							
Sub-Prime	-	\$ 534	-	\$ 1,481	-	-	\$ 2,015
Credit Cards	-	\$ 8,180	-	-	-	-	8,180
Autos	-	\$ 72,764	-	-	\$ 51	-	72,815
Student Loan	-	\$ 37,058	-	-	-	-	37,058
Stranded Cost & UK ABS	-	\$ 4,303	-	-	-	-	4,303
Total Asset-Backed Securities	\$ -	\$ 122,839	\$ -	\$ 1,481	\$ 51	\$ -	\$ 124,371

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	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009
Borrowings drawn under credit facility	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Senior Notes (a)	246,847	246,820	246,793	-	-	-
Junior Subordinated Deferrable Debentures (JSDs) (b)	289,800	289,800	289,800	289,800	304,300	304,300
Total debt	<u>536,647</u>	<u>536,620</u>	<u>536,593</u>	<u>289,800</u>	<u>304,300</u>	<u>304,300</u>
Ordinary shares- capital and surplus	3,766,230	3,609,652	3,766,223	4,035,971	3,971,168	2,156,030
Accumulated other comprehensive (loss)	(4,945)	(6,726)	(6,658)	(4,851)	(4,976)	(4,061)
Total shareholders' equity	<u>3,761,285</u>	<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>
Total capitalization (c)	<u>\$ 4,297,932</u>	<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>
Debt to total capitalization	<u>12.5%</u>	<u>13.0%</u>	<u>12.5%</u>	<u>6.7%</u>	<u>7.1%</u>	<u>12.4%</u>
Debt (excluding JSDs) to total capitalization	<u>5.7%</u>	<u>6.0%</u>	<u>5.7%</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 October 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	\$ 390,788	\$ 657,301	\$ 892,933	\$ 1,176,660	\$ 2,059,411
California	Earthquake	88,652	284,408	438,269	600,361	2,008,143
Europe	Windstorm	189,143	409,444	602,665	832,012	1,678,113
Japan	Earthquake	26,657	100,881	133,097	216,705	685,740
Japan	Typhoon	61,065	141,347	209,217	285,057	637,486

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		Estimated	% of latest 12
			Consolidated (Validus Re and Talbot) Net Loss	Months Consolidated Net Premiums Earned
Terrorism	Rockefeller Center	Midtown Manhattan suffers a 2-tonne conventional bomb blast	\$ 168.2	9.6%
Terrorism	Exchange Place	Lower Manhattan suffers a 2-tonne conventional bomb blast	130.4	7.4%
Marine	Marine collision in Prince William Sound	Fully laden tanker collides with a cruise vessel in Prince William Sound	183.0	10.4%
Marine	Major cruise vessel incident	US-owned cruise vessel sunk or severely damaged	130.3	7.4%
Marine	Loss of major complex	Total loss to all platforms and bridge links of a major oil complex	187.4	10.7%
Aviation	Aviation collision	Collision of two aircraft over a major city	102.5	5.8%
Satellite	Proton flare	Large single or sequence of proton flares results in loss to all satellites in synchronous orbit	21.8	1.2%
Satellite	Generic defect	Undetected defect in a number of operational satellites causing major loss	39.9	2.3%
Liability	Professional lines	Failure or collapse of a major corporation	38.3	2.2%
Liability	Professional lines	UK pensions mis-selling	24.2	1.4%
Political Risks	South East Asia	Chinese economy has a "hard landing" with sharp fall in growth rates; regional contagion	35.9	2.0%
Political Risks	South America	Severe economic crisis in Brazil due to political upheaval; regional contagion	34.8	2.0%
Political Risks	Middle East	US and Iran escalate into military confrontation; regional contagion	21.0	1.2%
Political Risks	Russia	The Russian corporate sector struggles to deal with the effects of crashing commodity and stock prices	23.5	1.3%
Political Risks	Turkey	Severe economic crisis in Turkey due to political upheaval	42.6	2.4%

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 2010 can be accessed at the RDS part of the Lloyd's public website <http://www.lloyds.com/The-Market/Tools-and-Resources/Research/Exposure-Management/Realistic-Disaster-Scenarios>

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

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

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



Validus Holdings, Ltd.

Non-GAAP Financial Measure Reconciliation

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

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

	Three Months Ended		Nine Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Net income	\$ 238,473	\$ 499,178	\$ 299,877	\$ 731,647
Adjustments for:				
Gain on bargain purchase, net of expenses (a)	-	(302,950)	-	(287,099)
Net realized (gains) losses on investments	(23,058)	(5,429)	(46,897)	20,642
Net unrealized (gains) on investments	(31,588)	(50,437)	(88,641)	(109,839)
Foreign exchange (gains) losses	(10,790)	5,244	2,073	1,012
Net operating income	\$ 173,037	\$ 145,606	\$ 166,412	\$ 356,363
less: Dividends and distributions declared on outstanding warrants	(1,747)	(1,591)	(5,245)	(4,917)
Net operating income, adjusted	\$ 171,290	\$ 144,015	\$ 161,167	\$ 351,446
Net income per share - diluted	\$ 2.08	\$ 5.21	\$ 2.42	\$ 8.65
Adjustments for:				
Gain on bargain purchase, net of expenses (a)	-	(3.16)	-	(3.39)
Net realized (gains) losses on investments	(0.20)	(0.06)	(0.38)	0.24
Net unrealized (gains) on investments	(0.28)	(0.53)	(0.72)	(1.30)
Foreign exchange (gains) losses	(0.09)	0.06	0.02	0.01
Net operating income per share - diluted	\$ 1.51	\$ 1.52	\$ 1.34	\$ 4.21
Weighted average number of common shares and common share equivalents	114,842,742	95,834,809	123,735,683	84,626,505
Average shareholders' equity	\$ 3,682,106	\$ 3,059,081	\$ 3,788,724	\$ 2,519,970
Annualized net operating return on average equity	18.8%	19.0%	5.9%	18.9%

(a) 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.