



## **Validus Holdings, Ltd.**

**Investor Financial Supplement - First Quarter 2010**

**May 6, 2010**

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



**Validus Holdings, Ltd.**  
**Table of Contents**

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



**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.
- On September 4, 2009, 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 of September 4, 2009. The Validus data for all periods prior to September 4, 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 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 36.
- 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 operating return on average equity is calculated by dividing the operating income for the period by the average shareholders' equity during the period. Average shareholders' equity is the average of the beginning, ending and intervening quarter end shareholders' equity balances. Percentages for the quarter periods are annualized. A reconciliation of net operating income to net income is included on page 36.



**Validus Holdings, Ltd.**

**Consolidated Financial Highlights**

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

		Three Months Ended				Year Ended		
		March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2009	December 31, 2008
<b>Highlights</b>	Net (loss) income	\$ (118,378)	\$ 165,759	\$ 499,178	\$ 137,563	\$ 94,907	\$ 897,407	\$ 53,111
	Net operating (loss) income (a)	(136,425)	176,921	145,606	110,383	100,375	533,285	175,054
	Gross premiums written	870,934	255,289	331,028	425,032	609,892	1,621,241	1,362,484
	Net premiums earned	457,694	427,901	374,717	328,200	318,759	1,449,577	1,256,518
	Total assets	7,632,576	7,019,140	7,177,071	5,008,450	4,762,798	7,019,140	4,322,480
	Total shareholders' equity	3,759,565	4,031,120	3,966,192	2,151,969	2,022,986	4,031,120	1,938,734
<b>Per share data</b>	<u>Earnings per basic share (b)</u>							
	Net (loss) income	\$ (0.95)	\$ 1.26	\$ 5.38	\$ 1.79	\$ 1.23	\$ 9.51	\$ 0.62
	Net operating (loss) income	(1.09)	1.34	1.56	1.43	1.30	5.62	2.25
	<u>Earnings per diluted share (b)</u>							
	Net (loss) income	\$ (0.95)	\$ 1.23	\$ 5.21	\$ 1.74	\$ 1.20	\$ 9.24	\$ 0.61
	Net operating (loss) income	(1.09)	1.31	1.52	1.40	1.27	5.49	2.22
	<u>Book value per share</u>							
	Reported	\$ 30.34	\$ 31.38	\$ 30.25	\$ 28.26	\$ 26.68	\$ 31.38	\$ 25.64
	With investments at amortized cost	30.31	31.42	30.10	28.58	27.70	31.42	27.08
	<u>Diluted book value per share (b)</u>							
	Reported	\$ 28.66	\$ 29.68	\$ 28.61	\$ 26.08	\$ 24.65	\$ 29.68	\$ 23.78
	With investments at amortized cost	28.63	29.72	28.48	26.35	25.51	29.72	24.99
	<u>Diluted book value per common share plus accumulated dividends</u>	\$ 30.48	\$ 31.28	\$ 30.01	\$ 27.28	\$ 25.65	\$ 31.28	\$ 24.58
<b>Financial ratios</b>	Losses and loss expense ratio	104.6%	31.1%	35.8%	38.0%	41.4%	36.1%	61.5%
	Policy acquisition costs ratio	16.6%	17.0%	17.1%	19.6%	19.3%	18.1%	18.7%
	General and administration expenses ratio	<u>13.1%</u>	<u>16.0%</u>	<u>13.8%</u>	<u>14.3%</u>	<u>14.3%</u>	<u>14.7%</u>	<u>12.0%</u>
	Expense ratio	<u>29.7%</u>	<u>33.0%</u>	<u>30.9%</u>	<u>33.9%</u>	<u>33.6%</u>	<u>32.8%</u>	<u>30.7%</u>
	Combined ratio	<u>134.3%</u>	<u>64.1%</u>	<u>66.7%</u>	<u>71.9%</u>	<u>75.0%</u>	<u>68.9%</u>	<u>92.2%</u>
	Annualized return on average equity (c)	(12.2)%	16.6%	65.3%	26.4%	19.2%	31.8%	2.7%
	Annualized operating return on average equity (d)	(14.0)%	17.7%	19.0%	21.2%	20.3%	18.9%	8.9%

**Notes:**

(a) Net operating (loss) income, a non-GAAP financial measure, is defined as net income excluding net realized and unrealized gains or losses on investments, foreign exchange gains and losses and non-recurring items including the gain on bargain purchase, net of expenses relating to the acquisition of IPC. This measure focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-U.S.\$ denominated balances are unrelated to our underlying business. Refer to the Non-GAAP Financial Measure Reconciliation on page 36.

(b) In the basic earnings per share calculation, dividends and distributions declared on warrants are deducted from net income. In calculating diluted earnings per share, we consider the application of the treasury stock method and the two class method and which ever is more dilutive is included into the calculation of diluted earnings per share.

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

(d) Annualized operating return on average equity is calculated by dividing the operating income for the period by the average shareholders' equity during the period. Average shareholders' equity is the average of the beginning, ending and intervening quarter end shareholders' equity balances. Percentages for the quarter periods are annualized. A reconciliation of net operating income to net income is included on page 36.



**Validus Holdings, Ltd.**

**Summary Consolidated Balance Sheets**

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

	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2008
<b>Assets</b>						
Fixed maturities, at fair value	\$ 5,181,042	\$ 4,869,378	\$ 4,590,143	\$ 2,816,536	\$ 2,644,496	\$ 2,454,501
Short-term investments, at fair value	308,502	481,766	594,581	323,940	282,363	377,036
Other investments, at fair value	34,398	37,615	129,012	-	-	-
Cash and cash equivalents	478,476	387,585	393,788	390,090	535,798	449,848
Total investments and cash	6,002,418	5,776,344	5,707,524	3,530,566	3,462,657	3,281,385
Premiums receivable	803,921	551,616	723,029	679,189	600,943	408,259
Deferred acquisition costs	165,158	112,329	139,157	145,615	143,510	108,156
Prepaid reinsurance premiums	103,950	73,164	101,711	87,798	59,510	22,459
Securities lending collateral	99,230	90,350	100,053	166,496	99,727	98,954
Loss reserves recoverable	198,956	181,765	172,101	169,666	204,197	208,796
Paid losses recoverable	18,261	14,782	10,064	36,624	4,438	1,388
Net receivable for investments sold	13,879	-	-	-	-	490
Income taxes recoverable	2,261	2,043	3,027	1,876	1,244	1,365
Intangible assets	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
Accrued investment income	42,867	38,077	43,190	19,636	20,511	20,433
Other assets	39,267	35,222	32,726	25,455	19,491	23,185
<b>Total assets</b>	<b>\$ 7,632,576</b>	<b>\$ 7,019,140</b>	<b>\$ 7,177,071</b>	<b>\$ 5,008,450</b>	<b>\$ 4,762,798</b>	<b>\$ 4,322,480</b>
<b>Liabilities</b>						
Reserve for losses and loss expenses	\$ 1,976,889	\$ 1,622,134	\$ 1,624,743	\$ 1,311,935	\$ 1,318,732	\$ 1,305,303
Unearned premiums	1,083,591	724,104	955,049	856,138	795,233	539,450
Reinsurance balances payable	44,715	65,414	40,879	101,004	66,180	33,042
Securities lending payable	100,000	90,106	101,040	168,923	105,369	105,688
Deferred income taxes	24,104	24,508	26,110	22,163	20,914	21,779
Net payable for investments purchased	-	44,145	39,224	16,346	57,434	-
Accounts payable and accrued expenses	107,119	127,809	119,534	75,672	71,650	74,184
Senior notes payable	246,793	-	-	-	-	-
Debentures payable	289,800	289,800	304,300	304,300	304,300	304,300
<b>Total liabilities</b>	<b>3,873,011</b>	<b>2,988,020</b>	<b>3,210,879</b>	<b>2,856,481</b>	<b>2,739,812</b>	<b>2,383,746</b>
<b>Shareholders' equity</b>						
Common shares	23,081	23,033	22,944	13,327	13,271	13,235
Treasury shares	(1,397)	(553)	-	-	-	-
Additional paid-in-capital	2,555,243	2,675,680	2,748,121	1,424,378	1,419,602	1,412,635
Accumulated other comprehensive (loss)	(6,658)	(4,851)	(4,976)	(4,061)	(8,054)	(7,858)
Retained earnings	1,189,296	1,337,811	1,200,103	718,325	598,167	520,722
<b>Total shareholders' equity</b>	<b>3,759,565</b>	<b>4,031,120</b>	<b>3,966,192</b>	<b>2,151,969</b>	<b>2,022,986</b>	<b>1,938,734</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 7,632,576</b>	<b>\$ 7,019,140</b>	<b>\$ 7,177,071</b>	<b>\$ 5,008,450</b>	<b>\$ 4,762,798</b>	<b>\$ 4,322,480</b>
Book value per common share	\$ 30.34	\$ 31.38	\$ 30.25	\$ 28.26	\$ 26.68	\$ 25.64
Diluted book value per common share	\$ 28.66	\$ 29.68	\$ 28.61	\$ 26.08	\$ 24.65	\$ 23.78
Diluted book value per common share plus accumulated dividends	\$ 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 March 31, 2010			At December 31, 2009		
	Equity Amount	Shares	Exercise Price (a) Per Share	Equity Amount	Shares	Exercise Price (a) Per Share
<b><u>Book value per common share, reported</u></b>						
<b>Book value per common share</b>						
Total shareholders' equity	\$ 3,759,565	123,910,430	\$ <u>30.34</u>	\$ 4,031,120	128,459,478	\$ <u>31.38</u>
<b>Diluted book value per common share</b>						
Total shareholders' equity	\$ 3,759,565	123,910,430		\$ 4,031,120	128,459,478	
Assumed exercise of outstanding warrants (b)	139,576	7,952,138	\$ 17.55	139,576	7,952,138	\$ 17.55
Assumed exercise of outstanding stock options (b)	63,942	3,223,274	\$ 19.84	65,159	3,278,015	\$ 19.88
Unvested restricted shares	-	3,186,816		-	3,020,651	
Diluted book value per common share	\$ <u>3,963,083</u>	<u>138,272,658</u>	\$ <u>28.66</u>	\$ <u>4,235,855</u>	<u>142,710,282</u>	\$ <u>29.68</u>
<b><u>Book value per common share, adjusted (c)</u></b>						
<b>Book value per common share</b>						
Total shareholders' equity	\$ 3,759,565			\$ 4,031,120		
Accumulated other comprehensive loss	6,658			4,851		
Unrealized (gain) loss on investments	<u>(10,456)</u>			<u>209</u>		
Total shareholders' equity, adjusted	\$ <u>3,755,767</u>	123,910,430	\$ <u>30.31</u>	\$ <u>4,036,180</u>	128,459,478	\$ <u>31.42</u>
<b>Diluted book value per common share</b>						
Total shareholders' equity, adjusted	\$ 3,755,767	123,910,430		\$ 4,036,180	128,459,478	
Assumed exercise of outstanding warrants (b)	139,576	7,952,138	\$ 17.55	139,576	7,952,138	\$ 17.55
Assumed exercise of outstanding stock options (b)	63,942	3,223,274	\$ 19.84	65,159	3,278,015	\$ 19.88
Unvested restricted shares	-	3,186,816		-	3,020,651	
Diluted book value per common share	\$ <u>3,959,285</u>	<u>138,272,658</u>	\$ <u>28.63</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				Year Ended		
	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2009	December 31, 2008
<b>Cash flows provided by (used in) operating activities</b>							
Net (loss) income	\$ (118,378)	\$ 165,759	\$ 499,178	\$ 137,563	\$ 94,907	\$ 897,407	\$ 53,111
Adjustments to reconcile net income to cash provided by (used in) operating activities:							
Share compensation expenses	6,576	8,189	11,293	5,632	7,354	32,468	27,097
Realized gain on repurchase of debentures	-	(4,444)	-	-	-	(4,444)	(8,752)
Bargain purchase gain	-	-	(352,349)	-	-	(352,349)	-
Net realized (gains) losses on investments	(11,398)	(9,099)	(5,429)	2,650	23,421	11,543	1,591
Net unrealized (gains) losses on investments	(15,413)	25,042	(50,436)	(37,249)	(22,153)	(84,796)	79,707
Amortization of intangible assets	1,040	1,041	22,711	1,041	1,040	25,833	4,162
Foreign exchange losses (gains) on cash and cash equivalents included in net income	4,538	908	(894)	(10,152)	559	(9,579)	40,474
Amortization of premium on fixed maturities	3,713	7,308	4,846	2,421	1,702	16,277	3,710
Change in:							
Premiums receivable	(255,394)	171,170	130,187	(71,118)	(193,076)	37,163	(23,833)
Deferred acquisition costs	(52,829)	26,828	28,546	(2,116)	(35,344)	17,914	(2,790)
Prepaid reinsurance premiums	(30,786)	28,547	(12,085)	(26,372)	(37,160)	(47,070)	(1,162)
Loss reserves recoverable	(18,871)	(9,712)	(343)	38,564	4,413	32,922	(82,685)
Paid losses recoverable	(3,509)	(4,803)	25,462	(31,032)	(3,051)	(13,424)	6,281
Income taxes recoverable	(41)	940	(964)	131	(653)	(546)	1,845
Accrued investment income	(4,875)	5,110	(614)	766	(86)	5,176	(473)
Other assets	(6,557)	(3,065)	(815)	(2,825)	3,083	(3,622)	12,908
Reserve for losses and loss expenses	366,176	(1,337)	9,100	(33,065)	15,064	(10,238)	444,149
Unearned premiums	359,487	(230,945)	(106,590)	60,907	255,782	(20,846)	(17,032)
Reinsurance balances payable	(19,203)	24,830	(63,054)	33,697	33,260	28,733	(1,401)
Deferred income taxes	(624)	(1,642)	7,235	(2,597)	93	3,089	11,921
Accounts payable and accrued expenses	(19,686)	6,107	(6,412)	(4,902)	(1,288)	(6,495)	(62,845)
<b>Net cash provided by operating activities</b>	<b>183,966</b>	<b>206,732</b>	<b>138,573</b>	<b>61,944</b>	<b>147,867</b>	<b>555,116</b>	<b>485,983</b>
<b>Cash flows provided by (used in) investing activities</b>							
Proceeds on sales of investments	1,226,380	1,234,191	737,808	636,421	873,352	3,481,772	2,266,000
Proceeds on maturities of investments	113,341	101,965	154,844	88,819	222,402	568,030	799,775
Purchases of fixed maturities	(1,693,657)	(1,629,225)	(670,048)	(889,774)	(1,232,740)	(4,421,787)	(3,284,971)
Sales (purchases) of short-term investments, net	173,233	108,899	37,573	(40,863)	94,644	200,253	(109,250)
Sales (purchases) of other investments	4,383	92,442	(2,047)	-	-	90,395	-
(Increase) decrease in securities lending collateral	(9,894)	10,933	67,884	(63,554)	319	15,582	58,636
Purchase of subsidiary, net of cash acquired	-	-	(376,878)	-	-	(376,878)	-
<b>Net cash (used in) investing activities</b>	<b>(186,214)</b>	<b>(80,795)</b>	<b>(50,864)</b>	<b>(268,951)</b>	<b>(42,023)</b>	<b>(442,633)</b>	<b>(269,810)</b>
<b>Cash flows provided by (used in) financing activities</b>							
Net proceeds on issuance of senior notes	246,793	-	-	-	-	-	-
Repurchase of debentures	-	(10,056)	-	-	-	(10,056)	(36,948)
Issue of common shares, net of expenses	348	3,024	(592)	(831)	(351)	1,250	1,184
Purchases of common shares under share repurchase program	(128,157)	(84,164)	-	-	-	(84,164)	-
Dividends paid	(29,944)	(27,577)	(16,965)	(16,511)	(17,462)	(78,515)	(67,934)
Increase (decrease) in securities lending payable	9,894	(10,933)	(67,884)	63,554	(319)	(15,582)	(58,636)
<b>Net cash provided by (used in) financing activities</b>	<b>98,934</b>	<b>(129,706)</b>	<b>(85,441)</b>	<b>46,212</b>	<b>(18,132)</b>	<b>(187,067)</b>	<b>(162,334)</b>
Effect of foreign currency rate changes on cash and cash equivalents	(5,795)	(2,434)	1,430	15,087	(1,762)	12,321	(48,689)
Net increase (decrease) in cash	90,891	(6,203)	3,698	(145,708)	85,950	(62,263)	5,150
<b>Cash and cash equivalents - beginning of period</b>	<b>387,585</b>	<b>\$ 393,788</b>	<b>\$ 390,090</b>	<b>\$ 535,798</b>	<b>\$ 449,848</b>	<b>\$ 449,848</b>	<b>\$ 444,698</b>
<b>Cash and cash equivalents - end of period</b>	<b>\$ 478,476</b>	<b>\$ 387,585</b>	<b>\$ 393,788</b>	<b>\$ 390,090</b>	<b>\$ 535,798</b>	<b>\$ 387,585</b>	<b>\$ 449,848</b>
<b>Taxes (recovered) paid during the period</b>	<b>\$ (184)</b>	<b>\$ 278</b>	<b>\$ 196</b>	<b>\$ 900</b>	<b>\$ 299</b>	<b>\$ 1,673</b>	<b>\$ (2,510)</b>
<b>Interest paid during the period</b>	<b>\$ 6,365</b>	<b>\$ 6,559</b>	<b>\$ 6,672</b>	<b>\$ 6,672</b>	<b>\$ 6,672</b>	<b>\$ 26,575</b>	<b>\$ 27,474</b>
<b>Losses paid during the period</b>	<b>\$ 127,652</b>	<b>\$ 144,051</b>	<b>\$ 126,127</b>	<b>\$ 125,386</b>	<b>\$ 111,871</b>	<b>\$ 507,435</b>	<b>\$ 406,469</b>



Validus Holdings, Ltd.

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

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

	Three Months Ended				Year Ended		
	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2009	December 31, 2008
<b>Revenues</b>							
Gross premiums written	\$ 870,934	\$ 255,289	\$ 331,028	\$ 425,032	\$ 609,892	\$ 1,621,241	\$ 1,362,484
Reinsurance premiums ceded	(90,739)	(30,393)	(67,687)	(62,291)	(72,512)	(232,883)	(124,160)
Net premiums written	780,195	224,896	263,341	362,741	537,380	1,388,358	1,238,324
Change in unearned premiums	(322,501)	203,005	111,376	(34,541)	(218,621)	61,219	18,194
Net premiums earned	457,694	427,901	374,717	328,200	318,759	1,449,577	1,256,518
Gain on bargain purchase, net of expenses (a)	-	-	302,950	(15,851)	-	287,099	-
Net investment income	34,299	35,506	29,532	26,963	26,772	118,773	139,528
Realized gain on repurchase of debentures	-	4,444	-	-	-	4,444	8,752
Net realized gains (losses) on investments	11,398	9,099	5,429	(2,650)	(23,421)	(11,543)	(1,591)
Net unrealized gains (losses) on investments	15,413	(25,043)	50,437	37,249	22,153	84,796	(79,707)
Other income	888	1,759	1,101	1,017	757	4,634	5,264
Foreign exchange (losses) gains	(8,764)	338	(5,244)	8,432	(4,200)	(674)	(49,397)
<b>Total revenues</b>	<b>510,928</b>	<b>454,004</b>	<b>758,922</b>	<b>383,360</b>	<b>340,820</b>	<b>1,937,106</b>	<b>1,279,367</b>
<b>Expenses</b>							
Losses and loss expenses	478,531	133,020	134,152	124,751	131,834	523,757	772,154
Policy acquisition costs	76,176	72,843	64,236	64,438	61,449	262,966	234,951
General and administrative expenses	53,569	60,253	46,036	41,200	38,079	185,568	123,948
Share compensation expenses	6,576	8,189	5,862	5,632	7,354	27,037	27,097
Finance expenses	15,151	14,398	11,257	10,752	7,723	44,130	57,318
<b>Total expenses</b>	<b>630,003</b>	<b>288,703</b>	<b>261,543</b>	<b>246,773</b>	<b>246,439</b>	<b>1,043,458</b>	<b>1,215,468</b>
<b>Net (loss) income before taxes</b>	<b>(119,075)</b>	<b>165,301</b>	<b>497,379</b>	<b>136,587</b>	<b>94,381</b>	<b>893,648</b>	<b>63,899</b>
Tax benefit (expense)	697	458	1,799	976	526	3,759	(10,788)
<b>Net (loss) income</b>	<b>\$ (118,378)</b>	<b>\$ 165,759</b>	<b>\$ 499,178</b>	<b>\$ 137,563</b>	<b>\$ 94,907</b>	<b>\$ 897,407</b>	<b>\$ 53,111</b>
<b>Comprehensive income</b>							
Foreign currency translation adjustments	(1,807)	125	(915)	3,993	(196)	3,007	(7,809)
<b>Comprehensive (loss) income</b>	<b>\$ (120,185)</b>	<b>\$ 165,884</b>	<b>\$ 498,263</b>	<b>\$ 141,556</b>	<b>\$ 94,711</b>	<b>\$ 900,414</b>	<b>\$ 45,302</b>
<b>Earnings per share</b>							
Weighted average number of common shares and common share equivalents outstanding							
Basic	126,633,277	130,413,790	92,492,373	76,138,038	75,744,577	93,697,194	74,677,903
Diluted	126,633,277	134,794,120	95,834,809	78,942,065	79,102,643	97,168,409	75,819,413
<b>Basic (loss) earnings per share</b>	<b>\$ (0.95)</b>	<b>\$ 1.26</b>	<b>\$ 5.38</b>	<b>\$ 1.79</b>	<b>\$ 1.23</b>	<b>\$ 9.51</b>	<b>\$ 0.62</b>
<b>Diluted (loss) earnings per share</b>	<b>\$ (0.95)</b>	<b>\$ 1.23</b>	<b>\$ 5.21</b>	<b>\$ 1.74</b>	<b>\$ 1.20</b>	<b>\$ 9.24</b>	<b>\$ 0.61</b>
<b>Cash dividends declared per share</b>	<b>\$ 0.22</b>	<b>\$ 0.20</b>	<b>\$ 0.20</b>	<b>\$ 0.20</b>	<b>\$ 0.20</b>	<b>\$ 0.80</b>	<b>\$ 0.80</b>

**Notes:**

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

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





**Validus Holdings, Ltd.**

**Consolidated Statements of Operations - Underwriting Income Format**

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

	Three Months Ended				Year Ended		
	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2009	December 31, 2008
<b>Underwriting income</b>							
Gross premiums written	\$ 870,934	\$ 255,289	\$ 331,028	\$ 425,032	\$ 609,892	\$ 1,621,241	\$ 1,362,484
Reinsurance premiums ceded	(90,739)	(30,393)	(67,687)	(62,291)	(72,512)	(232,883)	(124,160)
Net premiums written	780,195	224,896	263,341	362,741	537,380	1,388,358	1,238,324
Change in unearned premiums	(322,501)	203,005	111,376	(34,541)	(218,621)	61,219	18,194
<b>Net premiums earned</b>	<u>457,694</u>	<u>427,901</u>	<u>374,717</u>	<u>328,200</u>	<u>318,759</u>	<u>1,449,577</u>	<u>1,256,518</u>
<b>Underwriting deductions</b>							
Losses and loss expenses	478,531	133,020	134,152	124,751	131,834	523,757	772,154
Policy acquisition costs	76,176	72,843	64,236	64,438	61,449	262,966	234,951
General and administrative expenses	53,569	60,253	46,036	41,200	38,079	185,568	123,948
Share compensation expenses	6,576	8,189	5,862	5,632	7,354	27,037	27,097
<b>Total underwriting deductions</b>	<u>614,852</u>	<u>274,305</u>	<u>250,286</u>	<u>236,021</u>	<u>238,716</u>	<u>999,328</u>	<u>1,158,150</u>
<b>Underwriting (loss) income</b>	\$ (157,158)	\$ 153,596	\$ 124,431	\$ 92,179	\$ 80,043	\$ 450,249	\$ 98,368
Net investment income	34,299	35,506	29,532	26,963	26,772	118,773	139,528
Other income	888	1,759	1,101	1,017	757	4,634	5,264
Finance expenses	(15,151)	(14,398)	(11,257)	(10,752)	(7,723)	(44,130)	(57,318)
<b>Operating (loss) income before taxes</b>	(137,122)	176,463	143,807	109,407	99,849	529,526	185,842
Tax benefit (expense)	697	458	1,799	976	526	3,759	(10,788)
<b>Net operating (loss) income (a)</b>	<u>\$ (136,425)</u>	<u>\$ 176,921</u>	<u>\$ 145,606</u>	<u>\$ 110,383</u>	<u>\$ 100,375</u>	<u>\$ 533,285</u>	<u>\$ 175,054</u>
Gain on bargain purchase, net of expenses (b)	-	-	302,950	(15,851)	-	287,099	-
Realized gain on repurchase of debentures	-	4,444	-	-	-	4,444	8,752
Net realized gains (losses) on investments	11,398	9,099	5,429	(2,650)	(23,421)	(11,543)	(1,591)
Net unrealized gains (losses) on investments	15,413	(25,043)	50,437	37,249	22,153	84,796	(79,707)
Foreign exchange (losses) gains	(8,764)	338	(5,244)	8,432	(4,200)	(674)	(49,397)
<b>Net (loss) income</b>	<u>\$ (118,378)</u>	<u>\$ 165,759</u>	<u>\$ 499,178</u>	<u>\$ 137,563</u>	<u>\$ 94,907</u>	<u>\$ 897,407</u>	<u>\$ 53,111</u>
<b>Selected ratios:</b>							
Net premiums written / Gross premiums written	89.6%	88.1%	79.6%	85.3%	88.1%	85.6%	90.9%
Losses and loss expenses	104.6%	31.1%	35.8%	38.0%	41.4%	36.1%	61.5%
Policy acquisition costs	16.6%	17.0%	17.1%	19.6%	19.3%	18.1%	18.7%
General and administrative expenses (d)	13.1%	16.0%	13.8%	14.3%	14.3%	14.7%	12.0%
Expense ratio	29.7%	33.0%	30.9%	33.9%	33.6%	32.8%	30.7%
Combined ratio	134.3%	64.1%	66.7%	71.9%	75.0%	68.9%	92.2%

**Notes:**

(a) Net operating (loss) income, a non-GAAP financial measure, is defined as net (loss) income excluding net realized and unrealized gains or losses on investments, foreign exchange gains and losses and non-recurring items. 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 36.

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

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

(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					
	March 31, 2010			March 31, 2009		
	Net Operating Income	Net Income	Comprehensive Income	Net Operating Income	Net Income	Comprehensive Income
<b>Basic (loss) earnings per share</b>						
(Loss) income	\$ (136,425)	\$ (118,378)	\$ (120,185)	\$ 100,375	\$ 94,907	\$ 94,711
less: Dividends and distributions declared on outstanding warrants	(1,749)	(1,749)	(1,749)	(1,736)	(1,736)	(1,736)
(Loss) income available to common shareholders	<u>\$ (138,174)</u>	<u>\$ (120,127)</u>	<u>\$ (121,934)</u>	<u>\$ 98,639</u>	<u>\$ 93,171</u>	<u>\$ 92,975</u>
Weighted average number of common shares outstanding	126,633,277	126,633,277	126,633,277	75,744,577	75,744,577	75,744,577
<b>Basic (loss) earnings per share</b>	<u><u>\$ (1.09)</u></u>	<u><u>\$ (0.95)</u></u>	<u><u>\$ (0.96)</u></u>	<u><u>\$ 1.30</u></u>	<u><u>\$ 1.23</u></u>	<u><u>\$ 1.23</u></u>
<b>Diluted (loss) earnings per share</b>						
(Loss) income	\$ (136,425)	\$ (118,378)	\$ (120,185)	\$ 100,375	\$ 94,907	\$ 94,711
less: Dividends and distributions declared on outstanding warrants	(1,749)	(1,749)	(1,749)	-	-	-
(Loss) income available to common shareholders	<u>\$ (138,174)</u>	<u>\$ (120,127)</u>	<u>\$ (121,934)</u>	<u>\$ 100,375</u>	<u>\$ 94,907</u>	<u>\$ 94,711</u>
Weighted average number of common shares outstanding	126,633,277	126,633,277	126,633,277	75,744,577	75,744,577	75,744,577
Share equivalents:						
Warrants	-	-	-	2,307,094	2,307,094	2,307,094
Stock options	-	-	-	367,504	367,504	367,504
Unvested restricted shares	-	-	-	683,468	683,468	683,468
Weighted average number of diluted common shares outstanding	<u>126,633,277</u>	<u>126,633,277</u>	<u>126,633,277</u>	<u>79,102,643</u>	<u>79,102,643</u>	<u>79,102,643</u>
<b>Diluted (loss) earnings per share</b>	<u><u>\$ (1.09)</u></u>	<u><u>\$ (0.95)</u></u>	<u><u>\$ (0.96)</u></u>	<u><u>\$ 1.27</u></u>	<u><u>\$ 1.20</u></u>	<u><u>\$ 1.20</u></u>

**Notes:**

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

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

(c) Due to the net loss incurred in the three months ended March 31, 2010, share equivalents were not included in the computation of diluted earnings per share, because of their anti-dilutive effect.



**Validus Holdings, Ltd.**

**Computation of Weighted Average Dilutive Shares Outstanding**

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

	<b>Three Months Ended</b>	
	<b>March 31, 2010</b>	<b>March 31, 2009</b>
Average fair value per share	\$ 26.58	\$ 23.90
Basic weighted average common shares outstanding	126,633,277	75,744,577
Add: weighted average unvested restricted shares	-	3,012,854
Proceeds from unrecognized restricted share expenses	\$ -	\$ 55,672
Less: restricted shares bought back via treasury method	-	(2,329,386)
Add: weighted average dilutive warrants outstanding	-	8,680,149
Weighted average exercise price per share	\$ -	\$ 17.55
Less: warrants bought back via treasury method	-	(6,373,055)
Add: weighted average dilutive options outstanding	-	2,795,868
Weighted average exercise price per share	\$ -	\$ 18.23
Proceeds from unrecognized option expenses	\$ -	\$ 9,063
Less: options bought back via treasury method	-	(2,428,364)
<b>Weighted average dilutive shares outstanding</b>	<b>126,633,277</b>	<b>79,102,643</b>

**Notes:**

(a) Due to the net loss incurred in the three months ended March 31, 2010, share equivalents were not included in the computation of diluted earnings per share, because of their anti-dilutive effect.



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 March 31, 2010 (a)				Three Months Ended March 31, 2009 (a)			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
<b>Underwriting income</b>								
Gross premiums written	\$ 640,295	\$ 270,541	\$ (39,902)	\$ 870,934	\$ 410,126	\$ 227,920	\$ (28,154)	\$ 609,892
Reinsurance premiums ceded	(13,110)	(117,531)	39,902	(90,739)	(13,289)	(87,377)	28,154	(72,512)
Net premiums written	627,185	153,010	-	780,195	396,837	140,543	-	537,380
Change in unearned premiums	(343,264)	20,763	-	(322,501)	(222,390)	3,769	-	(218,621)
<b>Net premiums earned</b>	<b>283,921</b>	<b>173,773</b>	<b>-</b>	<b>457,694</b>	<b>174,447</b>	<b>144,312</b>	<b>-</b>	<b>318,759</b>
<b>Underwriting deductions</b>								
Losses and loss expenses	348,920	129,611	-	478,531	55,462	76,372	-	131,834
Policy acquisition costs	43,503	34,945	(2,272)	76,176	28,577	33,157	(285)	61,449
General and administrative expenses	16,312	25,548	11,709	53,569	13,792	20,214	4,073	38,079
Share compensation expenses	1,629	1,559	3,388	6,576	1,672	2,335	3,347	7,354
<b>Total underwriting deductions</b>	<b>410,364</b>	<b>191,663</b>	<b>12,825</b>	<b>614,852</b>	<b>99,503</b>	<b>132,078</b>	<b>7,135</b>	<b>238,716</b>
<b>Underwriting (loss) income</b>	<b>\$ (126,443)</b>	<b>\$ (17,890)</b>	<b>\$ (12,825)</b>	<b>\$ (157,158)</b>	<b>\$ 74,944</b>	<b>\$ 12,234</b>	<b>\$ (7,135)</b>	<b>\$ 80,043</b>
Net investment income	29,245	7,320	(2,266)	34,299	20,786	7,494	(1,508)	26,772
Other income (loss)	1,078	1,975	(2,165)	888	285	757	(285)	757
Finance expenses	(1,293)	(3,245)	(10,613)	(15,151)	(363)	(423)	(6,937)	(7,723)
<b>Operating (loss) income before taxes</b>	<b>(97,413)</b>	<b>(11,840)</b>	<b>(27,869)</b>	<b>(137,122)</b>	<b>95,652</b>	<b>20,062</b>	<b>(15,865)</b>	<b>99,849</b>
Tax (expense) benefit	(91)	795	(7)	697	(38)	564	-	526
<b>Net operating (loss) income (b)</b>	<b>\$ (97,504)</b>	<b>\$ (11,045)</b>	<b>\$ (27,876)</b>	<b>\$ (136,425)</b>	<b>\$ 95,614</b>	<b>\$ 20,626</b>	<b>\$ (15,865)</b>	<b>\$ 100,375</b>
Net realized gains (losses) on investments	9,779	1,619	-	11,398	(17,539)	(5,882)	-	(23,421)
Net unrealized gains on investments	12,195	3,218	-	15,413	19,007	3,146	-	22,153
Foreign exchange (losses)	(5,139)	(3,599)	(26)	(8,764)	(3,207)	(993)	-	(4,200)
<b>Net (loss) income</b>	<b>\$ (80,669)</b>	<b>\$ (9,807)</b>	<b>\$ (27,902)</b>	<b>\$ (118,378)</b>	<b>\$ 93,875</b>	<b>\$ 16,897</b>	<b>\$ (15,865)</b>	<b>\$ 94,907</b>
<b>Selected ratios:</b>								
Net premiums written / Gross premiums written	98.0%	56.6%		89.6%	96.8%	61.7%		88.1%
Losses and loss expenses	122.9%	74.6%		104.6%	31.8%	52.9%		41.4%
Policy acquisition costs	15.3%	20.1%		16.6%	16.4%	23.0%		19.3%
General and administrative expenses (c)	6.3%	15.6%		13.1%	8.9%	15.6%		14.3%
Expense ratio	21.6%	35.7%		29.7%	25.3%	38.6%		33.6%
Combined ratio	144.5%	110.3%		134.3%	57.1%	91.5%		75.0%

Notes:

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

(b) Net operating (loss) income, a non-GAAP financial measure, is defined as net (loss) income excluding net realized and unrealized gains or losses on investments, foreign exchange gains and losses and non-recurring items. 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

(c) 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 March 31, 2010 (a)				Three Months Ended March 31, 2009 (a)			
	Property (b)	Marine	Specialty (b)	Total	Property (b)	Marine	Specialty (b)	Total
<b>Underwriting income</b>								
Gross premiums written	\$ 412,408	\$ 169,986	\$ 57,901	\$ 640,295	\$ 240,748	\$ 121,548	\$ 47,830	\$ 410,126
Reinsurance premiums ceded	(9,342)	(4,050)	282	(13,110)	(3,319)	(8,558)	(1,412)	(13,289)
Net premiums written	403,066	165,936	58,183	627,185	237,429	112,990	46,418	396,837
Change in unearned premiums	(191,622)	(124,907)	(26,735)	(343,264)	(114,964)	(87,587)	(19,839)	(222,390)
<b>Net premiums earned</b>	<u>211,444</u>	<u>41,029</u>	<u>31,448</u>	<u>283,921</u>	<u>122,465</u>	<u>25,403</u>	<u>26,579</u>	<u>174,447</u>
<b>Underwriting deductions</b>								
Losses and loss expenses	313,501	23,348	12,071	348,920	26,640	25,170	3,652	55,462
Policy acquisition costs	32,258	6,809	4,436	43,503	20,188	5,372	3,017	28,577
<b>Total underwriting deductions before G&amp;A</b>	<u>345,759</u>	<u>30,157</u>	<u>16,507</u>	<u>392,423</u>	<u>46,828</u>	<u>30,542</u>	<u>6,669</u>	<u>84,039</u>
<b>Underwriting (loss) income before G&amp;A</b>	\$ (134,315)	\$ 10,872	\$ 14,941	\$ (108,502)	\$ 75,637	\$ (5,139)	\$ 19,910	\$ 90,408
General and administrative expenses				16,312				13,792
Share compensation expenses				1,629				1,672
<b>Total underwriting deductions</b>				<u>410,364</u>				<u>99,503</u>
<b>Underwriting (loss) income</b>				<u>(126,443)</u>				<u>74,944</u>
Net investment income				29,245				20,786
Other income				1,078				285
Finance expenses				(1,293)				(363)
<b>Operating (loss) income before taxes</b>				<u>(97,413)</u>				<u>95,652</u>
Tax (expense)				(91)				(38)
<b>Net operating (loss) income (c)</b>				<u>\$ (97,504)</u>				<u>\$ 95,614</u>
Net realized gains (losses) on investments				9,779				(17,539)
Net unrealized gains on investments				12,195				19,007
Foreign exchange (losses)				(5,139)				(3,207)
<b>Net (loss) income</b>				<u>\$ (80,669)</u>				<u>\$ 93,875</u>
<b>Selected ratios:</b>								
Net premiums written / Gross premiums written	97.7%	97.6%	100.5%	98.0%	98.6%	93.0%	97.0%	96.8%
Losses and loss expenses	148.3%	56.9%	38.4%	122.9%	21.8%	99.1%	13.7%	31.8%
Policy acquisition costs	15.3%	16.6%	14.1%	15.3%	16.5%	21.1%	11.4%	16.4%
General and administrative expenses (d)				<u>6.3%</u>				<u>8.9%</u>
Expense ratio				<u>21.6%</u>				<u>25.3%</u>
Combined ratio				<u>144.5%</u>				<u>57.1%</u>

Notes:

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

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

(c) Net operating (loss) income, a non-GAAP financial measure, is defined as net (loss) income excluding net realized and unrealized gains or losses on investments, foreign exchange gains and losses and non-recurring items. 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 36.

(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 March 31, 2010				Three Months Ended March 31, 2009			
	Property (a)	Marine	Specialty (b)	Total	Property (a)	Marine	Specialty (b)	Total
<b>Underwriting income</b>								
Gross premiums written	\$ 85,874	\$ 102,873	\$ 81,794	\$ 270,541	\$ 60,726	\$ 92,410	\$ 74,784	\$ 227,920
Reinsurance premiums ceded	(53,476)	(23,808)	(40,247)	(117,531)	(33,205)	(18,260)	(35,912)	(87,377)
Net premiums written	32,398	79,065	41,547	153,010	27,521	74,150	38,872	140,543
Change in unearned premiums	5,643	(15,841)	30,961	20,763	131	(11,253)	14,891	3,769
<b>Net premiums earned</b>	<b>38,041</b>	<b>63,224</b>	<b>72,508</b>	<b>173,773</b>	<b>27,652</b>	<b>62,897</b>	<b>53,763</b>	<b>144,312</b>
<b>Underwriting deductions</b>								
Losses and loss expenses	60,234	34,298	35,079	129,611	8,059	39,359	28,954	76,372
Policy acquisition costs	7,056	11,395	16,494	34,945	5,598	13,967	13,592	33,157
<b>Total underwriting deductions before G&amp;A</b>	<b>67,290</b>	<b>45,693</b>	<b>51,573</b>	<b>164,556</b>	<b>13,657</b>	<b>53,326</b>	<b>42,546</b>	<b>109,529</b>
<b>Underwriting (loss) income before G&amp;A</b>	<b>\$ (29,249)</b>	<b>\$ 17,531</b>	<b>\$ 20,935</b>	<b>\$ 9,217</b>	<b>\$ 13,995</b>	<b>\$ 9,571</b>	<b>\$ 11,217</b>	<b>\$ 34,783</b>
General and administrative expenses				25,548				20,214
Share compensation expenses				1,559				2,335
<b>Total underwriting deductions</b>				<b>191,663</b>				<b>132,078</b>
<b>Underwriting (loss) income</b>				<b>(17,890)</b>				<b>12,234</b>
Net investment income				7,320				7,494
Other income				1,975				757
Finance expenses				(3,245)				(423)
<b>Operating (loss) income before taxes</b>				<b>(11,840)</b>				<b>20,062</b>
Tax benefit				795				564
<b>Net operating (loss) income (c)</b>				<b>\$ (11,045)</b>				<b>\$ 20,626</b>
Net realized gains (losses) on investments				1,619				(5,882)
Net unrealized gains on investments				3,218				3,146
Foreign exchange (losses)				(3,599)				(993)
<b>Net (loss) income</b>				<b>\$ (9,807)</b>				<b>\$ 16,897</b>
<b>Selected ratios:</b>								
Net premiums written / Gross premiums written	37.7%	76.9%	50.8%	56.6%	45.3%	80.2%	52.0%	61.7%
Losses and loss expenses	158.3%	54.2%	48.4%	74.6%	29.1%	62.6%	53.9%	52.9%
Policy acquisition costs	18.5%	18.0%	22.7%	20.1%	20.2%	22.2%	25.3%	23.0%
General and administrative expenses (d)				15.6%				15.6%
Expense ratio				35.7%				38.6%
Combined ratio				110.3%				91.5%

**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 (loss) income, a non-GAAP financial measure, is defined as net (loss) income excluding net realized and unrealized gains or losses on investments, foreign exchange gains and losses and non-recurring items. 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 36.

(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</u>				<u>Year Ended</u>			
		<u>March 31, 2010</u>		<u>March 31, 2009</u>		<u>December 31, 2009</u>		<u>December 31, 2008</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>
<b>Property (b)</b>	Cat XOL (c)	\$ 305,015	47.7%	\$ 184,199	44.9%	\$ 386,860	50.4%	\$ 328,216	47.7%
	Per Risk XOL	19,968	3.1%	12,798	3.1%	47,417	6.2%	54,056	7.9%
	Proportional (d)	87,425	13.7%	43,751	10.7%	92,151	12.0%	110,695	16.1%
		<u>412,408</u>	<u>64.5%</u>	<u>240,748</u>	<u>58.7%</u>	<u>526,428</u>	<u>68.6%</u>	<u>492,967</u>	<u>71.7%</u>
<b>Marine</b>	Cat XOL (e)	\$ 13,516	2.1%	6,173	1.5%	7,436	1.0%	37,128	5.4%
	Per Risk XOL	61,102	9.5%	53,792	13.1%	70,660	9.2%	54,049	7.8%
	Proportional (d)	95,368	14.9%	61,583	15.0%	74,757	9.7%	26,567	3.9%
		<u>169,986</u>	<u>26.5%</u>	<u>121,548</u>	<u>29.6%</u>	<u>152,853</u>	<u>19.9%</u>	<u>117,744</u>	<u>17.1%</u>
<b>Specialty (b) (f)</b>	Cat XOL (c)	\$ 35,482	5.5%	24,754	6.1%	43,124	5.6%	30,022	4.4%
	Per Risk XOL	6,962	1.1%	7,873	1.9%	8,490	1.1%	5,144	0.7%
	Proportional (d)	15,457	2.4%	15,203	3.7%	37,189	4.8%	41,894	6.1%
		<u>57,901</u>	<u>9.0%</u>	<u>47,830</u>	<u>11.7%</u>	<u>88,803</u>	<u>11.5%</u>	<u>77,060</u>	<u>11.2%</u>
<b>Total</b>	Cat XOL (c)	354,013	55.3%	215,126	52.5%	437,420	57.0%	395,366	57.5%
	Per Risk XOL	88,032	13.7%	74,463	18.1%	126,567	16.5%	113,249	16.4%
	Proportional (d)	198,250	31.0%	120,537	29.4%	204,097	26.5%	179,156	26.1%
		<u>\$ 640,295</u>	<u>100.0%</u>	<u>\$ 410,126</u>	<u>100.0%</u>	<u>\$ 768,084</u>	<u>100.0%</u>	<u>\$ 687,771</u>	<u>100.0%</u>

**Notes:**

- (a) Operating results of IPC have been included in the Validus Re segment from September 4, 2009, the 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 and Workers' compensation.



**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				Year Ended			
		March 31, 2010		March 31, 2009		December 31, 2009		December 31, 2008	
		Gross premiums written	%	Gross premiums written	%	Gross premiums written (a)	%	Gross premiums written	%
<b>Property (b)</b>	Treaty Reinsurance	\$ 426,315	48.9%	\$ 251,861	41.3%	\$ 549,917	33.9%	\$ 521,946	38.3%
	Facultative Reinsurance	33,126	3.9%	19,598	3.2%	113,916	7.0%	46,128	3.4%
	Direct Insurance	17,696	2.0%	16,907	2.8%	86,908	5.4%	55,312	4.1%
		<u>477,137</u>	<u>54.8%</u>	<u>288,366</u>	<u>47.3%</u>	<u>750,741</u>	<u>46.3%</u>	<u>623,386</u>	<u>45.8%</u>
<b>Marine</b>	Treaty Reinsurance	184,395	21.2%	134,746	22.1%	182,236	11.2%	141,038	10.4%
	Facultative Reinsurance	31,412	3.6%	30,402	5.0%	90,369	5.6%	79,573	5.8%
	Direct Insurance	44,818	5.1%	40,952	6.7%	174,357	10.8%	176,286	12.9%
		<u>260,625</u>	<u>29.9%</u>	<u>206,100</u>	<u>33.8%</u>	<u>446,962</u>	<u>27.6%</u>	<u>396,897</u>	<u>29.1%</u>
<b>Specialty (b) (c)</b>	Treaty Reinsurance	65,430	7.5%	58,186	9.5%	129,284	8.0%	115,635	8.5%
	Facultative Reinsurance	23,923	2.7%	17,498	2.9%	95,747	5.9%	65,162	4.8%
	Direct Insurance	43,819	5.1%	39,742	6.5%	198,507	12.2%	161,404	11.8%
		<u>133,172</u>	<u>15.3%</u>	<u>115,426</u>	<u>18.9%</u>	<u>423,538</u>	<u>26.1%</u>	<u>342,201</u>	<u>25.1%</u>
<b>Total</b>	Treaty Reinsurance	676,140	77.6%	444,793	72.9%	861,437	53.1%	778,619	57.2%
	Facultative Reinsurance	88,461	10.2%	67,498	11.1%	300,032	18.5%	190,863	14.0%
	Direct Insurance	106,333	12.2%	97,601	16.0%	459,772	28.4%	393,002	28.8%
		<u>\$ 870,934</u>	<u>100.0%</u>	<u>\$ 609,892</u>	<u>100.0%</u>	<u>\$ 1,621,241</u>	<u>100.0%</u>	<u>\$ 1,362,484</u>	<u>100.0%</u>

**Notes:**

(a) Operating results of IPC have been included in the Validus Re segment from September 4, 2009, the 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 and Workers' Compensation. 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				Year Ended		
	March 31, 2010	December 31, 2009 (a)	September 30, 2009 (a)	June 30, 2009	March 31, 2009	December 31, 2009 (a)	December 31, 2008
<b>Validus Re</b>							
Property (b)	\$ 412,408	\$ 21,204	\$ 80,578	\$ 183,898	\$ 240,748	\$ 526,428	\$ 492,967
Marine	169,986	(1,060)	28,408	3,957	121,548	152,853	117,744
Aerospace & Aviation (c)	15,842	2,421	7,737	5,989	14,032	30,179	39,323
Agriculture (b)	2,951	163	435	264	2,182	3,044	-
Financial	1,992	1,079	259	969	139	2,446	4,125
Life and A&H	3,475	3	1,200	74	2,029	3,306	1,009
Nuclear (b)	992	-	608	-	2,441	3,049	-
Terrorism	27,144	10,098	3,559	3,862	21,973	39,492	25,502
Workers' Comp	5,505	(214)	1,920	547	5,034	7,287	7,101
<b>Total Validus Re Segment</b>	<b>640,295</b>	<b>33,694</b>	<b>124,704</b>	<b>199,560</b>	<b>410,126</b>	<b>768,084</b>	<b>687,771</b>
<b>Talbot</b>							
Property	60,807	28,620	44,739	47,651	51,772	172,782	152,143
Onshore Energy	25,067	22,313	34,416	31,118	8,954	96,801	-
Marine	102,873	62,697	69,621	82,657	92,410	307,385	287,696
Accident & Health	5,648	2,424	6,151	4,957	4,974	18,506	18,314
Aviation, Direct	8,719	13,058	6,516	14,150	-	33,724	-
Aviation & Other	15,915	35,358	19,959	70	12,933	68,320	40,028
Bloodstock	3,692	3,982	4,568	2,746	3,086	14,382	16,937
Contingency	4,094	2,592	4,885	5,685	5,915	19,077	22,924
Financial Institutions	7,954	13,945	9,989	8,637	9,098	41,669	42,263
War	35,772	44,559	26,481	37,442	38,778	147,260	128,691
<b>Total Talbot Segment</b>	<b>270,541</b>	<b>229,548</b>	<b>227,325</b>	<b>235,113</b>	<b>227,920</b>	<b>919,906</b>	<b>708,996</b>
<b>Intersegment Revenue</b>							
Property	(21,145)	(6,684)	(18,253)	(7,225)	(13,108)	(45,270)	(21,724)
Marine	(12,234)	(978)	(2,257)	(2,183)	(7,858)	(13,276)	(8,543)
Specialty	(6,523)	(291)	(491)	(233)	(7,188)	(8,203)	(4,016)
<b>Total Intersegment Revenue Eliminated</b>	<b>(39,902)</b>	<b>(7,953)</b>	<b>(21,001)</b>	<b>(9,641)</b>	<b>(28,154)</b>	<b>(66,749)</b>	<b>(34,283)</b>
<b>Total Gross Premiums Written</b>	<b>\$ 870,934</b>	<b>\$ 255,289</b>	<b>\$ 331,028</b>	<b>\$ 425,032</b>	<b>\$ 609,892</b>	<b>\$ 1,621,241</b>	<b>\$ 1,362,484</b>

**Notes:**

(a) Operating results of IPC have been included from September 4, 2009, the 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				Year Ended		
	March 31, 2010	December 31, 2009 (a)	September 30, 2009 (a)	June 30, 2009	March 31, 2009	December 31, 2009 (a)	December 31, 2008
<b>Underwriting income</b>							
Gross premiums written	\$ 640,295	\$ 33,694	\$ 124,704	\$ 199,560	\$ 410,126	\$ 768,084	\$ 687,771
Reinsurance premiums ceded	(13,110)	(652)	(38,435)	(43,070)	(13,289)	(95,446)	(62,933)
Net premiums written	627,185	33,042	86,269	156,490	396,837	672,638	624,838
Change in unearned premiums	(343,264)	224,596	113,499	7,207	(222,390)	122,912	28,693
Net premiums earned	<u>283,921</u>	<u>257,638</u>	<u>199,768</u>	<u>163,697</u>	<u>174,447</u>	<u>795,550</u>	<u>653,531</u>
<b>Underwriting deductions</b>							
Losses and loss expenses	348,920	44,134	45,987	41,121	55,462	186,704	420,645
Policy acquisition costs	43,503	37,088	32,648	29,120	28,577	127,433	100,243
General and administrative expenses	16,312	19,782	17,987	14,149	13,792	65,710	34,607
Share compensation expenses	1,629	2,590	1,766	1,548	1,672	7,576	6,829
Total underwriting deductions	<u>410,364</u>	<u>103,594</u>	<u>98,388</u>	<u>85,938</u>	<u>99,503</u>	<u>387,423</u>	<u>562,324</u>
<b>Underwriting (loss) income</b>	<b><u>\$ (126,443)</u></b>	<b><u>\$ 154,044</u></b>	<b><u>\$ 101,380</u></b>	<b><u>\$ 77,759</u></b>	<b><u>\$ 74,944</u></b>	<b><u>\$ 408,127</u></b>	<b><u>\$ 91,207</u></b>
<b>Selected ratios:</b>							
Losses and loss expenses	122.9%	17.1%	23.0%	25.1%	31.8%	23.5%	64.4%
Policy acquisition costs	15.3%	14.4%	16.3%	17.8%	16.4%	16.0%	15.3%
General and administrative expenses (b)	<u>6.3%</u>	<u>8.7%</u>	<u>9.9%</u>	<u>9.6%</u>	<u>8.9%</u>	<u>9.2%</u>	<u>6.3%</u>
Expense ratio	<u>21.6%</u>	<u>23.1%</u>	<u>26.2%</u>	<u>27.4%</u>	<u>25.3%</u>	<u>25.2%</u>	<u>21.6%</u>
Combined ratio	<u>144.5%</u>	<u>40.2%</u>	<u>49.2%</u>	<u>52.5%</u>	<u>57.1%</u>	<u>48.7%</u>	<u>86.0%</u>

**Notes:**

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

(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				Year Ended		
	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2009	December 31, 2008
<b>Underwriting income</b>							
Gross premiums written	\$ 270,541	\$ 229,548	\$ 227,325	\$ 235,113	\$ 227,920	\$ 919,906	\$ 708,996
Reinsurance premiums ceded	(117,531)	(37,694)	(50,253)	(28,862)	(87,377)	(204,186)	(95,510)
Net premiums written	153,010	191,854	177,072	206,251	140,543	715,720	613,486
Change in unearned premiums	20,763	(21,591)	(2,123)	(41,748)	3,769	(61,693)	(10,499)
Net premiums earned	173,773	170,263	174,949	164,503	144,312	654,027	602,987
<b>Underwriting deductions</b>							
Losses and loss expenses	129,611	88,886	88,165	83,630	76,372	337,053	351,509
Policy acquisition costs	34,945	37,555	33,106	36,114	33,157	139,932	135,017
General and administrative expenses	25,548	30,787	23,424	21,927	20,214	96,352	71,443
Share compensation expenses	1,559	1,367	1,371	2,098	2,335	7,171	4,702
Total underwriting deductions	191,663	158,595	146,066	143,769	132,078	580,508	562,671
<b>Underwriting (loss) income</b>	<b>\$ (17,890)</b>	<b>\$ 11,668</b>	<b>\$ 28,883</b>	<b>\$ 20,734</b>	<b>\$ 12,234</b>	<b>\$ 73,519</b>	<b>\$ 40,316</b>
<b>Selected ratios:</b>							
Losses and loss expenses	74.6%	52.2%	50.4%	50.8%	52.9%	51.5%	58.3%
Policy acquisition costs	20.1%	22.1%	18.9%	22.0%	23.0%	21.4%	22.4%
General and administrative expenses (a)	15.6%	18.9%	14.2%	14.6%	15.6%	15.8%	12.6%
Expense ratio	35.7%	41.0%	33.1%	36.6%	38.6%	37.2%	35.0%
Combined ratio	110.3%	93.2%	83.5%	87.4%	91.5%	88.7%	93.3%

**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				Year Ended		
	March 31, 2010	December 31, 2009 (a)	September 30, 2009 (a)	June 30, 2009	March 31, 2009	December 31, 2009 (a) (b)	December 31, 2008
<b>Underwriting income</b>							
Net premiums written	\$ 435,464	\$ 52,595	\$ 85,014	\$ 198,204	\$ 264,950	\$ 600,762	\$ 577,026
Net premiums earned	249,485	240,787	177,916	143,843	150,116	712,662	598,407
<b>Underwriting deductions</b>							
Losses and loss expenses	373,735	30,130	24,049	24,105	34,698	112,982	417,208
Policy acquisition costs	39,314	33,494	26,437	23,592	25,788	109,311	97,654
Total underwriting deductions	413,049	63,624	50,486	47,697	60,486	222,293	514,862
<b>Underwriting (loss) income before G&amp;A</b>	<b>\$ (163,564)</b>	<b>\$ 177,163</b>	<b>\$ 127,430</b>	<b>\$ 96,146</b>	<b>\$ 89,630</b>	<b>\$ 490,369</b>	<b>\$ 83,545</b>
<b>Selected underwriting ratios (c):</b>							
Losses and loss expenses	149.8%	12.5%	13.5%	16.8%	23.1%	15.9%	69.7%
Policy acquisition costs	15.8%	13.9%	14.9%	16.4%	17.2%	15.3%	16.3%
Combined ratio before G&A	165.6%	26.4%	28.4%	33.2%	40.3%	31.2%	86.0%

**Notes:**

(a) Operating results of IPC have been included from September 4, 2009, the 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				Year Ended		
	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2009	December 31, 2008
<b>Underwriting income</b>							
Net premiums written	\$ 245,001	\$ 57,617	\$ 89,268	\$ 81,798	\$ 187,140	\$ 415,822	\$ 357,491
Net premiums earned	104,253	93,693	114,114	100,953	88,301	397,061	367,449
<b>Underwriting deductions</b>							
Losses and loss expenses	57,646	54,333	74,766	49,099	64,529	242,727	252,500
Policy acquisition costs	18,204	21,780	21,586	23,590	19,339	86,295	74,372
Total underwriting deductions	75,850	76,113	96,352	72,689	83,868	329,022	326,872
<b>Underwriting income before G&amp;A</b>	<b>\$ 28,403</b>	<b>\$ 17,580</b>	<b>\$ 17,762</b>	<b>\$ 28,264</b>	<b>\$ 4,433</b>	<b>\$ 68,039</b>	<b>\$ 40,577</b>
<b>Selected underwriting ratios (a):</b>							
Losses and loss expenses	55.3%	58.0%	65.5%	48.6%	73.1%	61.1%	68.7%
Policy acquisition costs	17.5%	23.2%	18.9%	23.4%	21.9%	21.7%	20.2%
Combined ratio before G&A	72.8%	81.2%	84.4%	72.0%	95.0%	82.8%	88.9%

**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)				Year Ended (a)		
	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009	December 31, 2009 (b)	December 31, 2008
<b>Underwriting income</b>							
Net premiums written	\$ 99,730	\$ 114,686	\$ 89,059	\$ 82,739	\$ 85,290	\$ 371,774	\$ 303,807
Net premiums earned	103,956	93,421	82,687	83,404	80,342	339,854	290,662
<b>Underwriting deductions</b>							
Losses and loss expenses	47,150	48,557	35,337	51,547	32,607	168,048	102,446
Policy acquisition costs	20,930	19,369	17,731	18,052	16,607	71,759	63,234
Total underwriting deductions	68,080	67,926	53,068	69,599	49,214	239,807	165,680
<b>Underwriting income before G&amp;A</b>	<b>\$ 35,876</b>	<b>\$ 25,495</b>	<b>\$ 29,619</b>	<b>\$ 13,805</b>	<b>\$ 31,128</b>	<b>\$ 100,047</b>	<b>\$ 124,982</b>
<b>Selected underwriting ratios (c):</b>							
Losses and loss expenses	45.4%	52.0%	42.7%	61.8%	40.6%	49.4%	35.2%
Policy acquisition costs	20.1%	20.7%	21.4%	21.6%	20.7%	21.1%	21.8%
Combined ratio before G&A	65.5%	72.7%	64.1%	83.4%	61.3%	70.5%	57.0%

**Notes:**

(a) For the Validus Re segment, the Specialty class includes Aerospace & Aviation, Agriculture, Financial lines of business, Life and A&H, Nuclear, Terrorism and Workers' Compensation. 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 March 31, 2010			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)	\$ 1,008,378	\$ 56,503	\$ 951,875	\$ 704,653	\$ 38,251	\$ 666,402
Marine	590,564	81,125	509,439	575,900	84,178	491,722
Specialty (c)	377,947	61,328	316,619	341,581	59,336	282,245
<b>Total</b>	<b>\$ 1,976,889</b>	<b>\$ 198,956</b>	<b>\$ 1,777,933</b>	<b>\$ 1,622,134</b>	<b>\$ 181,765</b>	<b>\$ 1,440,369</b>

	At March 31, 2010			At December 31, 2009 (a)		
	Case Reserves	IBNR	Total Reserves	Case Reserves	IBNR	Total Reserves
Property (b)	\$ 381,232	\$ 627,146	\$ 1,008,378	\$ 365,858	\$ 338,795	\$ 704,653
Marine	306,398	284,166	590,564	321,844	254,056	575,900
Specialty (c)	137,696	240,251	377,947	143,623	197,958	341,581
<b>Total</b>	<b>\$ 825,326</b>	<b>\$ 1,151,563</b>	<b>\$ 1,976,889</b>	<b>\$ 831,325</b>	<b>\$ 790,809</b>	<b>\$ 1,622,134</b>
<b>% of Total</b>	<b>41.7%</b>	<b>58.3%</b>	<b>100.0%</b>	<b>51.2%</b>	<b>48.8%</b>	<b>100.0%</b>

**Notes:**

(a) Operating results of IPC have been included from September 4, 2009, the 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 and Workers' Compensation. 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							
	March 31, 2010				March 31, 2009			
	Validus Re	Talbot	Eliminations	Total	Validus Re	Talbot	Eliminations	Total
Gross reserves at period beginning	\$ 742,510	\$ 903,986	\$ (24,362)	\$ 1,622,134	\$ 535,888	\$ 790,199	\$ (20,784)	\$ 1,305,303
Losses recoverable	(49,808)	(156,319)	24,362	(181,765)	(84,523)	(145,057)	20,784	(208,796)
Net reserves at period beginning	692,702	747,667	-	1,440,369	451,365	645,142	-	1,096,507
Incurred losses- current year	360,398	144,862	-	505,260	57,324	82,589	-	139,913
Change in prior accident years	(11,478)	(15,251)	-	(26,729)	(1,862)	(6,217)	-	(8,079)
Incurred losses	348,920	129,611	-	478,531	55,462	76,372	-	131,834
Foreign exchange	(3,574)	(9,741)	-	(13,315)	(489)	(1,446)	-	(1,935)
Paid losses	(70,455)	(57,197)	-	(127,652)	(57,550)	(54,321)	-	(111,871)
Net reserves at period end	967,593	810,340	-	1,777,933	448,788	665,747	-	1,114,535
Losses recoverable	57,480	354,210	(212,734)	198,956	78,687	144,396	(18,886)	204,197
<b>Gross reserves at period end</b>	<b>\$ 1,025,073</b>	<b>\$ 1,164,550</b>	<b>\$ (212,734)</b>	<b>\$ 1,976,889</b>	<b>\$ 527,475</b>	<b>\$ 810,143</b>	<b>\$ (18,886)</b>	<b>\$ 1,318,732</b>
Net premiums earned	\$ 283,921	\$ 173,773		\$ 457,694	\$ 174,447	\$ 144,312		\$ 318,759
Current year loss ratio	126.9%	83.4%		110.4%	32.9%	57.2%		43.9%
Prior accident year adjustments	-4.0%	-8.8%		-5.8%	-1.1%	-4.3%		-2.5%
Net loss ratio	<u>122.9%</u>	<u>74.6%</u>		<u>104.6%</u>	<u>31.8%</u>	<u>52.9%</u>		<u>41.4%</u>
Paid to incurred	20.2%	44.1%		26.7%	103.8%	71.1%		84.9%





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							
	March 31, 2010				March 31, 2009 (a)			
	Property	Marine	Specialty (b)	Total	Property	Marine	Specialty (b)	Total
Gross reserves at period beginning	\$ 501,155	\$ 175,431	\$ 65,924	\$ 742,510	\$ 311,685	\$ 190,104	\$ 34,099	\$ 535,888
Losses recoverable	(10,494)	(37,740)	(1,574)	(49,808)	(14,058)	(70,465)	-	(84,523)
Net reserves at period beginning	490,661	137,691	64,350	692,702	297,627	119,639	34,099	451,365
Incurred losses- current year	321,794	27,323	11,281	360,398	31,629	20,241	5,454	57,324
Change in prior accident years	(8,293)	(3,975)	790	(11,478)	(4,989)	4,929	(1,802)	(1,862)
Incurred losses	313,501	23,348	12,071	348,920	26,640	25,170	3,652	55,462
Foreign exchange	(3,475)	(60)	(39)	(3,574)	(341)	(141)	(7)	(489)
Paid losses	(47,477)	(14,331)	(8,647)	(70,455)	(41,840)	(9,261)	(6,449)	(57,550)
Net reserves at period end	753,210	146,648	67,735	967,593	282,086	135,407	31,295	448,788
Losses recoverable	21,844	35,099	537	57,480	12,843	65,844	-	78,687
<b>Gross reserves at period end</b>	<b>\$ 775,054</b>	<b>\$ 181,747</b>	<b>\$ 68,272</b>	<b>\$ 1,025,073</b>	<b>\$ 294,929</b>	<b>\$ 201,251</b>	<b>\$ 31,295</b>	<b>\$ 527,475</b>
Net premiums earned	\$ 211,444	\$ 41,029	\$ 31,448	\$ 283,921	\$ 122,465	\$ 25,403	\$ 26,579	\$ 174,447
Current year loss ratio	152.2%	66.6%	35.9%	126.9%	25.8%	79.7%	20.5%	32.9%
Prior accident year adjustments	-3.9%	-9.7%	2.5%	-4.0%	-4.0%	19.4%	-6.8%	-1.1%
Net loss ratio	<u>148.3%</u>	<u>56.9%</u>	<u>38.4%</u>	<u>122.9%</u>	<u>21.8%</u>	<u>99.1%</u>	<u>13.7%</u>	<u>31.8%</u>
Paid to incurred	15.1%	61.4%	71.6%	20.2%	157.1%	36.8%	176.6%	103.8%

Notes:

(a) Operating results of IPC have been included from September 4, 2009, the 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 and Workers' Compensation.



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							
	March 31, 2010				March 31, 2009			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Gross reserves at period beginning	\$ 187,927	\$ 417,582	\$ 298,477	\$ 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	151,253	357,794	238,620	747,667	161,014	311,471	172,657	645,142
Incurred losses- current year	64,453	42,875	37,534	144,862	16,466	38,624	27,499	82,589
Change in prior accident years	(4,219)	(8,577)	(2,455)	(15,251)	(8,407)	735	1,455	(6,217)
Incurred losses	60,234	34,298	35,079	129,611	8,059	39,359	28,954	76,372
Foreign exchange	(1,476)	(4,404)	(3,861)	(9,741)	(376)	(574)	(496)	(1,446)
Paid losses	(11,345)	(24,898)	(20,954)	(57,197)	(15,502)	(29,011)	(9,808)	(54,321)
Net reserves at period end	198,666	362,790	248,884	810,340	153,195	321,245	191,307	665,747
Losses recoverable	231,236	60,005	62,969	354,210	10,198	101,932	32,266	144,396
<b>Gross reserves at period end</b>	<b>\$ 429,902</b>	<b>\$ 422,795</b>	<b>\$ 311,853</b>	<b>\$ 1,164,550</b>	<b>\$ 163,393</b>	<b>\$ 423,177</b>	<b>\$ 223,573</b>	<b>\$ 810,143</b>
Net premiums earned	\$ 38,041	\$ 63,224	\$ 72,508	\$ 173,773	\$ 27,652	\$ 62,897	\$ 53,763	\$ 144,312
Current year loss ratio	169.4%	67.8%	51.8%	83.4%	59.5%	61.4%	51.1%	57.2%
Prior accident year adjustments	-11.1%	-13.6%	-3.4%	-8.8%	-30.4%	1.2%	2.8%	-4.3%
Net loss ratio	158.3%	54.2%	48.4%	74.6%	29.1%	62.6%	53.9%	52.9%
Paid to incurred	18.8%	72.6%	59.7%	44.1%	192.4%	73.7%	33.9%	71.1%

**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 March 31, 2010**

Categories	Reinsurance		Top 10 Reinsurers	Rating (b)	Reinsurance	
	Recoverable (a)	%			Recoverable	%
Top 10 reinsurers	\$ 174,803	80.5%	Fully collateralized reinsurers	NR	\$ 42,785	24.5%
Other reinsurers' balances > \$1 million	37,247	17.1%	Lloyd's Syndicates	A+	39,146	22.4%
Other reinsurers' balances < \$1 million	5,167	2.4%	Munich Re	AA-	16,558	9.5%
<b>Total</b>	<b>\$ 217,217</b>	<b>100.0%</b>	Hannover Re	AA-	15,770	9.0%
			Aspen	A	12,963	7.4%
			Flagstone	A-	11,245	6.4%
			Brit Insurance Limited	A-	10,735	6.2%
			Transatlantic Re	A+	10,732	6.1%
			Swiss Re	A+	8,396	4.8%
			Everest Re	A-	6,473	3.7%
			<b>Total</b>		<b>\$ 174,803</b>	<b>100.0%</b>

**Consolidated Reinsurance Recoverable at December 31, 2009**

Categories	Reinsurance		Top 10 Reinsurers	Rating	Reinsurance	
	Recoverable (a)	%			Recoverable	%
Top 10 reinsurers	\$ 170,810	86.9%	Fully collateralized reinsurers	NR	\$ 50,840	29.8%
Other reinsurers' balances > \$1 million	19,818	10.1%	Lloyd's Syndicates	A+	33,103	19.4%
Other reinsurers' balances < \$1 million	5,919	3.0%	Munich Re	AA-	19,921	11.7%
<b>Total</b>	<b>\$ 196,547</b>	<b>100.0%</b>	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%
			<b>Total</b>		<b>\$ 170,810</b>	<b>100.0%</b>

**Notes:**

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

(b) 99.2% of Reinsurance Recoverable at March 31, 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	March 31, 2010		December 31, 2009 (a)	
	Fair Value	%	Fair Value	%
U.S. Government and Government Agency	\$ 2,128,426	35.4%	\$ 1,918,811	33.2%
Non-U.S. Government and Government Agency	652,902	10.9%	673,680	11.7%
States, municipalities, political subdivision	27,013	0.5%	19,359	0.3%
Agency residential mortgage-backed securities	492,800	8.2%	551,610	9.5%
Non-Agency residential mortgage-backed securities	128,175	2.1%	137,569	2.4%
U.S. corporate	1,184,692	19.7%	1,027,225	17.8%
Non-U.S. corporate	449,645	7.5%	409,398	7.1%
Catastrophe bonds	51,771	0.9%	52,351	1.0%
Asset-backed securities	29,828	0.5%	36,712	0.6%
Commercial mortgage-backed securities	35,790	0.6%	42,663	0.7%
Total fixed maturities	5,181,042	86.3%	4,869,378	84.3%
Total short-term investments	308,502	5.1%	481,766	8.3%
Total other investments	34,398	0.6%	37,615	0.7%
Total investments	5,523,942	92.0%	5,388,759	93.3%
Cash and cash equivalents	478,476	8.0%	387,585	6.7%
<b>Total cash and cash equivalents, and investments</b>	<b>\$ 6,002,418</b>	<b>100.0%</b>	<b>\$ 5,776,344</b>	<b>100.0%</b>

  

Net investment income	Three Months Ended		Year Ended	
	March 31, 2010	March 31, 2009	December 31, 2009 (a)	December 31, 2008
Fixed maturities and short-term investments	\$ 35,755	\$ 26,517	\$ 117,631	\$ 127,689
Cash and cash equivalents	586	761	3,374	13,416
Securities lending income	70	339	772	1,775
Total gross investment income	36,411	27,617	121,777	142,880
Investment expenses	(2,112)	(845)	(3,004)	(3,352)
Net investment income	\$ 34,299	\$ 26,772	\$ 118,773	\$ 139,528

  

Annualized effective investment yield (b)	2.33%	3.18%	2.73%	4.37%
---	-------	-------	-------	-------

**Notes:**

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

<b>Fixed maturities- Credit Quality</b>	<b>March 31, 2010 (a)</b>		<b>December 31, 2009 (a)</b>	
	<b>Fair Value</b>	<b>%</b>	<b>Fair Value</b>	<b>%</b>
AAA	\$ 3,436,170	66.3%	\$ 3,287,879	67.5%
AA	538,950	10.4%	487,364	10.0%
A	1,031,742	19.9%	925,532	19.0%
BBB	28,315	0.5%	14,416	0.3%
Investment grade	<u>5,035,177</u>	<u>97.1%</u>	<u>4,715,191</u>	<u>96.8%</u>
BB	37,230	0.7%	45,191	0.9%
B	50,147	1.0%	59,116	1.2%
CCC	53,590	1.1%	45,194	1.0%
D/NR	4,898	0.1%	4,686	0.1%
Non-Investment grade	<u>145,865</u>	<u>2.9%</u>	<u>154,187</u>	<u>3.2%</u>
<b>Total fixed maturities</b>	<b><u>\$ 5,181,042</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 4,869,378</u></b>	<b><u>100.0%</u></b>

<b>Fixed maturities- Maturity Profile</b>	<b>March 31, 2010</b>		<b>December 31, 2009</b>	
	<b>Fair Value</b>	<b>%</b>	<b>Fair Value</b>	<b>%</b>
Due in one year or less	\$ 323,807	6.2%	\$ 270,688	5.6%
Due after one year through five years	3,875,902	74.8%	3,521,167	72.2%
Due after five years through ten years	293,756	5.7%	306,502	6.3%
Due after ten years	984	0.0%	2,467	0.1%
	<u>4,494,449</u>	<u>86.7%</u>	<u>4,100,824</u>	<u>84.2%</u>
Asset-backed and mortgage backed securities	686,593	13.3%	768,554	15.8%
<b>Total fixed maturities</b>	<b><u>\$ 5,181,042</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 4,869,378</u></b>	<b><u>100.0%</u></b>

**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)	March 31, 2010		
	Fair Value (b)	S&P Rating (c)	% of Total Cash and Investments
JP Morgan Chase & Co	\$ 87,072	A+	1.5%
Wells Fargo & Company	61,644	AA-	1.0%
Verizon Communications Inc	59,010	AA	1.0%
General Electric Co	51,775	AA+	0.9%
Morgan Stanley	50,130	A	0.8%
Rabobank Nederland NV	44,012	A	0.7%
Pepsico Inc	43,310	A+	0.7%
AT&T Inc	43,092	A	0.7%
Roche Holding AG	41,592	AA-	0.7%
BP PLC	40,335	A	0.7%
<b>Total</b>	<u>\$ 521,972</u>		<u>8.7%</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)

Vintage Year	March 31, 2010				
	GNMA	FNMA	FHLMC	FDIC	Total
<b>Agency Mortgage-Backed Securities</b>					
2004 and prior	\$ 34,551	\$ 23,760	\$ 15,339	\$ -	\$ 73,650
2005	987	46,726	15,334	-	63,047
2006	-	25,254	23,769	-	49,023
2007	1,109	71,381	62,446	-	134,936
2008	12,205	58,725	8,017	-	78,947
2009	70,300	15,484	3,481	-	89,265
2010	-	2,004	-	1,928	3,932
<b>Total Agency RMBS</b>	<b>\$ 119,152</b>	<b>\$ 243,334</b>	<b>\$ 128,386</b>	<b>\$ 1,928</b>	<b>\$ 492,800</b>



**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)

Vintage Year	S&P Rating (a)						
	Gov't	AAA	AA	A	BBB	BB and below	Total
<b>Non-Agency Mortgage-Backed Securities</b>							
2004 and prior	\$ -	\$ 3,903	\$ 1,261	\$ 2,559	\$ 1,620	\$ -	\$ 9,343
2005	-	4,814	3,539	6,872	9,018	19,694	43,937
2006	-	-	-	-	-	25,462	25,462
2007	-	-	-	4,207	458	42,847	47,512
2010	-	1,921	-	-	-	-	1,921
Total Non-Agency RMBS	-	<b>10,638</b>	<b>4,800</b>	<b>13,638</b>	<b>11,096</b>	<b>88,003</b>	<b>128,175</b>
<b>Commercial Mortgage-Backed</b>							
2004 and prior	-	28,867	-	-	-	-	28,867
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	6,072	-	-	-	-	6,072
2008	851	-	-	-	-	-	851
Total Commercial Mortgage-Backed Securities	<b>851</b>	<b>34,939</b>	-	-	-	-	<b>35,790</b>
<b>Total Non-agency RMBS and Commercial MBS</b>	<b>\$ 851</b>	<b>\$ 45,577</b>	<b>\$ 4,800</b>	<b>\$ 13,638</b>	<b>\$ 11,096</b>	<b>\$ 88,003</b>	<b>\$ 163,965</b>
<b>Asset-Backed Securities</b>							
Sub Prime	\$ -	\$ 1,441	\$ -	\$ 2,202	\$ -	\$ -	\$ 3,643
Credit Cards	-	1,572	-	-	-	-	1,572
Autos	-	9,798	-	-	360	-	10,158
Student Loan	-	11,991	-	-	-	-	11,991
Stranded Cost & UK ABS	-	2,464	-	-	-	-	2,464
<b>Total Asset-Backed Securities</b>	<b>\$ -</b>	<b>\$ 27,266</b>	<b>\$ -</b>	<b>\$ 2,202</b>	<b>\$ 360</b>	<b>\$ -</b>	<b>\$ 29,828</b>

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

**Notes:**

(a) On January 21, 2010, the Company offered and sold \$250.0 million of Senior Notes due 2040 (the "8.875% Senior Notes") in a registered public offering. The 8.875% Senior Notes mature on January 26, 2040, and are redeemable at the Company's option in whole any time or in part from time to time at a make-whole redemption price. Interest on the 8.875% Senior Notes is payable at 8.875% per annum through January 26, 2040. Interest on the Notes is payable semi-annually in arrears on January 26 and July 26 of each year, commencing on July 26, 2010. The net proceeds of \$244.3 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, will be used by the Company for general corporate purposes, which may include the repurchase of our outstanding capital stock, dividends to our shareholders and/or potential acquisitions.

(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 April 1, 2010**

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

**Probable Maximum Losses by Zone and Peril**

Zones	Perils	Consolidated (Validus Re and Talbot) Estimated Net Loss				Validus Re Net Maximum Zonal Aggregate
		20 year return period	50 year return period	100 year return period	250 year return period	
United States	Hurricane	\$ 316,183	\$ 583,852	\$ 817,596	\$ 1,079,760	\$ 1,967,513
California	Earthquake	96,971	304,082	422,517	601,749	1,958,501
Europe	Windstorm	217,411	471,807	674,254	910,121	1,836,776
Japan	Earthquake	38,881	117,445	151,048	238,252	719,417
Japan	Typhoon	69,859	162,583	235,686	316,676	703,603

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 April 1, 2010**

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

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

Type	Catastrophe Scenarios		% of latest 12 Months	
			Estimated Consolidated (Validus Re and Talbot) Net Loss	Consolidated Pro Forma Net Premiums Earned
Terrorism	Rockefeller Center	Midtown Manhattan suffers a 2-ton conventional bomb blast	\$ 150.5	8.6%
Terrorism	Exchange Place	Lower Manhattan suffers a 2-ton conventional bomb blast	108.0	6.2%
Marine	Marine collision in Prince William Sound	Fully laden tanker collides with a cruise vessel in Prince William Sound	187.4	10.7%
Marine	Major cruise vessel incident	U.S.-owned cruise vessel sunk or severely damaged	127.2	7.3%
Marine	Loss of major complex	Total loss to all platforms and bridge links of a major oil complex	156.2	8.9%
Aviation	Aviation collision	Collision of two aircraft over a major city	98.2	5.6%
Satellite	Proton flare	Large single or sequence of proton flares results in loss to all satellites in synchronous orbit	21.6	1.2%
Satellite	Generic defect	Undetected defect in a number of operational satellites causing major loss	38.5	2.2%
Liability	Professional lines	Failure or collapse of a major corporation	48.4	2.8%
Liability	Professional lines	UK pensions mis-selling	22.1	1.3%
Political Risks	South East Asia	Chinese economy has a "hard landing" with sharp fall in growth rates; regional contagion	27.1	1.5%
Political Risks	South America	Severe economic crisis in Brazil due to political upheaval; regional contagion	25.7	1.5%
Political Risks	Middle East	U.S. and Iran escalate into military confrontation; regional contagion	13.9	0.8%
Political Risks	Russia	The Russian corporate sector struggles to deal with the effects of crashing commodity and stock prices	23.4	1.3%
Political Risks	Turkey	Severe economic crisis in Turkey due to political upheaval	27.3	1.6%

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

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

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

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

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



**Validus Holdings, Ltd.**

**Non-GAAP Financial Measure Reconciliation**

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

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

	Three Months Ended		Year Ended	
	March 31, 2010	March 31, 2009	December 31, 2009	December 31, 2008
Net (loss) income	\$ (118,378)	\$ 94,907	\$ 897,407	\$ 53,111
Adjustments for:				
Gain on bargain purchase, net of expenses	-	-	(287,099)	-
Realized gain on repurchase of debentures	-	-	(4,444)	(8,752)
Net realized (gains) losses on investments	(11,398)	23,421	11,543	1,591
Net unrealized (gains) losses on investments	(15,413)	(22,153)	(84,796)	79,707
Foreign exchange losses	8,764	4,200	674	49,397
Net operating (loss) income	\$ (136,425)	\$ 100,375	\$ 533,285	\$ 175,054
less: Dividends and distributions declared on outstanding warrants	(1,749)	-	(6,507)	(6,947)
Net operating (loss) income, adjusted	\$ (138,174)	\$ 100,375	\$ 526,778	\$ 168,107
<b>Net (loss) income per share - diluted</b>	\$ (0.95)	\$ 1.20	\$ 9.24	\$ 0.61
Adjustments for:				
Gain on bargain purchase, net of expenses	-	-	(2.95)	-
Realized gain on repurchase of debentures	-	-	(0.05)	(0.12)
Net realized (gains) losses on investments	(0.09)	0.30	0.12	0.02
Net unrealized (gains) losses on investments	(0.12)	(0.28)	(0.87)	1.05
Foreign exchange losses	0.07	0.05	0.01	0.65
Net operating (loss) income per share - diluted	\$ (1.09)	\$ 1.27	\$ 5.49	\$ 2.22
<b>Weighted average number of common shares and common share equivalents - diluted</b>	126,633,277	79,102,643	97,168,409	75,819,413
<b>Average shareholders' equity</b>	3,895,343	1,980,860	2,822,200	1,967,517
<b>Annualized operating return on average equity</b>	-14.0%	20.3%	18.9%	8.9%