



Validus Holdings, Ltd.

Investor Financial Supplement - First Quarter 2011

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



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Validus Holdings, Ltd.
Explanatory Notes

Basis of Presentation

- All financial information contained herein is unaudited, however, certain information contained herein relating to the years ended December 31, 2010 and 2009 is derived from or agrees to audited financial information.
- Unless otherwise noted, dollar amounts are in thousands of U.S. dollars, except for share and per share amounts and ratio information.
- In September 2009, Validus Holdings, Ltd. ("Validus") completed its acquisition of IPC Holdings Ltd. ("IPC"). Operating results of IPC have been included in the consolidated financial statements and the Validus segment from the acquisition date in September 2009. The Validus data for all periods prior to September 2009 refer only to the company prior to the acquisition of IPC.
- Certain amounts in prior periods have been reclassified to conform to current period presentation. These reclassifications include internal re-categorization between classes of business and treaty types.
- During the first quarter 2010, 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 and unrealized 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). 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 net operating return on average equity is calculated by dividing the operating income for the period by the average shareholders' equity during the period. Average shareholders' equity is the average of the beginning, ending and intervening quarter end shareholders' equity balances. Percentages for the quarter periods are annualized. A reconciliation of net operating income to net income is included on page 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, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2010	December 31, 2009
Highlights							
Net (loss) income	\$ (172,364)	\$ 102,687	\$ 238,473	\$ 179,782	\$ (118,378)	\$ 402,564	\$ 897,407
Net operating (loss) income (a)	(165,448)	156,351	173,037	129,800	(136,425)	322,763	533,285
Gross premiums written	849,896	258,731	344,040	516,861	870,934	1,990,566	1,621,241
Net premiums earned	429,533	432,811	432,674	437,944	457,694	1,761,123	1,449,577
Total assets	7,825,690	7,060,878	7,503,242	7,614,623	7,632,576	7,060,878	7,019,140
Total shareholders' equity	3,315,321	3,504,831	3,761,285	3,602,926	3,759,565	3,504,831	4,031,120
Per share data							
<u>Earnings per basic share (b)</u>							
Net (loss) income	\$ (1.78)	\$ 0.95	\$ 2.14	\$ 1.47	\$ (0.95)	\$ 3.41	\$ 9.51
Net operating (loss) income	(1.71)	1.46	1.55	1.06	(1.09)	2.72	5.62
<u>Earnings per diluted share (b)</u>							
Net (loss) income	\$ (1.78)	\$ 0.92	\$ 2.08	\$ 1.44	\$ (0.95)	\$ 3.34	\$ 9.24
Net operating (loss) income	(1.71)	1.40	1.51	1.04	(1.09)	2.68	5.49
<u>Book value per share</u>							
Reported	\$ 33.73	\$ 35.76	\$ 34.43	\$ 32.34	\$ 30.34	\$ 35.76	\$ 31.38
With investments at amortized cost	33.27	35.26	33.60	31.94	30.31	35.26	31.42
<u>Diluted book value per share (b)</u>							
Reported	\$ 31.32	\$ 32.98	\$ 32.02	\$ 30.30	\$ 28.66	\$ 32.98	\$ 29.68
With investments at amortized cost	30.92	32.54	31.29	29.94	28.63	32.54	29.72
<u>Diluted book value per common share plus accumulated dividends</u>	\$ 34.05	\$ 35.46	\$ 34.28	\$ 32.34	\$ 30.48	\$ 35.46	\$ 31.28
Financial ratios							
Losses and loss expense ratio	110.9%	35.9%	36.7%	44.5%	104.6%	56.1%	36.1%
Policy acquisition costs ratio	18.0%	17.4%	15.5%	16.9%	16.6%	16.6%	18.1%
General and administration expenses ratio	<u>14.1%</u>	<u>14.4%</u>	<u>13.0%</u>	<u>13.5%</u>	<u>13.1%</u>	<u>13.5%</u>	<u>14.7%</u>
Expense ratio	<u>32.1%</u>	<u>31.8%</u>	<u>28.5%</u>	<u>30.4%</u>	<u>29.7%</u>	<u>30.1%</u>	<u>32.8%</u>
Combined ratio	<u>143.0%</u>	<u>67.7%</u>	<u>65.2%</u>	<u>74.9%</u>	<u>134.3%</u>	<u>86.2%</u>	<u>68.9%</u>
Annualized return on average equity (c)	(20.2)%	11.3%	25.9%	19.5%	(12.2)%	10.8%	31.8%
Annualized net operating return on average equity (d)	(19.4)%	17.2%	18.8%	14.1%	(14.0)%	8.6%	18.9%

Notes:

(a) Net operating income (loss), a non-GAAP financial measure, is defined as net income (loss) excluding net realized and unrealized gains (losses) on investments, foreign exchange (losses) gains losses and non-recurring items including the gain on bargain purchase, net of expenses relating to the acquisition of IPC. This measure focuses on the underlying fundamentals of our operations without the influence of gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. 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 net operating return on average equity is calculated by dividing the operating income for the period by the average shareholders' equity during the period. Average shareholders' equity is the average of the beginning, ending and intervening quarter end shareholders' equity balances. Percentages for the quarter periods are annualized. A reconciliation of net operating income to net income is included on page 36.



Validus Holdings, Ltd.

Summary Consolidated Balance Sheets

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

	<u>March 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>	<u>September 30,</u> <u>2010</u>	<u>June 30,</u> <u>2010</u>	<u>March 31,</u> <u>2010</u>	<u>December 31,</u> <u>2009</u>
Assets						
Fixed maturities, at fair value	\$ 4,589,849	\$ 4,823,867	\$ 5,200,285	\$ 4,975,019	\$ 5,181,042	\$ 4,869,378
Short-term investments, at fair value	565,620	273,514	228,356	269,782	308,502	481,766
Other investments, at fair value	19,772	21,478	19,888	26,068	34,398	37,615
Cash and cash equivalents	<u>717,444</u>	<u>620,740</u>	<u>518,770</u>	<u>492,489</u>	<u>478,476</u>	<u>387,585</u>
Total investments and cash	5,892,685	5,739,599	5,967,299	5,763,358	6,002,418	5,776,344
Premiums receivable	916,012	568,761	745,968	931,670	803,921	551,616
Deferred acquisition costs	174,361	123,897	151,701	165,957	165,158	112,329
Prepaid reinsurance premiums	115,522	71,417	88,651	185,771	103,950	73,164
Securities lending collateral	33,143	22,328	33,135	99,224	99,230	90,350
Loss reserves recoverable	453,701	283,134	268,821	193,604	198,956	181,765
Paid losses recoverable	26,483	27,996	19,560	24,133	18,261	14,782
Net receivable for investments sold	-	-	-	25,542	13,879	-
Income taxes recoverable	876	1,142	1,027	1,171	2,261	2,043
Intangible assets	117,853	118,893	119,935	120,975	122,015	123,055
Goodwill	20,393	20,393	20,393	20,393	20,393	20,393
Accrued investment income	33,282	33,726	41,464	38,643	42,867	38,077
Other assets	41,379	49,592	45,288	44,182	39,267	35,222
Total assets	<u>\$ 7,825,690</u>	<u>\$ 7,060,878</u>	<u>\$ 7,503,242</u>	<u>\$ 7,614,623</u>	<u>\$ 7,632,576</u>	<u>\$ 7,019,140</u>
Liabilities						
Reserve for losses and loss expenses	\$ 2,534,415	\$ 2,035,973	\$ 2,020,845	\$ 1,978,130	\$ 1,976,889	\$ 1,622,134
Unearned premiums	1,083,164	728,516	955,236	1,176,603	1,083,591	724,104
Reinsurance balances payable	157,645	63,667	60,561	98,740	44,715	65,414
Securities lending payable	33,878	23,093	33,905	100,000	100,000	90,106
Deferred income taxes	22,705	24,908	23,827	26,200	24,104	24,508
Net payable for investments purchased	59,671	43,896	14,415	-	-	44,145
Accounts payable and accrued expenses	82,190	99,320	96,521	95,404	107,119	127,809
Senior notes payable	246,901	246,874	246,847	246,820	246,793	-
Debentures payable	<u>289,800</u>	<u>289,800</u>	<u>289,800</u>	<u>289,800</u>	<u>289,800</u>	<u>289,800</u>
Total liabilities	<u>4,510,369</u>	<u>3,556,047</u>	<u>3,741,957</u>	<u>4,011,697</u>	<u>3,873,011</u>	<u>2,988,020</u>
Shareholders' equity						
Common shares	\$ 23,331	\$ 23,247	\$ 23,154	\$ 23,101	\$ 23,081	\$ 23,033
Treasury shares	(6,131)	(6,096)	(4,037)	(3,605)	(1,397)	(553)
Additional paid-in-capital	1,870,104	1,860,960	2,193,140	2,247,995	2,555,243	2,675,680
Accumulated other comprehensive (loss)	(4,498)	(5,455)	(4,945)	(6,726)	(6,658)	(4,851)
Retained earnings	<u>1,432,515</u>	<u>1,632,175</u>	<u>1,553,973</u>	<u>1,342,161</u>	<u>1,189,296</u>	<u>1,337,811</u>
Total shareholders' equity	<u>3,315,321</u>	<u>3,504,831</u>	<u>3,761,285</u>	<u>3,602,926</u>	<u>3,759,565</u>	<u>4,031,120</u>
Total liabilities and shareholders' equity	<u>\$ 7,825,690</u>	<u>\$ 7,060,878</u>	<u>\$ 7,503,242</u>	<u>\$ 7,614,623</u>	<u>\$ 7,632,576</u>	<u>\$ 7,019,140</u>
Book value per common share	\$ 33.73	\$ 35.76	\$ 34.43	\$ 32.34	\$ 30.34	\$ 31.38
Diluted book value per common share	\$ 31.32	\$ 32.98	\$ 32.02	\$ 30.30	\$ 28.66	\$ 29.68
Diluted book value per common share plus accumulated dividends	\$ 34.05	\$ 35.46	\$ 34.28	\$ 32.34	\$ 30.48	\$ 31.28



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, 2011				At December 31, 2010			
	Equity Amount	Shares	Exercise Price (a)	Book Value Per Share	Equity Amount	Shares	Exercise Price (a)	Book Value Per Share
<u>Book value per common share, reported</u>								
Book value per common share								
Total shareholders' equity	\$ 3,315,321	98,288,177		\$ 33.73	\$ 3,504,831	98,001,226		\$ 35.76
Diluted book value per common share								
Total shareholders' equity	\$ 3,315,321	98,288,177			\$ 3,504,831	98,001,226		
Assumed exercise of outstanding warrants (b)	139,272	7,934,860	\$ 17.55		139,272	7,934,860	\$ 17.55	
Assumed exercise of outstanding stock options (b)	50,571	2,521,975	\$ 20.05		54,997	2,723,684	\$ 20.19	
Unvested restricted shares	-	3,177,751			-	3,496,096		
Diluted book value per common share	\$ 3,505,164	111,922,763		\$ 31.32	\$ 3,699,100	112,155,866		\$ 32.98
<u>Book value per common share, adjusted (c)</u>								
Book value per common share								
Total shareholders' equity	\$ 3,315,321				\$ 3,504,831			
Accumulated other comprehensive loss	4,498				5,455			
Unrealized (gains) on investments	(49,442)				(54,986)			
Total shareholders' equity, adjusted	\$ 3,270,377	98,288,177		\$ 33.27	\$ 3,455,300	98,001,226		\$ 35.26
Diluted book value per common share								
Total shareholders' equity, adjusted	\$ 3,270,377	98,288,177			\$ 3,455,300	98,001,226		
Assumed exercise of outstanding warrants (b)	139,272	7,934,860	\$ 17.55		139,272	7,934,860	\$ 17.55	
Assumed exercise of outstanding stock options (b)	50,571	2,521,975	\$ 20.05		54,997	2,723,684	\$ 20.19	
Unvested restricted shares	-	3,177,751			-	3,496,096		
Diluted book value per common share	\$ 3,460,220	111,922,763		\$ 30.92	\$ 3,649,569	112,155,866		\$ 32.54

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, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2010	December 31, 2009
Cash flows provided by (used in) operating activities							
Net (loss) income	\$ (172,364)	\$ 102,687	\$ 238,473	\$ 179,782	\$ (118,378)	\$ 402,564	\$ 897,407
Adjustments to reconcile net income to cash provided by (used in) operating activities:							
Share compensation expenses	12,049	7,871	7,618	6,846	6,576	28,911	32,468
Realized gain on repurchase of debentures	-	-	-	-	-	-	(4,444)
Gain on bargain purchase	-	-	-	-	-	-	(352,349)
Amortization of discount on senior notes	27	27	27	27	-	81	-
Net realized (gains) losses on investments	(6,379)	14,399	(23,058)	(12,441)	(11,398)	(32,498)	11,543
Net unrealized losses (gains) on investments	12,828	42,689	(31,588)	(41,640)	(15,413)	(45,952)	(84,796)
Amortization of intangible assets	1,040	1,042	1,040	1,040	1,040	4,162	25,833
Foreign exchange (gains) losses on cash and cash equivalents included in net income	(4,694)	1,981	(20,561)	12,591	4,538	(1,451)	(9,579)
Amortization of premium on fixed maturities	8,542	9,239	14,526	4,697	3,713	32,175	16,277
Change in:							
Premiums receivable	(345,025)	175,928	188,732	(128,277)	(255,394)	(19,011)	37,163
Deferred acquisition costs	(50,464)	27,804	14,256	(799)	(52,829)	(11,568)	17,914
Prepaid reinsurance premiums	(44,105)	17,234	97,120	(81,821)	(30,786)	1,747	(47,070)
Loss reserves recoverable	(168,836)	(15,069)	(73,711)	5,383	(18,871)	(102,268)	32,922
Paid losses recoverable	1,546	(8,465)	4,585	(5,855)	(3,509)	(13,244)	(13,424)
Income taxes recoverable	306	(25)	159	901	(41)	994	(546)
Accrued investment income	444	7,747	(2,743)	4,222	(4,875)	4,351	5,176
Other assets	5,409	(3,911)	2,263	(4,993)	(6,557)	(13,198)	(3,622)
Reserve for losses and loss expenses	489,356	18,945	32,626	1,603	366,176	419,350	(10,238)
Unearned premiums	354,648	(226,720)	(221,367)	93,012	359,487	4,412	(20,846)
Reinsurance balances payable	92,655	3,867	(39,766)	54,443	(19,203)	(659)	28,733
Deferred income taxes	(3,891)	885	(2,060)	2,076	(624)	277	3,089
Accounts payable and accrued expenses	(14,535)	3,182	(1,489)	(11,181)	(19,686)	(29,174)	(6,495)
Net cash provided by operating activities	168,557	181,337	185,082	79,616	183,966	630,001	555,116
Cash flows provided by (used in) investing activities							
Proceeds on sales of investments	1,581,206	1,376,828	1,038,873	1,706,972	1,226,380	5,349,053	3,481,772
Proceeds on maturities of investments	108,629	77,682	73,532	85,296	113,341	349,851	568,030
Purchases of fixed maturities	(1,449,698)	(1,117,848)	(1,251,059)	(1,550,415)	(1,693,657)	(5,612,979)	(4,421,787)
(Purchases) sales of short-term investments, net	(292,131)	(45,062)	41,539	38,568	173,233	208,278	200,253
(Purchases) sales of other investments	-	(860)	6,460	7,227	4,383	17,210	90,395
(Increase) decrease in securities lending collateral	(10,785)	10,812	66,095	-	(9,894)	67,013	15,582
Purchase of subsidiary, net of cash acquired	-	-	-	-	-	-	(376,878)
Net cash (used in) provided by investing activities	(62,779)	301,552	(24,560)	287,648	(186,214)	378,426	(442,633)
Cash flows provided by (used in) financing activities							
Net proceeds on issuance of senior notes	-	-	-	-	246,793	246,793	-
Repurchase of debentures	-	-	-	-	-	-	(10,056)
Issuance (redemption) of common shares, net	3,139	8,450	(472)	(360)	348	7,966	1,250
Purchases of common shares under share repurchase program	(5,995)	(350,467)	(62,380)	(315,922)	(128,157)	(856,926)	(84,164)
Dividends paid	(27,196)	(23,803)	(25,865)	(26,050)	(29,944)	(105,662)	(78,515)
Increase (decrease) in securities lending payable	10,785	(10,812)	(66,095)	-	9,894	(67,013)	(15,582)
Net cash (used in) provided by financing activities	(19,267)	(376,632)	(154,812)	(342,332)	98,934	(774,842)	(187,067)
Effect of foreign currency rate changes on cash and cash equivalents	10,193	(4,287)	20,571	(10,919)	(5,795)	(430)	12,321
Net increase (decrease) in cash	96,704	101,970	26,281	14,013	90,891	233,155	(62,263)
Cash and cash equivalents - beginning of period	620,740	\$ 518,770	\$ 492,489	\$ 478,476	\$ 387,585	\$ 387,585	\$ 449,848
Cash and cash equivalents - end of period	\$ 717,444	\$ 620,740	\$ 518,770	\$ 492,489	\$ 478,476	\$ 620,740	\$ 387,585
Taxes paid during the period	\$ 26	\$ 21	\$ 1,023	\$ 1,137	\$ 198	\$ 2,379	\$ 1,673
Interest paid during the period	\$ 17,458	\$ 6,364	\$ 17,459	\$ 6,364	\$ 6,365	\$ 36,552	\$ 26,575
Losses paid during the period	\$ 163,257	\$ 153,492	\$ 213,846	\$ 178,432	\$ 127,652	\$ 673,422	\$ 507,435



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, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2010	December 31, 2009 (a)
Revenues							
Gross premiums written	\$ 849,896	\$ 258,731	\$ 344,040	\$ 516,861	\$ 870,934	\$ 1,990,566	\$ 1,621,241
Reinsurance premiums ceded	(109,820)	(35,376)	(35,641)	(67,726)	(90,739)	(229,482)	(232,883)
Net premiums written	740,076	223,355	308,399	449,135	780,195	1,761,084	1,388,358
Change in unearned premiums	(310,543)	209,456	124,275	(11,191)	(322,501)	39	61,219
Net premiums earned	429,533	432,811	432,674	437,944	457,694	1,761,123	1,449,577
Gain on bargain purchase, net of expenses (b)	-	-	-	-	-	-	287,099
Net investment income	29,975	30,962	34,033	34,809	34,299	134,103	118,773
Realized gain on repurchase of debentures	-	-	-	-	-	-	4,444
Net realized gains (losses) on investments	6,379	(14,399)	23,058	12,441	11,398	32,498	(11,543)
Net unrealized (losses) gains on investments	(12,828)	(42,689)	31,588	41,640	15,413	45,952	84,796
Other income	1,606	552	1,082	2,697	888	5,219	4,634
Foreign exchange (losses) gains	(467)	3,424	10,790	(4,099)	(8,764)	1,351	(674)
Total revenues	454,198	410,661	533,225	525,432	510,928	1,980,246	1,937,106
Expenses							
Losses and loss expenses	476,198	155,225	158,936	194,894	478,531	987,586	523,757
Policy acquisition costs	77,296	75,523	67,074	74,126	76,176	292,899	262,966
General and administrative expenses	48,477	54,511	48,831	52,379	53,569	209,290	185,568
Share compensation expenses	12,049	7,871	7,618	6,846	6,576	28,911	27,037
Finance expenses	14,001	13,786	13,715	13,218	15,151	55,870	44,130
Total expenses	628,021	306,916	296,174	341,463	630,003	1,574,556	1,043,458
Net (loss) income before taxes	(173,823)	103,745	237,051	183,969	(119,075)	405,690	893,648
Tax benefit (expense)	1,459	(1,058)	1,422	(4,187)	697	(3,126)	3,759
Net (loss) income	\$ (172,364)	\$ 102,687	\$ 238,473	\$ 179,782	\$ (118,378)	\$ 402,564	\$ 897,407
Comprehensive income							
Foreign currency translation adjustments	957	(510)	1,781	(68)	(1,807)	(604)	3,007
Comprehensive (loss) income	\$ (171,407)	\$ 102,177	\$ 240,254	\$ 179,714	\$ (120,185)	\$ 401,960	\$ 900,414
Earnings per share							
Weighted average number of common shares and common share equivalents outstanding							
Basic	97,944,340	105,828,739	110,601,888	121,009,553	126,633,277	116,018,364	93,697,194
Diluted	97,944,340	111,316,736	114,842,742	125,152,300	126,633,277	120,630,945	97,168,409
Basic (loss) earnings per share	\$ (1.78)	\$ 0.95	\$ 2.14	\$ 1.47	\$ (0.95)	\$ 3.41	\$ 9.51
Diluted (loss) earnings per share	\$ (1.78)	\$ 0.92	\$ 2.08	\$ 1.44	\$ (0.95)	\$ 3.34	\$ 9.24
Cash dividends declared per share	\$ 0.25	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.88	\$ 0.80

Notes:

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

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



Validus Holdings, Ltd.

Consolidated Statements of Operations - Underwriting Income Format

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

	Three Months Ended				Year Ended		
	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2010	December 31, 2009 (a)
Underwriting income							
Gross premiums written	\$ 849,896	\$ 258,731	\$ 344,040	\$ 516,861	\$ 870,934	\$ 1,990,566	\$ 1,621,241
Reinsurance premiums ceded	(109,820)	(35,376)	(35,641)	(67,726)	(90,739)	(229,482)	(232,883)
Net premiums written	740,076	223,355	308,399	449,135	780,195	1,761,084	1,388,358
Change in unearned premiums	(310,543)	209,456	124,275	(11,191)	(322,501)	39	61,219
Net premiums earned	<u>429,533</u>	<u>432,811</u>	<u>432,674</u>	<u>437,944</u>	<u>457,694</u>	<u>1,761,123</u>	<u>1,449,577</u>
Underwriting deductions							
Losses and loss expenses	476,198	155,225	158,936	194,894	478,531	987,586	523,757
Policy acquisition costs	77,296	75,523	67,074	74,126	76,176	292,899	262,966
General and administrative expenses	48,477	54,511	48,831	52,379	53,569	209,290	185,568
Share compensation expenses	12,049	7,871	7,618	6,846	6,576	28,911	27,037
Total underwriting deductions	<u>614,020</u>	<u>293,130</u>	<u>282,459</u>	<u>328,245</u>	<u>614,852</u>	<u>1,518,686</u>	<u>999,328</u>
Underwriting (loss) income	\$ (184,487)	\$ 139,681	\$ 150,215	\$ 109,699	\$ (157,158)	\$ 242,437	\$ 450,249
Net investment income	29,975	30,962	34,033	34,809	34,299	134,103	118,773
Other income	1,606	552	1,082	2,697	888	5,219	4,634
Finance expenses	(14,001)	(13,786)	(13,715)	(13,218)	(15,151)	(55,870)	(44,130)
Operating (loss) income before taxes	<u>(166,907)</u>	<u>157,409</u>	<u>171,615</u>	<u>133,987</u>	<u>(137,122)</u>	<u>325,889</u>	<u>529,526</u>
Tax benefit (expense)	1,459	(1,058)	1,422	(4,187)	697	(3,126)	3,759
Net operating (loss) income (b)	\$ (165,448)	\$ 156,351	\$ 173,037	\$ 129,800	\$ (136,425)	\$ 322,763	\$ 533,285
Gain on bargain purchase, net of expenses (c)	-	-	-	-	-	-	287,099
Realized gain on repurchase of debentures	-	-	-	-	-	-	4,444
Net realized gains (losses) on investments	6,379	(14,399)	23,058	12,441	11,398	32,498	(11,543)
Net unrealized (losses) gains on investments	(12,828)	(42,689)	31,588	41,640	15,413	45,952	84,796
Foreign exchange (losses) gains	(467)	3,424	10,790	(4,099)	(8,764)	1,351	(674)
Net (loss) income	\$ (172,364)	\$ 102,687	\$ 238,473	\$ 179,782	\$ (118,378)	\$ 402,564	\$ 897,407
Selected ratios:							
Net premiums written / Gross premiums written	87.1%	86.3%	89.6%	86.9%	89.6%	88.5%	85.6%
Losses and loss expenses	110.9%	35.9%	36.7%	44.5%	104.6%	56.1%	36.1%
Policy acquisition costs	18.0%	17.4%	15.5%	16.9%	16.6%	16.6%	18.1%
General and administrative expenses (d)	14.1%	14.4%	13.0%	13.5%	13.1%	13.5%	14.7%
Expense ratio	32.1%	31.8%	28.5%	30.4%	29.7%	30.1%	32.8%
Combined ratio	143.0%	67.7%	65.2%	74.9%	134.3%	86.2%	68.9%

Notes:

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

(b) Net operating income (loss), a non-GAAP financial measure, is defined as net income (loss) excluding net realized and unrealized gains (losses) on investments, foreign exchange gains (losses) and non-recurring items including the gain on bargain purchase, net of expenses relating to the acquisition of IPC. This measure focuses on the underlying fundamentals of our operations without the influence of gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. 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.

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

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



Validus Holdings, Ltd.

Computation of Earnings per Share

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

	Three Months Ended (a)					
	March 31, 2011 (c)			March 31, 2010 (c)		
	Net Operating Income	Net Income	Comprehensive Income	Net Operating Income	Net Income	Comprehensive Income
Basic earnings per share (b)						
(Loss)	\$ (165,448)	\$ (172,364)	\$ (171,407)	\$ (136,425)	\$ (118,378)	\$ (120,185)
less: Dividends and distributions declared on outstanding warrants	<u>(1,984)</u>	<u>(1,984)</u>	<u>(1,984)</u>	<u>(1,749)</u>	<u>(1,749)</u>	<u>(1,749)</u>
(Loss) available to common shareholders	<u>\$ (167,432)</u>	<u>\$ (174,348)</u>	<u>\$ (173,391)</u>	<u>\$ (138,174)</u>	<u>\$ (120,127)</u>	<u>\$ (121,934)</u>
Weighted average number of common shares outstanding	97,944,340	97,944,340	97,944,340	126,633,277	126,633,277	126,633,277
Basic (loss) per share	<u>\$ (1.71)</u>	<u>\$ (1.78)</u>	<u>\$ (1.77)</u>	<u>\$ (1.09)</u>	<u>\$ (0.95)</u>	<u>\$ (0.96)</u>
Diluted earnings per share (b)						
(Loss)	\$ (165,448)	\$ (172,364)	\$ (171,407)	\$ (136,425)	\$ (118,378)	\$ (120,185)
less: Dividends and distributions declared on outstanding warrants	<u>(1,984)</u>	<u>(1,984)</u>	<u>(1,984)</u>	<u>(1,749)</u>	<u>(1,749)</u>	<u>(1,749)</u>
(Loss) available to common shareholders	<u>\$ (167,432)</u>	<u>\$ (174,348)</u>	<u>\$ (173,391)</u>	<u>\$ (138,174)</u>	<u>\$ (120,127)</u>	<u>\$ (121,934)</u>
Weighted average number of common shares outstanding	97,944,340	97,944,340	97,944,340	126,633,277	126,633,277	126,633,277
Share equivalents:						
Warrants	-	-	-	-	-	-
Stock options	-	-	-	-	-	-
Unvested restricted shares	-	-	-	-	-	-
Weighted average number of diluted common shares outstanding	<u>97,944,340</u>	<u>97,944,340</u>	<u>97,944,340</u>	<u>126,633,277</u>	<u>126,633,277</u>	<u>126,633,277</u>
Diluted (loss) per share	<u>\$ (1.71)</u>	<u>\$ (1.78)</u>	<u>\$ (1.77)</u>	<u>\$ (1.09)</u>	<u>\$ (0.95)</u>	<u>\$ (0.96)</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 both the three months ended March 31, 2011 and 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)

	Three Months Ended	
	March 31, 2011 (a)	March 31, 2010 (a)
Average fair value per share	\$ 30.76	\$ 26.58
Basic weighted average common shares outstanding	97,944,340	126,633,277
Add: weighted average unvested restricted shares	-	-
Proceeds from unrecognized restricted share expenses	\$ -	\$ -
Less: restricted shares bought back via treasury method	-	-
Add: weighted average dilutive warrants outstanding	-	-
Weighted average exercise price per share	\$ -	\$ -
Less: warrants bought back via treasury method	-	-
Add: weighted average dilutive options outstanding	-	-
Weighted average exercise price per share	\$ -	\$ -
Proceeds from unrecognized option expenses	\$ -	\$ -
Less: options bought back via treasury method	-	-
Weighted average dilutive shares outstanding	97,944,340	126,633,277

Notes:

(a) Due to the net loss incurred in both the three months ended March 31, 2011 and 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, 2011				Three Months Ended March 31, 2010			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Underwriting income								
Gross premiums written	\$ 611,238	\$ 263,057	\$ (24,399)	\$ 849,896	\$ 640,295	\$ 270,541	\$ (39,902)	\$ 870,934
Reinsurance premiums ceded	(46,805)	(87,414)	24,399	(109,820)	(13,110)	(117,531)	39,902	(90,739)
Net premiums written	564,433	175,643	-	740,076	627,185	153,010	-	780,195
Change in unearned premiums	(312,124)	1,581	-	(310,543)	(343,264)	20,763	-	(322,501)
Net premiums earned	252,309	177,224	-	429,533	283,921	173,773	-	457,694
Underwriting deductions								
Losses and loss expenses	310,544	165,654	-	476,198	348,920	129,611	-	478,531
Policy acquisition costs	40,066	37,216	14	77,296	43,503	34,945	(2,272)	76,176
General and administrative expenses	10,657	28,722	9,098	48,477	16,312	25,548	11,709	53,569
Share compensation expenses	3,105	2,719	6,225	12,049	1,629	1,559	3,388	6,576
Total underwriting deductions	364,372	234,311	15,337	614,020	410,364	191,663	12,825	614,852
Underwriting (loss)	\$ (112,063)	\$ (57,087)	\$ (15,337)	\$ (184,487)	\$ (126,443)	\$ (17,890)	\$ (12,825)	\$ (157,158)
Net investment income	25,651	6,590	(2,266)	29,975	29,245	7,320	(2,266)	34,299
Other income	1,433	3,017	(2,844)	1,606	1,078	1,975	(2,165)	888
Finance expenses	(1,713)	(63)	(12,225)	(14,001)	(1,293)	(3,245)	(10,613)	(15,151)
Operating (loss) before taxes	(86,692)	(47,543)	(32,672)	(166,907)	(97,413)	(11,840)	(27,869)	(137,122)
Tax (expense) benefit	(2)	1,793	(332)	1,459	(91)	795	(7)	697
Net operating (loss) (a)	\$ (86,694)	\$ (45,750)	\$ (33,004)	\$ (165,448)	\$ (97,504)	\$ (11,045)	\$ (27,876)	\$ (136,425)
Net realized gains on investments	3,919	2,460	-	6,379	9,779	1,619	-	11,398
Net unrealized (losses) gains on investments	(8,515)	(4,313)	-	(12,828)	12,195	3,218	-	15,413
Foreign exchange (losses) gains	(4,360)	3,901	(8)	(467)	(5,139)	(3,599)	(26)	(8,764)
Net (loss)	\$ (95,650)	\$ (43,702)	\$ (33,012)	\$ (172,364)	\$ (80,669)	\$ (9,807)	\$ (27,902)	\$ (118,378)
Selected ratios:								
Net premiums written / Gross premiums written	92.3%	66.8%		87.1%	98.0%	56.6%		89.6%
Losses and loss expenses	123.1%	93.5%		110.9%	122.9%	74.6%		104.6%
Policy acquisition costs	15.9%	21.0%		18.0%	15.3%	20.1%		16.6%
General and administrative expenses (b)	5.5%	17.7%		14.1%	6.3%	15.6%		13.1%
Expense ratio	21.4%	38.7%		32.1%	21.6%	35.7%		29.7%
Combined ratio	144.5%	132.2%		143.0%	144.5%	110.3%		134.3%

Notes:

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

(b) The 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, 2011				Three Months Ended March 31, 2010			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Underwriting income								
Gross premiums written	\$ 365,268	\$ 185,033	\$ 60,937	\$ 611,238	\$ 412,408	\$ 169,986	\$ 57,901	\$ 640,295
Reinsurance premiums ceded	(46,680)	376	(501)	(46,805)	(9,342)	(4,050)	282	(13,110)
Net premiums written	318,588	185,409	60,436	564,433	403,066	165,936	58,183	627,185
Change in unearned premiums	(141,818)	(131,551)	(38,755)	(312,124)	(191,622)	(124,907)	(26,735)	(343,264)
Net premiums earned	<u>176,770</u>	<u>53,858</u>	<u>21,681</u>	<u>252,309</u>	<u>211,444</u>	<u>41,029</u>	<u>31,448</u>	<u>283,921</u>
Underwriting deductions								
Losses and loss expenses	220,106	84,660	5,778	310,544	313,501	23,348	12,071	348,920
Policy acquisition costs	25,875	10,510	3,681	40,066	32,258	6,809	4,436	43,503
Total underwriting deductions before G&A	<u>245,981</u>	<u>95,170</u>	<u>9,459</u>	<u>350,610</u>	<u>345,759</u>	<u>30,157</u>	<u>16,507</u>	<u>392,423</u>
Underwriting (loss) income before G&A	\$ (69,211)	\$ (41,312)	\$ 12,222	\$ (98,301)	\$ (134,315)	\$ 10,872	\$ 14,941	\$ (108,502)
General and administrative expenses				10,657				16,312
Share compensation expenses				3,105				1,629
Total underwriting deductions				<u>364,372</u>				<u>410,364</u>
Underwriting (loss)				\$ (112,063)				\$ (126,443)
Net investment income				25,651				29,245
Other income				1,433				1,078
Finance expenses				(1,713)				(1,293)
Operating (loss) before taxes				<u>(86,692)</u>				<u>(97,413)</u>
Tax (expense)				(2)				(91)
Net operating (loss) (b)				\$ (86,694)				\$ (97,504)
Net realized gains on investments				3,919				9,779
Net unrealized (losses) gains on investments				(8,515)				12,195
Foreign exchange (losses)				(4,360)				(5,139)
Net (loss)				\$ (95,650)				\$ (80,669)
Selected ratios:								
Net premiums written / Gross premiums written	87.2%	100.2%	99.2%	92.3%	97.7%	97.6%	100.5%	98.0%
Losses and loss expenses	124.5%	157.2%	26.7%	123.1%	148.3%	56.9%	38.4%	122.9%
Policy acquisition costs	14.6%	19.5%	17.0%	15.9%	15.3%	16.6%	14.1%	15.3%
General and administrative expenses (c)				5.5%				6.3%
Expense ratio				<u>21.4%</u>				<u>21.6%</u>
Combined ratio				<u>144.5%</u>				<u>144.5%</u>

Notes:

(a) Specialty class includes Aerospace & Aviation, Agriculture, Financial, Life and A&H, Nuclear, Terrorism, Workers' Compensation, Crisis Management and Motor which is a new line of business in 2011.

(b) Net operating income (loss), a non-GAAP financial measure, is defined as net income (loss) excluding net realized and unrealized gains (losses) on investments, foreign exchange gains (losses) and non-recurring items. This measure focuses on the underlying fundamentals of our operations without the influence of gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. 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.

(c) 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, 2011				Three Months Ended March 31, 2010			
	Property (a)	Marine	Specialty (b)	Total	Property (a)	Marine	Specialty (b)	Total
Underwriting income								
Gross premiums written	\$ 70,729	\$ 104,935	\$ 87,393	\$ 263,057	\$ 85,874	\$ 102,873	\$ 81,794	\$ 270,541
Reinsurance premiums ceded	(38,362)	(18,162)	(30,890)	(87,414)	(53,476)	(23,808)	(40,247)	(117,531)
Net premiums written	32,367	86,773	56,503	175,643	32,398	79,065	41,547	153,010
Change in unearned premiums	6,576	(22,334)	17,339	1,581	5,643	(15,841)	30,961	20,763
Net premiums earned	<u>38,943</u>	<u>64,439</u>	<u>73,842</u>	<u>177,224</u>	<u>38,041</u>	<u>63,224</u>	<u>72,508</u>	<u>173,773</u>
Underwriting deductions								
Losses and loss expenses	73,188	50,745	41,721	165,654	60,234	34,298	35,079	129,611
Policy acquisition costs	3,366	16,593	17,257	37,216	7,056	11,395	16,494	34,945
Total underwriting deductions before G&A	<u>76,554</u>	<u>67,338</u>	<u>58,978</u>	<u>202,870</u>	<u>67,290</u>	<u>45,693</u>	<u>51,573</u>	<u>164,556</u>
Underwriting (loss) income before G&A	\$ (37,611)	\$ (2,899)	\$ 14,864	\$ (25,646)	\$ (29,249)	\$ 17,531	\$ 20,935	\$ 9,217
General and administrative expenses				28,722				25,548
Share compensation expenses				2,719				1,559
Total underwriting deductions				<u>234,311</u>				<u>191,663</u>
Underwriting (loss)				\$ (57,087)				\$ (17,890)
Net investment income				6,590				7,320
Other income				3,017				1,975
Finance expenses				(63)				(3,245)
Operating (loss) before taxes				<u>(47,543)</u>				<u>(11,840)</u>
Tax benefit				1,793				795
Net operating (loss) (c)				\$ (45,750)				\$ (11,045)
Net realized gains on investments				2,460				1,619
Net unrealized (losses) gains on investments				(4,313)				3,218
Foreign exchange gains (losses)				3,901				(3,599)
Net (loss)				\$ (43,702)				\$ (9,807)
Selected ratios:								
Net premiums written / Gross premiums written	45.8%	82.7%	64.7%	66.8%	37.7%	76.9%	50.8%	56.6%
Losses and loss expenses	187.9%	78.7%	56.5%	93.5%	158.3%	54.2%	48.4%	74.6%
Policy acquisition costs	8.6%	25.7%	23.4%	21.0%	18.5%	18.0%	22.7%	20.1%
General and administrative expenses (d)				17.7%				15.6%
Expense ratio				38.7%				35.7%
Combined ratio				132.2%				110.3%

Notes:

(a) Property includes Onshore Energy.

(b) Specialty includes Accident & Health, Aviation (Direct & Treaty), Bloodstock, Contingency, Financial Institutions and War.

(c) Net operating income (loss), a non-GAAP financial measure, is defined as net income (loss) excluding net realized and unrealized gains (losses) on investments, foreign exchange gains (losses) and non-recurring items. This measure focuses on the underlying fundamentals of our operations without the influence of gains (losses) from the sale of investments, translation of non-U.S.\$ currencies and non-recurring items. 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.

(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)

Validus Re Segment		Three Months Ended				Year Ended			
		March 31, 2011		March 31, 2010		December 31, 2010		December 31, 2009	
Class of business	Treaty type	Gross premiums written		Gross premiums written		Gross premiums written		Gross premiums written (a)	
		\$	%	\$	%	\$	%	\$	%
Property (b)	Cat XOL (c)	\$ 303,513	49.6%	\$ 305,015	47.7%	\$ 571,874	51.9%	\$ 386,860	50.3%
	Per Risk XOL	14,000	2.3%	19,968	3.1%	67,809	6.2%	47,417	6.2%
	Proportional (d)	47,755	7.8%	87,425	13.7%	150,907	13.7%	92,151	12.0%
		<u>365,268</u>	<u>59.7%</u>	<u>412,408</u>	<u>64.5%</u>	<u>790,590</u>	<u>71.8%</u>	<u>526,428</u>	<u>68.5%</u>
Marine	Cat XOL (e)	14,561	2.4%	13,516	2.1%	14,509	1.3%	7,436	1.0%
	Per Risk XOL	69,806	11.4%	61,102	9.5%	86,421	7.8%	70,660	9.2%
	Proportional (d)	100,666	16.5%	95,368	14.9%	126,205	11.5%	74,757	9.7%
		<u>185,033</u>	<u>30.3%</u>	<u>169,986</u>	<u>26.5%</u>	<u>227,135</u>	<u>20.6%</u>	<u>152,853</u>	<u>19.9%</u>
Specialty (b) (f)	Cat XOL (c)	37,924	6.2%	35,482	5.5%	51,864	4.8%	43,124	5.7%
	Per Risk XOL	5,328	0.9%	6,962	1.1%	10,440	0.9%	8,490	1.1%
	Proportional (d)	17,685	2.9%	15,457	2.4%	21,210	1.9%	37,189	4.8%
		<u>60,937</u>	<u>10.0%</u>	<u>57,901</u>	<u>9.0%</u>	<u>83,514</u>	<u>7.6%</u>	<u>88,803</u>	<u>11.6%</u>
Total	Cat XOL (c) (e)	355,998	58.2%	354,013	55.3%	638,247	58.0%	437,420	57.0%
	Per Risk XOL	89,134	14.6%	88,032	13.7%	164,670	14.9%	126,567	16.5%
	Proportional (d)	166,106	27.2%	198,250	31.0%	298,322	27.1%	204,097	26.5%
		<u>\$ 611,238</u>	<u>100.0%</u>	<u>\$ 640,295</u>	<u>100.0%</u>	<u>\$ 1,101,239</u>	<u>100.0%</u>	<u>\$ 768,084</u>	<u>100.0%</u>

Notes:

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

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

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

(d) Proportional is comprised of Quota Share and Surplus Share covers.

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

(f) Specialty includes Aerospace & Aviation, Agriculture, Financial, Life and A&H, Nuclear, Terrorism, Workers' Compensation, Crisis Management and Motor which is a new line of business in 2011.



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, 2011		March 31, 2010		December 31, 2010		December 31, 2009	
		Gross premiums written	%	Gross premiums written	%	Gross premiums written	%	Gross premiums written (a)	%
Property (b)	Treaty Reinsurance	\$ 376,687	44.3%	\$ 426,315	48.9%	\$ 810,748	40.7%	\$ 549,917	33.9%
	Facultative Reinsurance	31,927	3.8%	33,126	3.9%	139,294	7.0%	113,916	7.0%
	Direct Insurance	10,509	1.2%	17,696	2.0%	87,019	4.4%	86,908	5.4%
		<u>419,123</u>	<u>49.3%</u>	<u>477,137</u>	<u>54.8%</u>	<u>1,037,061</u>	<u>52.1%</u>	<u>750,741</u>	<u>46.3%</u>
Marine	Treaty Reinsurance	209,998	24.7%	184,395	21.2%	261,367	13.1%	182,236	11.2%
	Facultative Reinsurance	14,666	1.8%	31,412	3.6%	85,560	4.3%	90,369	5.6%
	Direct Insurance	63,084	7.4%	44,818	5.1%	178,380	9.0%	174,357	10.8%
		<u>287,748</u>	<u>33.9%</u>	<u>260,625</u>	<u>29.9%</u>	<u>525,307</u>	<u>26.4%</u>	<u>446,962</u>	<u>27.6%</u>
Specialty (b) (c)	Treaty Reinsurance	78,125	9.2%	65,430	7.5%	120,319	6.0%	129,284	8.0%
	Facultative Reinsurance	25,097	2.9%	23,923	2.7%	112,941	5.7%	95,747	5.9%
	Direct Insurance	39,803	4.7%	43,819	5.1%	194,938	9.8%	198,507	12.2%
		<u>143,025</u>	<u>16.8%</u>	<u>133,172</u>	<u>15.3%</u>	<u>428,198</u>	<u>21.5%</u>	<u>423,538</u>	<u>26.1%</u>
Total	Treaty Reinsurance	664,810	78.2%	676,140	77.6%	1,192,434	59.8%	861,437	53.1%
	Facultative Reinsurance	71,690	8.5%	88,461	10.2%	337,795	17.0%	300,032	18.5%
	Direct Insurance	113,396	13.3%	106,333	12.2%	460,337	23.2%	459,772	28.4%
		<u>\$ 849,896</u>	<u>100.0%</u>	<u>\$ 870,934</u>	<u>100.0%</u>	<u>\$ 1,990,566</u>	<u>100.0%</u>	<u>\$ 1,621,241</u>	<u>100.0%</u>

Notes:

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

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

(c) For the Validus Re segment, the Specialty class includes Aerospace & Aviation, Agriculture, Financial, Life and A&H, Nuclear, Terrorism, Workers' Compensation, Crisis Management and Motor which is a new line of business in 2011. For the Talbot segment, Specialty includes Accident & Health, Aviation (Direct & Treaty), 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, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2010	December 31, 2009 (a)
Validus Re							
Property (b)	\$ 365,268	\$ 17,301	\$ 99,313	\$ 261,568	\$ 412,408	\$ 790,590	\$ 526,428
Marine	185,033	4,244	37,495	15,410	169,986	227,135	152,853
Aerospace & Aviation (c)	5,590	169	(1,034)	4,133	15,842	19,110	30,179
Agriculture (b)	2,927	(186)	465	(318)	2,951	2,912	3,044
Financial	6,636	1,036	178	171	1,992	3,377	2,446
Life and A&H	3,385	420	(140)	54	3,475	3,809	3,306
Nuclear (b)	3	(959)	1,614	1,884	992	3,531	3,049
Terrorism	28,074	10,121	(901)	1,117	27,144	37,481	39,492
Workers' Compensation	5,209	-	1,828	(3)	5,505	7,330	7,287
Crisis Management	7,523	1,840	3,812	312	-	5,964	-
Motor	1,590	-	-	-	-	-	-
Total Validus Re Segment	611,238	33,986	142,630	284,328	640,295	1,101,239	768,084
Talbot							
Property	49,559	35,171	45,440	50,322	60,807	191,740	172,782
Onshore Energy	21,170	22,994	27,761	47,207	25,067	123,029	96,801
Marine	104,935	68,452	64,422	79,355	102,873	315,102	307,385
Accident & Health	5,349	4,456	5,283	4,328	5,648	19,715	18,506
Aviation, Direct	7,870	33,580	17,640	9,802	8,719	69,741	55,387
Aviation Treaty	18,237	11,273	5,088	11,811	15,915	44,087	46,657
Bloodstock	361	3,955	3,408	2,436	3,692	13,491	14,382
Contingency	5,273	2,797	7,158	4,314	4,094	18,363	19,077
Financial Institutions	7,667	12,747	11,489	7,456	7,954	39,646	41,669
War	42,636	42,675	31,033	36,679	35,772	146,159	147,260
Total Talbot Segment	263,057	238,100	218,722	253,710	270,541	981,073	919,906
Intersegment Revenue							
Property	(16,874)	(12,213)	(16,133)	(18,807)	(21,145)	(68,298)	(45,270)
Marine	(2,220)	(1,140)	(1,171)	(2,385)	(12,234)	(16,930)	(13,276)
Specialty	(5,305)	(2)	(8)	15	(6,523)	(6,518)	(8,203)
Total Intersegment Revenue Eliminated	(24,399)	(13,355)	(17,312)	(21,177)	(39,902)	(91,746)	(66,749)
Total Gross Premiums Written	\$ 849,896	\$ 258,731	\$ 344,040	\$ 516,861	\$ 870,934	\$ 1,990,566	\$ 1,621,241

Notes:

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

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

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



Validus Holdings, Ltd.

Underwriting Income - Validus Re

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

	Three Months Ended				Year Ended		
	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2010	December 31, 2009 (a)
Underwriting income							
Gross premiums written	\$ 611,238	\$ 33,986	\$ 142,630	\$ 284,328	\$ 640,295	\$ 1,101,239	\$ 768,084
Reinsurance premiums ceded	(46,805)	(399)	(8,463)	(41,175)	(13,110)	(63,147)	(95,446)
Net premiums written	564,433	33,587	134,167	243,153	627,185	1,038,092	672,638
Change in unearned premiums	(312,124)	212,737	124,747	18,888	(343,264)	13,108	122,912
Net premiums earned	<u>252,309</u>	<u>246,324</u>	<u>258,914</u>	<u>262,041</u>	<u>283,921</u>	<u>1,051,200</u>	<u>795,550</u>
Underwriting deductions							
Losses and loss expenses	310,544	49,799	79,098	123,793	348,920	601,610	186,704
Policy acquisition costs	40,066	39,299	39,818	37,979	43,503	160,599	127,433
General and administrative expenses	10,657	12,659	5,663	10,983	16,312	45,617	65,710
Share compensation expenses	3,105	1,934	1,869	1,749	1,629	7,181	7,576
Total underwriting deductions	<u>364,372</u>	<u>103,691</u>	<u>126,448</u>	<u>174,504</u>	<u>410,364</u>	<u>815,007</u>	<u>387,423</u>
Underwriting (loss) income	<u>\$ (112,063)</u>	<u>\$ 142,633</u>	<u>\$ 132,466</u>	<u>\$ 87,537</u>	<u>\$ (126,443)</u>	<u>\$ 236,193</u>	<u>\$ 408,127</u>
Selected ratios:							
Losses and loss expenses	123.1%	20.2%	30.5%	47.2%	122.9%	57.2%	23.5%
Policy acquisition costs	15.9%	16.0%	15.4%	14.5%	15.3%	15.3%	16.0%
General and administrative expenses (b)	5.5%	5.9%	2.9%	4.9%	6.3%	5.0%	9.2%
Expense ratio	21.4%	21.9%	18.3%	19.4%	21.6%	20.3%	25.2%
Combined ratio	<u>144.5%</u>	<u>42.1%</u>	<u>48.8%</u>	<u>66.6%</u>	<u>144.5%</u>	<u>77.5%</u>	<u>48.7%</u>

Notes:

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

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



Validus Holdings, Ltd.

Underwriting Income - Talbot

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

	Three Months Ended				Year Ended		
	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2010	December 31, 2009
Underwriting income							
Gross premiums written	\$ 263,057	\$ 238,100	\$ 218,722	\$ 253,710	\$ 270,541	\$ 981,073	\$ 919,906
Reinsurance premiums ceded	(87,414)	(48,332)	(44,490)	(47,728)	(117,531)	(258,081)	(204,186)
Net premiums written	175,643	189,768	174,232	205,982	153,010	722,992	715,720
Change in unearned premiums	1,581	(3,281)	(472)	(30,079)	20,763	(13,069)	(61,693)
Net premiums earned	177,224	186,487	173,760	175,903	173,773	709,923	654,027
Underwriting deductions							
Losses and loss expenses	165,654	105,426	79,838	71,101	129,611	385,976	337,053
Policy acquisition costs	37,216	37,726	32,451	38,647	34,945	143,769	139,932
General and administrative expenses	28,722	30,334	33,201	24,960	25,548	114,043	96,352
Share compensation expenses	2,719	2,142	1,754	1,468	1,559	6,923	7,171
Total underwriting deductions	234,311	175,628	147,244	136,176	191,663	650,711	580,508
Underwriting (loss) income	\$ (57,087)	\$ 10,859	\$ 26,516	\$ 39,727	\$ (17,890)	\$ 59,212	\$ 73,519
Selected ratios:							
Losses and loss expenses	93.5%	56.5%	45.9%	40.4%	74.6%	54.4%	51.5%
Policy acquisition costs	21.0%	20.2%	18.7%	22.0%	20.1%	20.3%	21.4%
General and administrative expenses (a)	17.7%	17.4%	20.1%	15.0%	15.6%	17.0%	15.8%
Expense ratio	38.7%	37.6%	38.8%	37.0%	35.7%	37.3%	37.2%
Combined ratio	132.2%	94.1%	84.7%	77.4%	110.3%	91.7%	88.7%

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, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2010	December 31, 2009 (a) (b)
Underwriting income							
Net premiums written	\$ 350,955	\$ 49,032	\$ 142,719	\$ 286,463	\$ 435,464	\$ 913,678	\$ 600,762
Net premiums earned	215,713	218,171	232,117	223,597	249,485	923,370	712,662
Underwriting deductions							
Losses and loss expenses	293,294	54,945	59,971	70,055	373,735	558,706	112,982
Policy acquisition costs	29,241	31,090	27,768	33,006	39,314	131,178	109,311
Total underwriting deductions	322,535	86,035	87,739	103,061	413,049	689,884	222,293
Underwriting (loss) income before G&A	\$ (106,822)	\$ 132,136	\$ 144,378	\$ 120,536	\$ (163,564)	\$ 233,486	\$ 490,369
Selected underwriting ratios (c):							
Losses and loss expenses	136.0%	25.2%	25.8%	31.3%	149.8%	60.5%	15.9%
Policy acquisition costs	13.6%	14.3%	12.0%	14.8%	15.8%	14.2%	15.3%
Combined ratio before G&A	149.6%	39.5%	37.8%	46.1%	165.6%	74.7%	31.2%

Notes:

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

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

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



Validus Holdings, Ltd.

Underwriting Income - Class of Business - Marine

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

	Three Months Ended				Year Ended		
	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2010	December 31, 2009
Underwriting income							
Net premiums written	\$ 272,182	\$ 69,781	\$ 90,369	\$ 81,455	\$ 245,001	\$ 486,606	\$ 415,822
Net premiums earned	118,297	119,704	109,904	111,565	104,253	445,426	397,061
Underwriting deductions							
Losses and loss expenses	135,405	33,414	48,331	84,830	57,646	224,221	242,727
Policy acquisition costs	27,103	26,665	24,415	23,021	18,204	92,305	86,295
Total underwriting deductions	162,508	60,079	72,746	107,851	75,850	316,526	329,022
Underwriting (loss) income before G&A	\$ (44,211)	\$ 59,625	\$ 37,158	\$ 3,714	\$ 28,403	\$ 128,900	\$ 68,039
Selected underwriting ratios (a):							
Losses and loss expenses	114.5%	27.9%	44.0%	76.0%	55.3%	50.3%	61.1%
Policy acquisition costs	22.9%	22.3%	22.2%	20.6%	17.5%	20.7%	21.7%
Combined ratio before G&A	137.4%	50.2%	66.2%	96.6%	72.8%	71.0%	82.8%

Notes:

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



Validus Holdings, Ltd.

Underwriting Income - Class of Business - Specialty

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

	Three Months Ended (a)				Year Ended (a)		
	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2010	December 31, 2009 (b)
Underwriting income							
Net premiums written	\$ 116,939	\$ 104,542	\$ 75,311	\$ 81,217	\$ 99,730	\$ 360,800	\$ 371,774
Net premiums earned	95,523	94,936	90,653	102,782	103,956	392,327	339,854
Underwriting deductions							
Losses and loss expenses	47,499	66,866	50,634	40,009	47,150	204,659	168,048
Policy acquisition costs	20,938	19,270	20,086	20,599	20,930	80,885	71,759
Total underwriting deductions	68,437	86,136	70,720	60,608	68,080	285,544	239,807
Underwriting income before G&A	\$ 27,086	\$ 8,800	\$ 19,933	\$ 42,174	\$ 35,876	\$ 106,783	\$ 100,047
Selected underwriting ratios (c):							
Losses and loss expenses	49.7%	70.4%	55.9%	38.9%	45.4%	52.2%	49.4%
Policy acquisition costs	21.9%	20.3%	22.2%	20.0%	20.1%	20.6%	21.1%
Combined ratio before G&A	71.6%	90.7%	78.1%	58.9%	65.5%	72.8%	70.5%

Notes:

(a) For the Validus Re segment, the Specialty class includes Aerospace & Aviation, Agriculture, Financial, Life and A&H, Nuclear, Terrorism, Workers' Compensation, Crisis Management and Motor which is a new line of business in 2011. For the Talbot segment, Specialty includes Accident & Health, Aviation (Direct & Treaty), 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, 2011			At December 31, 2010		
	Reserve for losses and loss expenses	Loss reserves recoverable	Net	Reserve for losses and loss expenses	Loss reserves recoverable	Net
Property (a)	\$ 1,254,945	\$ 228,259	\$ 1,026,686	\$ 904,447	\$ 87,465	\$ 816,982
Marine	754,889	127,367	627,522	639,728	102,461	537,267
Specialty (b)	524,581	98,075	426,506	491,798	93,208	398,590
Total	\$ 2,534,415	\$ 453,701	\$ 2,080,714	\$ 2,035,973	\$ 283,134	\$ 1,752,839

	At March 31, 2011			At December 31, 2010		
	Case Reserves	IBNR	Total Reserves	Case Reserves	IBNR	Total Reserves
Property (a)	\$ 497,174	\$ 757,771	\$ 1,254,945	\$ 506,506	\$ 397,941	\$ 904,447
Marine	353,938	400,951	754,889	317,469	322,259	639,728
Specialty (b)	224,704	299,877	524,581	211,906	279,892	491,798
Total	\$ 1,075,816	\$ 1,458,599	\$ 2,534,415	\$ 1,035,881	\$ 1,000,092	\$ 2,035,973
% of Total	42.4%	57.6%	100.0%	50.9%	49.1%	100.0%

Notes:

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

(b) For the Validus Re segment, the Specialty class includes Aerospace & Aviation, Agriculture, Financial, Life and A&H, Nuclear, Terrorism, Workers Compensation, Crisis Management and Motor which is a new line of business in 2011. For the Talbot segment, Specialty includes Accident & Health, Aviation (Direct & Aviation), 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, 2011				March 31, 2010			
	Validus Re	Talbot	Eliminations	Total	Validus Re	Talbot	Eliminations	Total
Gross reserves at period beginning	\$ 998,165	\$ 1,191,548	\$ (153,740)	\$ 2,035,973	\$ 742,510	\$ 903,986	\$ (24,362)	\$ 1,622,134
Losses recoverable	(80,219)	(356,655)	153,740	(283,134)	(49,808)	(156,319)	24,362	(181,765)
Net reserves at period beginning	917,946	834,893	-	1,752,839	692,702	747,667	-	1,440,369
Incurring losses- current year	321,822	180,892	-	502,714	360,398	144,862	-	505,260
Change in prior accident years	(11,278)	(15,238)	-	(26,516)	(11,478)	(15,251)	-	(26,729)
Incurring losses	310,544	165,654	-	476,198	348,920	129,611	-	478,531
Foreign exchange	7,574	7,360	-	14,934	(3,574)	(9,741)	-	(13,315)
Paid losses	(111,946)	(51,311)	-	(163,257)	(70,455)	(57,197)	-	(127,652)
Net reserves at period end	1,124,118	956,596	-	2,080,714	967,593	810,340	-	1,777,933
Losses recoverable	216,300	368,371	(130,970)	453,701	57,480	354,210	(212,734)	198,956
Gross reserves at period end	\$ 1,340,418	\$ 1,324,967	\$ (130,970)	\$ 2,534,415	\$ 1,025,073	\$ 1,164,550	\$ (212,734)	\$ 1,976,889
Net premiums earned	\$ 252,309	\$ 177,224		\$ 429,533	\$ 283,921	\$ 173,773		\$ 457,694
Current year loss ratio	127.6%	102.1%		117.1%	126.9%	83.4%		110.4%
Prior accident year adjustments	-4.5%	-8.6%		-6.2%	-4.0%	-8.8%		-5.8%
Net loss ratio	123.1%	93.5%		110.9%	122.9%	74.6%		104.6%
Paid to incurred	36.0%	31.0%		34.3%	20.2%	44.1%		26.7%



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, 2011				March 31, 2010			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Gross reserves at period beginning	\$ 658,652	\$ 244,377	\$ 95,136	\$ 998,165	\$ 489,960	\$ 176,648	\$ 75,902	\$ 742,510
Losses recoverable	(24,117)	(55,565)	(537)	(80,219)	(10,494)	(37,740)	(1,574)	(49,808)
Net reserves at period beginning	634,535	188,812	94,599	917,946	479,466	138,908	74,328	692,702
Incurred losses- current year	226,068	84,545	11,209	321,822	321,794	27,323	11,281	360,398
Change in prior accident years	(5,962)	115	(5,431)	(11,278)	(8,293)	(3,975)	790	(11,478)
Incurred losses	220,106	84,660	5,778	310,544	313,501	23,348	12,071	348,920
Foreign exchange	7,432	106	36	7,574	(3,475)	(60)	(39)	(3,574)
Paid losses	(88,983)	(15,819)	(7,144)	(111,946)	(47,477)	(14,331)	(8,647)	(70,455)
Net reserves at period end	773,090	257,759	93,269	1,124,118	742,015	147,865	77,713	967,593
Losses recoverable	166,634	49,131	535	216,300	21,844	35,099	537	57,480
Gross reserves at period end	\$ 939,724	\$ 306,890	\$ 93,804	\$ 1,340,418	\$ 763,859	\$ 182,964	\$ 78,250	\$ 1,025,073
Net premiums earned	\$ 176,770	\$ 53,858	\$ 21,681	\$ 252,309	\$ 211,444	\$ 41,029	\$ 31,448	\$ 283,921
Current year loss ratio	127.9%	157.0%	51.7%	127.6%	152.2%	66.6%	35.9%	126.9%
Prior accident year adjustments	-3.4%	0.2%	-25.0%	-4.5%	-3.9%	-9.7%	2.5%	-4.0%
Net loss ratio	<u>124.5%</u>	<u>157.2%</u>	<u>26.7%</u>	<u>123.1%</u>	<u>148.3%</u>	<u>56.9%</u>	<u>38.4%</u>	<u>122.9%</u>
Paid to incurred	40.4%	18.7%	123.6%	36.0%	15.1%	61.4%	71.6%	20.2%

Notes:

(a) For the Validus Re segment, the Specialty class includes Aerospace & Aviation, Agriculture, Financial, Life and A&H, Nuclear, Terrorism, Workers' Compensation, Crisis Management and Motor which is a new line of business in 2011.



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, 2011				March 31, 2010			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Gross reserves at period beginning	\$ 368,717	\$ 421,578	\$ 401,253	\$ 1,191,548	\$ 188,041	\$ 417,365	\$ 298,580	\$ 903,986
Losses recoverable	(186,270)	(73,123)	(97,262)	(356,655)	(36,674)	(59,788)	(59,857)	(156,319)
Net reserves at period beginning	182,447	348,455	303,991	834,893	151,367	357,577	238,723	747,667
Incurred losses- current year	78,773	55,850	46,269	180,892	64,453	42,875	37,534	144,862
Change in prior accident years	(5,585)	(5,105)	(4,548)	(15,238)	(4,219)	(8,577)	(2,455)	(15,251)
Incurred losses	73,188	50,745	41,721	165,654	60,234	34,298	35,079	129,611
Foreign exchange	1,156	3,163	3,041	7,360	(1,590)	(4,187)	(3,964)	(9,741)
Paid losses	(3,195)	(32,600)	(15,516)	(51,311)	(11,345)	(24,898)	(20,954)	(57,197)
Net reserves at period end	253,596	369,763	333,237	956,596	198,666	362,790	248,884	810,340
Losses recoverable	162,755	103,492	102,124	368,371	231,236	60,005	62,969	354,210
Gross reserves at period end	\$ 416,351	\$ 473,255	\$ 435,361	\$ 1,324,967	\$ 429,902	\$ 422,795	\$ 311,853	\$ 1,164,550
Net premiums earned	\$ 38,943	\$ 64,439	\$ 73,842	\$ 177,224	\$ 38,041	\$ 63,224	\$ 72,508	\$ 173,773
Current year loss ratio	202.2%	86.6%	62.7%	102.1%	169.4%	67.8%	51.8%	83.4%
Prior accident year adjustments	-14.3%	-7.9%	-6.2%	-8.6%	-11.1%	-13.6%	-3.4%	-8.8%
Net loss ratio	187.9%	78.7%	56.5%	93.5%	158.3%	54.2%	48.4%	74.6%
Paid to incurred	4.4%	64.2%	37.2%	31.0%	18.8%	72.6%	59.7%	44.1%

Notes:

(a) For the Talbot segment, Specialty includes Accident, Health, Aviation (Direct & Treaty), Bloodstock, Contingency, Financial Institutions, Political Violence, Political Risk and War. 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, 2011

Categories	Reinsurance		Top 10 Reinsurers	Rating (b)	Reinsurance	
	Recoverable (a)	%			Recoverable (a)	%
Top 10 reinsurers	\$ 335,458	69.8%	Allianz	AA	\$ 70,807	21.1%
Other reinsurers' balances > \$1 million	136,307	28.4%	Lloyd's Syndicates	A+	68,541	20.5%
Other reinsurers' balances < \$1 million	8,419	1.8%	Hannover Re	AA-	36,722	10.9%
Total	\$ 480,184	100.0%	Manulife	AA-	35,000	10.4%
			Tokio Marine / Tokio Millennium	AA-	26,571	7.9%
			Everest Re	A+	23,726	7.1%
			Fully collateralized reinsurers	NR	22,520	6.7%
			Montpelier Re	A-	20,000	6.0%
			Munich Re	AA-	16,571	4.9%
			Transatlantic Re	A+	15,000	4.5%
			Total		\$ 335,458	100.0%

Consolidated Reinsurance Recoverable at December 31, 2010

Categories	Reinsurance		Top 10 Reinsurers	Rating	Reinsurance	
	Recoverable (a)	%			Recoverable (a)	%
Top 10 reinsurers	\$ 222,420	71.5%	Lloyd's Syndicates	A+	\$ 60,716	27.2%
Other reinsurers' balances > \$1 million	80,221	25.8%	Hannover Re	AA-	32,392	14.6%
Other reinsurers' balances < \$1 million	8,489	2.7%	Fully collateralized reinsurers	NR	23,750	10.7%
Total	\$ 311,130	100.0%	Montpelier Re	A-	20,000	9.0%
			Munich Re	AA-	17,411	7.8%
			Everest Re	A+	16,611	7.5%
			Allianz	AA	14,184	6.4%
			Transatlantic Re	A+	13,758	6.2%
			Tokio Millennium Re	AA	11,980	5.4%
			Platinum Re	A	11,618	5.2%
			Total		\$ 222,420	100.0%

Notes:

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

(b) 97.4% of Reinsurance Recoverable at March 31, 2011 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, 2011		December 31, 2010	
	Fair Value	%	Fair Value	%
U.S. Government and Government Agency	\$ 1,050,342	17.8%	\$ 1,677,166	29.1%
Non-U.S. Government and Government Agency	501,722	8.5%	554,199	9.7%
States, municipalities, political subdivision	30,991	0.5%	26,285	0.5%
Agency residential mortgage-backed securities	483,479	8.2%	445,859	7.8%
Non-Agency residential mortgage-backed securities	53,369	0.9%	56,470	1.0%
U.S. corporate	1,375,281	23.3%	1,308,406	22.8%
Non-U.S. corporate	640,177	10.9%	502,067	8.7%
Bank loans	205,196	3.5%	52,566	0.9%
Catastrophe bonds	58,071	1.0%	58,737	1.0%
Asset-backed securities	180,069	3.1%	123,569	2.2%
Commercial mortgage-backed securities	<u>11,152</u>	<u>0.2%</u>	<u>18,543</u>	<u>0.3%</u>
Total fixed maturities	4,589,849	77.9%	4,823,867	84.0%
Total short-term investments	565,620	9.6%	273,514	4.8%
Total other investments	<u>19,772</u>	<u>0.3%</u>	<u>21,478</u>	<u>0.4%</u>
Total investments	5,175,241	87.8%	5,118,859	89.2%
Cash and cash equivalents	<u>717,444</u>	<u>12.2%</u>	<u>620,740</u>	<u>10.8%</u>
Total cash and cash equivalents, and investments	\$ <u>5,892,685</u>	<u>100.0%</u>	\$ <u>5,739,599</u>	<u>100.0%</u>

Net investment income	Three Months Ended		Year Ended	
	March 31, 2011	March 31, 2010	December 31, 2010	December 31, 2009
Fixed maturities and short-term investments	\$ 28,935	\$ 35,755	\$ 132,669	\$ 117,631
Cash and cash equivalents	2,581	586	8,180	3,374
Securities lending income	<u>16</u>	<u>70</u>	<u>200</u>	<u>772</u>
Total gross investment income	31,532	36,411	141,049	121,777
Investment expenses	<u>(1,557)</u>	<u>(2,112)</u>	<u>(6,946)</u>	<u>(3,004)</u>
Net investment income	\$ <u>29,975</u>	\$ <u>34,299</u>	\$ <u>134,103</u>	\$ <u>118,773</u>

Annualized effective investment yield (a)	<u>2.06%</u>	<u>2.33%</u>	<u>2.29%</u>	<u>2.73%</u>
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Notes:

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



Validus Holdings, Ltd.

Consolidated Fixed Maturity Portfolio Credit Quality and Maturity Profile

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

Fixed maturities - Credit Quality	March 31, 2011 (a)		December 31, 2010 (a)	
	Fair Value	%	Fair Value	%
AAA	\$ 2,437,814	53.1%	\$ 2,946,514	61.2%
AA	606,860	13.2%	428,972	8.9%
A	926,119	20.2%	1,077,389	22.3%
BBB	322,274	7.0%	219,523	4.6%
Investment grade	<u>4,293,067</u>	<u>93.5%</u>	<u>4,672,398</u>	<u>97.0%</u>
BB	154,257	3.4%	74,475	1.5%
B	112,515	2.4%	45,660	0.9%
CCC	27,715	0.6%	29,219	0.6%
CC	-	0.0%	-	0.0%
C	-	0.0%	-	0.0%
D/NR	2,295	0.1%	2,115	0.0%
Non-Investment grade	<u>296,782</u>	<u>6.5%</u>	<u>151,469</u>	<u>3.0%</u>
Total fixed maturities	<u>\$ 4,589,849</u>	<u>100.0%</u>	<u>\$ 4,823,867</u>	<u>100.0%</u>

Fixed maturities - Maturity Profile	March 31, 2011		December 31, 2010	
	Fair Value	%	Fair Value	%
Due in one year or less	\$ 398,058	8.7%	\$ 426,167	8.8%
Due after one year through five years	3,229,472	70.3%	3,540,408	73.4%
Due after five years through ten years	232,235	5.1%	206,317	4.3%
Due after ten years	2,015	0.0%	6,534	0.1%
	3,861,780	84.1%	4,179,426	86.6%
Asset-backed and mortgage backed securities	728,069	15.9%	644,441	13.4%
Total fixed maturities	<u>\$ 4,589,849</u>	<u>100.0%</u>	<u>\$ 4,823,867</u>	<u>100.0%</u>

Notes:

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



Validus Holdings, Ltd.

Top Ten Exposures to Fixed Income Corporate Issuers

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

Issuer (a)	March 31, 2011		
	Fair Value (b)	S&P Rating (c)	% of Total Cash and Investments
JP Morgan Chase & Co	\$ 62,041	A+	1.1%
Verizon Communications Inc	57,173	A-	1.0%
Citigroup Inc	51,791	A	0.9%
Morgan Stanley	51,685	A	0.9%
BP PLC	43,942	A	0.7%
Bank of America Corp	43,759	A	0.7%
Anheuser-Busch Inbev NV	41,665	BBB+	0.7%
Pepsico Inc	40,777	A-	0.7%
Goldman Sachs Group Inc	37,424	A	0.6%
Hewlett-Packard Company	37,202	A	0.6%
Total	<u>\$ 467,459</u>		<u>7.9%</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 Residential Mortgage-Backed Portfolio

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

Agency Residential Mortgage-Backed Securities	Government Rated				Total
	GNMA	FNMA	FHLMC	FDIC	
Vintage Year					
2004 and prior	\$ 58,740	\$ 13,847	\$ 13,951	\$ -	\$ 86,538
2005	8,722	30,063	8,109	-	46,894
2006	5,423	13,153	8,761	-	27,337
2007	616	47,595	51,040	-	99,251
2008	16,698	33,824	5,050	-	55,572
2009	58,930	43,078	12,061	-	114,069
2010	26,110	14,511	-	1,471	42,092
2011	2,600	1,070	8,056	-	11,726
Total Agency RMBS	\$ 177,839	\$ 197,141	\$ 107,028	\$ 1,471	\$ 483,479



Validus Holdings, Ltd.

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

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

	S&P Rating (a)						Total
	Gov't	AAA	AA	A	BBB	BB and below	
Non-Agency Residential Mortgage-Backed Securities							
Vintage year							
2004 and prior	\$ -	\$ 3,605	\$ 356	\$ 226	\$ -	\$ -	\$ 4,187
2005	-	205	-	-	7,066	19,342	26,613
2006	-	10,689	-	-	-	-	10,689
2007	-	-	-	2,637	711	5,528	8,876
2010	-	3,004	-	-	-	-	3,004
Total Non-Agency RMBS	-	17,503	356	2,863	7,777	24,870	53,369
Commercial Mortgage-Backed Securities							
Vintage year							
2004 and prior	-	8,141	-	-	-	-	8,141
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	3,011	-	-	-	-	3,011
2008	-	-	-	-	-	-	-
Total Commercial Mortgage-Backed Securities	-	11,152	-	-	-	-	11,152
Total Non-agency RMBS and Commercial MBS	\$ -	\$ 28,655	\$ 356	\$ 2,863	\$ 7,777	\$ 24,870	\$ 64,521
Asset-Backed Securities							
Sub-Prime	-	359	-	966	-	-	1,325
Credit Cards	-	8,139	12,290	-	-	-	20,429
Autos	-	103,689	-	-	-	-	103,689
Student Loan	-	49,886	-	-	-	-	49,886
Equipment Loan	-	3,480	-	-	-	-	3,480
Stranded Cost & UK ABS	-	1,260	-	-	-	-	1,260
Total Asset-Backed Securities	\$ -	\$ 166,813	\$ 12,290	\$ 966	\$ -	\$ -	\$ 180,069

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, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
Borrowings drawn under credit facility	\$ -	\$ -	\$ -	\$ -	\$ -
Senior Notes (a)	246,901	246,874	246,847	246,820	246,793
Junior Subordinated Deferrable Debentures (JSDs) (b)	<u>289,800</u>	<u>289,800</u>	<u>289,800</u>	<u>289,800</u>	<u>289,800</u>
Total debt	<u>536,701</u>	<u>536,674</u>	<u>536,647</u>	<u>536,620</u>	<u>536,593</u>
Ordinary shares- capital and surplus	3,319,819	3,510,286	3,766,230	3,609,652	3,766,223
Accumulated other comprehensive (loss)	<u>(4,498)</u>	<u>(5,455)</u>	<u>(4,945)</u>	<u>(6,726)</u>	<u>(6,658)</u>
Total shareholders' equity	<u>3,315,321</u>	<u>3,504,831</u>	<u>3,761,285</u>	<u>3,602,926</u>	<u>3,759,565</u>
Total capitalization (c)	<u>\$ 3,852,022</u>	<u>\$ 4,041,505</u>	<u>\$ 4,297,932</u>	<u>\$ 4,139,546</u>	<u>\$ 4,296,158</u>
Debt to total capitalization	<u>13.9%</u>	<u>13.3%</u>	<u>12.5%</u>	<u>13.0%</u>	<u>12.5%</u>
Debt (excluding JSDs) to total capitalization	<u>6.4%</u>	<u>6.1%</u>	<u>5.7%</u>	<u>6.0%</u>	<u>5.7%</u>

Notes:

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

(b) \$150.0 million of Junior Subordinated Deferrable Debentures (the "2006 Junior Subordinated Deferrable 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 through June 15, 2011 and thereafter at a floating rate of three-month LIBOR plus 355 basis points, reset quarterly. \$200.0 million of Junior Subordinated Deferrable Debentures ("2007 Junior Subordinated Deferrable 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 through June 15, 2012, and thereafter at a floating rate of three-month LIBOR plus 295 basis points, reset quarterly. During 2008 and 2009, the Company repurchased \$60.2 million principal amount of its 2007 Junior Subordinated Deferrable Debentures due 2037 from an unaffiliated financial institution.

(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, 2011

(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	\$ 336,755	\$ 581,305	\$ 812,579	\$ 1,064,440	\$ 1,885,638
California	Earthquake	73,283	253,496	391,781	567,348	1,842,272
Europe	Windstorm	144,666	314,873	487,250	663,665	1,401,291
Japan	Earthquake	36,166	117,565	153,743	222,949	706,104
Japan	Typhoon	55,181	130,437	190,700	261,936	663,830

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 January 1, 2011

(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	
			Estimated Consolidated (Validus Re and Talbot) Net Loss	Months Consolidated Net Premiums Earned
Terrorism	Rockefeller Center	Midtown Manhattan suffers a 2-tonne conventional bomb blast	\$ 219.9	12.7%
Terrorism	Exchange Place	Lower Manhattan suffers a 2-tonne conventional bomb blast	122.2	7.1%
Marine	Marine collision in Prince William Sound	Fully laden tanker collides with a cruise vessel in Prince William Sound	191.8	11.1%
Marine	Major cruise vessel incident	US-owned cruise vessel sunk or severely damaged	144.0	8.3%
Marine	Loss of major complex	Total loss to all platforms and bridge links of a major oil complex	228.2	13.2%
Aviation	Aviation collision	Collision of two aircraft over a major city	69.9	4.0%
Satellite	Proton flare	Large single or sequence of proton flares results in loss to all satellites in synchronous orbit	21.8	1.3%
Satellite	Generic defect	Undetected defect in a number of operational satellites causing major loss	40.6	2.3%
Liability	Professional lines	Failure or collapse of a major corporation	33.3	1.9%
Liability	Professional lines	UK pensions mis-selling	19.2	1.1%
Political Risks	South East Asia	Chinese economy has a "hard landing" with sharp fall in growth rates; regional contagion	37.5	2.2%
Political Risks	South America	Severe economic crisis in Brazil due to political upheaval; regional contagion	63.6	3.7%
Political Risks	Middle East	US and Iran escalate into military confrontation; regional contagion	22.7	1.3%
Political Risks	Russia	The Russian corporate sector struggles to deal with the effects of crashing commodity and stock prices	29.7	1.7%
Political Risks	Turkey	Severe economic crisis in Turkey due to political upheaval	82.5	4.8%

The Company has presented the Company Realistic Disaster Scenarios for non-natural catastrophe events. Twice yearly, Lloyds' syndicates, including the Company's Talbot Syndicate 1183, are required to provide details of their potential exposures to specific disaster scenarios. Lloyds' makes its updated Realistic Disaster Scenarios (RDS) guidance available to the market annually. The RDS scenario specification document for 2010 can be accessed at the RDS part of the Lloyd's public website:

<http://www.lloyds.com/The-Market/Tools-and-Resources/Research/Exposure-Management/Realistic-Disaster-Scenarios>

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

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

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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, 2011	March 31, 2010	December 31, 2010	December 31, 2009
Net (loss) income	\$ (172,364)	\$ (118,378)	\$ 402,564	\$ 897,407
Adjustments for:				
Gain on bargain purchase, net of expenses (a)	-	-	-	(287,099)
Realized (gain) on repurchase of debentures	-	-	-	(4,444)
Net realized (gains) losses on investments	(6,379)	(11,398)	(32,498)	11,543
Net unrealized losses (gains) on investments	12,828	(15,413)	(45,952)	(84,796)
Foreign exchange losses (gains)	467	8,764	(1,351)	674
Net operating (loss) income	\$ (165,448)	\$ (136,425)	\$ 322,763	\$ 533,285
less: Dividends and distributions declared on outstanding warrants	(1,984)	(1,749)	(6,991)	(6,507)
Net operating (loss) income, adjusted	\$ (167,432)	\$ (138,174)	\$ 315,772	\$ 526,778
Net (loss) income per share - diluted	\$ (1.78)	\$ (0.95)	\$ 3.34	\$ 9.24
Adjustments for:				
Gain on bargain purchase, net of expenses (a)	\$ -	-	-	(2.95)
Realized (gain) on repurchase of debentures	\$ -	-	-	(0.05)
Net realized (gains) losses on investments	\$ (0.06)	(0.09)	(0.27)	0.12
Net unrealized losses (gains) on investments	\$ 0.13	(0.12)	(0.38)	(0.88)
Foreign exchange losses (gains)	\$ -	0.07	(0.01)	0.01
Net operating (loss) income per share - diluted	\$ (1.71)	\$ (1.09)	\$ 2.68	\$ 5.49
Weighted average number of common shares and common share equivalents	97,944,340	126,633,277	120,630,945	97,168,409
Average shareholders' equity	\$ 3,410,076	\$ 3,895,343	\$ 3,731,945	\$ 2,822,200
Annualized net operating return on average equity	-19.4%	-14.0%	8.6%	18.9%

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