



Validus Holdings, Ltd.

Investor Financial Supplement - Second Quarter 2011

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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.
- On May 25, 2011, the Company joined with other investors in capitalizing AlphaCat Re 2011, Ltd. ("AlphaCat Re 2011") a new special purpose "sidecar" reinsurer formed for the purpose of writing collateralized reinsurance and retrocessional reinsurance. Validus Reinsurance, Ltd. ("Validus Re") has a noncontrolling interest in AlphaCat Re 2011; however, because Validus Re holds a majority of AlphaCat Re 2011's outstanding voting rights, the financial statements of AlphaCat Re 2011 are included in the consolidated financial statements of the Company. The portion of AlphaCat Re 2011's earnings attributable to third party investors for the three months ended June 30, 2011 is recorded in the consolidated statement of operations and comprehensive income as net income attributable to noncontrolling interest.
- 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.
- During the first quarter 2011, to better align the Company's operating and reporting structure with its current strategy, there was a change in segment structure. This change was to reallocate the New York operations from the Corporate Segment to the Talbot 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 (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. Net operating income (loss) available (attributable) to Validus is defined as above but excluding income (loss) available (attributable) to noncontrolling interests. Refer to the Non-GAAP Financial Measure Reconciliation on page 39.
- Underwriting income is a measure of profitability that takes into account net premiums earned and other insurance related income as revenue and net loss and loss expenses, acquisition costs and underwriting related general and administrative expenses as expenses. Underwriting income is the difference between revenues and expense items. A reconciliation of underwriting income to net income, the most comparable U.S. GAAP financial measure is presented in the 'Consolidated Statement of Operations - Underwriting Income Format' contained herein.
- Annualized effective investment yield is calculated by dividing the investment income generated from invested assets and other investments by the average balance of the assets managed by our portfolio managers and our other investments during the period. Percentages for the quarter periods are annualized.
- Annualized return on average equity represents the level of net income available to the shareholders generated from average shareholders' equity during the period. Average shareholders' equity is the average of the beginning, ending and intervening quarter end shareholders' equity balances. Percentages for the quarter periods are annualized.
- Annualized net operating return on average equity is calculated by dividing the operating income for the period by the average shareholders' equity during the period. Average shareholders' equity is the average of the beginning, ending and intervening quarter end shareholders' equity balances. Percentages for the quarter periods are annualized. A reconciliation of net operating income to net income is included on page 39.



Validus Holdings, Ltd.

Consolidated Financial Highlights

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

		Three Months Ended				Six Months Ended		
		June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	June 30, 2010	
Highlights	Net income (loss) available (attributable) to Validus	\$ 109,884	\$ (172,364)	\$ 102,687	\$ 238,473	\$ 179,782	\$ (62,480)	\$ 61,404
	Net operating income (loss) available (attributable) to Validus (a)	81,797	(165,448)	156,351	173,037	129,800	(83,651)	(6,625)
	Gross premiums written	605,387	849,896	258,731	344,040	516,861	1,455,283	1,387,795
	Net premiums earned	425,640	429,533	432,811	432,674	437,944	855,173	895,638
	Total assets	8,259,788	7,825,690	7,060,878	7,503,242	7,614,623	8,259,788	7,614,623
	Total shareholders' equity	3,408,317	3,315,321	3,504,831	3,761,285	3,602,926	3,408,317	3,602,926
Per share data	<u>Earnings per basic share (b)</u>							
	Net income (loss) available (attributable) to Validus	\$ 1.10	\$ (1.78)	\$ 0.95	\$ 2.14	\$ 1.47	\$ (0.68)	\$ 0.47
	Net operating income (loss) available (attributable) to Validus	0.81	(1.71)	1.46	1.55	1.06	(0.89)	(0.08)
	<u>Earnings per diluted share (b)</u>							
	Net income (loss) available (attributable) to Validus	\$ 1.05	\$ (1.78)	\$ 0.92	\$ 2.08	\$ 1.44	\$ (0.68)	\$ 0.46
	Net operating income (loss) available (attributable) to Validus	0.78	(1.71)	1.40	1.51	1.04	(0.89)	(0.08)
	<u>Book value per share</u>							
	Reported	\$ 34.51	\$ 33.73	\$ 35.76	\$ 34.43	\$ 32.34	\$ 34.51	\$ 32.34
	With investments at amortized cost	33.87	33.27	35.26	33.60	31.94	33.87	31.94
	<u>Diluted book value per share (b)</u>							
	Reported	\$ 31.91	\$ 31.32	\$ 32.98	\$ 32.02	\$ 30.30	\$ 31.91	\$ 30.30
	With investments at amortized cost	31.35	30.92	32.54	31.29	29.94	31.35	29.94
<u>Diluted book value per common share plus accumulated dividends</u>	\$ 34.89	\$ 34.05	\$ 35.46	\$ 34.28	\$ 32.34	\$ 34.89	\$ 32.34	
Financial ratios	Losses and loss expense ratio	48.7%	110.9%	35.9%	36.7%	44.5%	79.9%	75.2%
	Policy acquisition costs ratio	18.4%	18.0%	17.4%	15.5%	16.9%	18.2%	16.8%
	General and administration expenses ratio	16.1%	14.1%	14.4%	13.0%	13.5%	15.1%	13.3%
	Expense ratio	34.5%	32.1%	31.8%	28.5%	30.4%	33.3%	30.1%
	Combined ratio	83.2%	143.0%	67.7%	65.2%	74.9%	113.2%	105.3%
	Annualized return on average equity (c)	13.1%	(20.2)%	11.3%	25.9%	19.5%	(3.7)%	3.2%
	Annualized net operating return on average equity (d)	9.7%	(19.4)%	17.2%	18.8%	14.1%	(4.9)%	(0.3)%

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. Net operating income (loss) available (attributable) to Validus is defined as above and includes income (loss) from noncontrolling interests. Refer to the Non-GAAP Financial Measure Reconciliation on page 39.

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

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

(d) Annualized net operating return on average equity is calculated by dividing the operating income for the period by the average shareholders' equity during the period. Average shareholders' equity is the average of the beginning, ending and intervening quarter end shareholders' equity balances. Percentages for the quarter periods are annualized. A reconciliation of net operating income to net income is included on page 39.



Validus Holdings, Ltd.

Summary Consolidated Balance Sheets

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

	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009
Assets							
Fixed maturities, at fair value	\$ 4,603,534	\$ 4,589,849	\$ 4,823,867	\$ 5,200,285	\$ 4,975,019	\$ 5,181,042	\$ 4,869,378
Short-term investments, at fair value	725,258	565,620	273,514	228,356	269,782	308,502	481,766
Other investments, at fair value	18,746	19,772	21,478	19,888	26,068	34,398	37,615
Cash and cash equivalents	815,921	717,444	620,740	518,770	492,489	478,476	387,585
Total investments and cash	6,163,459	5,892,685	5,739,599	5,967,299	5,763,358	6,002,418	5,776,344
Premiums receivable	1,046,775	916,012	568,761	745,968	931,670	803,921	551,616
Deferred acquisition costs	176,724	174,361	123,897	151,701	165,957	165,158	112,329
Prepaid reinsurance premiums	177,729	115,522	71,417	88,651	185,771	103,950	73,164
Securities lending collateral	21,409	33,143	22,328	33,135	99,224	99,230	90,350
Loss reserves recoverable	439,805	453,701	283,134	268,821	193,604	198,956	181,765
Paid losses recoverable	30,854	26,483	27,996	19,560	24,133	18,261	14,782
Net receivable for investments sold	-	-	-	-	25,542	13,879	-
Income taxes recoverable	3,503	876	1,142	1,027	1,171	2,261	2,043
Intangible assets	116,813	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	20,393
Accrued investment income	21,320	33,282	33,726	41,464	38,643	42,867	38,077
Other assets	41,004	41,379	49,592	45,288	44,182	39,267	35,222
Total assets	\$ 8,259,788	\$ 7,825,690	\$ 7,060,878	\$ 7,503,242	\$ 7,614,623	\$ 7,632,576	\$ 7,019,140
Liabilities							
Reserve for losses and loss expenses	\$ 2,620,360	\$ 2,534,415	\$ 2,035,973	\$ 2,020,845	\$ 1,978,130	\$ 1,976,889	\$ 1,622,134
Unearned premiums	1,192,772	1,083,164	728,516	955,236	1,176,603	1,083,591	724,104
Reinsurance balances payable	181,013	157,645	63,667	60,561	98,740	44,715	65,414
Securities lending payable	22,133	33,878	23,093	33,905	100,000	100,000	90,106
Deferred income taxes	22,122	22,705	24,908	23,827	26,200	24,104	24,508
Net payable for investments purchased	49,479	59,671	43,896	14,415	-	-	44,145
Accounts payable and accrued expenses	91,969	82,190	99,320	96,521	95,404	107,119	127,809
Senior notes payable	246,928	246,901	246,874	246,847	246,820	246,793	-
Debentures payable	289,800	289,800	289,800	289,800	289,800	289,800	289,800
Total liabilities	4,716,576	4,510,369	3,556,047	3,741,957	4,011,697	3,873,011	2,988,020
Shareholders' equity							
Common shares	\$ 23,414	\$ 23,331	\$ 23,247	\$ 23,154	\$ 23,101	\$ 23,081	\$ 23,033
Treasury shares	(6,131)	(6,131)	(6,096)	(4,037)	(3,605)	(1,397)	(553)
Additional paid-in-capital	1,880,748	1,870,104	1,860,960	2,193,140	2,247,995	2,555,243	2,675,680
Accumulated other comprehensive (loss)	(4,519)	(4,498)	(5,455)	(4,945)	(6,726)	(6,658)	(4,851)
Retained earnings	1,514,805	1,432,515	1,632,175	1,553,973	1,342,161	1,189,296	1,337,811
Total shareholders' equity available to Validus	3,408,317	3,315,321	3,504,831	3,761,285	3,602,926	3,759,565	4,031,120
Noncontrolling interest	134,895	-	-	-	-	-	-
Total shareholders' equity	3,543,212	3,315,321	3,504,831	3,761,285	3,602,926	3,759,565	4,031,120
Total liabilities and shareholders' equity	\$ 8,259,788	\$ 7,825,690	\$ 7,060,878	\$ 7,503,242	\$ 7,614,623	\$ 7,632,576	\$ 7,019,140
Book value per common share	\$ 34.51	\$ 33.73	\$ 35.76	\$ 34.43	\$ 32.34	\$ 30.34	\$ 31.38
Diluted book value per common share	\$ 31.91	\$ 31.32	\$ 32.98	\$ 32.02	\$ 30.30	\$ 28.66	\$ 29.68
Diluted book value per common share plus accumulated dividends	\$ 34.89	\$ 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 June 30, 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 available to Validus	\$ 3,408,317	98,763,928		\$ <u>34.51</u>	\$ 3,504,831	98,001,226		\$ <u>35.76</u>
Diluted book value per common share								
Total shareholders' equity available to Validus	\$ 3,408,317	98,763,928			\$ 3,504,831	98,001,226		
Assumed exercise of outstanding warrants (b)	137,992	7,862,262	\$ 17.55		139,272	7,934,860	\$ 17.55	
Assumed exercise of outstanding stock options (b)	45,604	2,266,801	\$ 20.12		54,997	2,723,684	\$ 20.19	
Unvested restricted shares	-	3,670,942			-	3,496,096		
Diluted book value per common share	\$ <u>3,591,913</u>	<u>112,563,933</u>		\$ <u>31.91</u>	\$ <u>3,699,100</u>	<u>112,155,866</u>		\$ <u>32.98</u>
<u>Book value per common share, adjusted (c)</u>								
Book value per common share								
Total shareholders' equity available to Validus	\$ 3,408,317				\$ 3,504,831			
Accumulated other comprehensive loss	4,519				5,455			
Unrealized (gains) on investments	(67,292)				(54,986)			
Total shareholders' equity, adjusted	\$ <u>3,345,544</u>	98,763,928		\$ <u>33.87</u>	\$ <u>3,455,300</u>	98,001,226		\$ <u>35.26</u>
Diluted book value per common share								
Total shareholders' equity available to Validus, adjusted	\$ 3,345,544	98,763,928			\$ 3,455,300	98,001,226		
Assumed exercise of outstanding warrants (b)	137,992	7,862,262	\$ 17.55		139,272	7,934,860	\$ 17.55	
Assumed exercise of outstanding stock options (b)	45,604	2,266,801	\$ 20.12		54,997	2,723,684	\$ 20.19	
Unvested restricted shares	-	3,670,942			-	3,496,096		
Diluted book value per common share	\$ <u>3,529,140</u>	<u>112,563,933</u>		\$ <u>31.35</u>	\$ <u>3,649,569</u>	<u>112,155,866</u>		\$ <u>32.54</u>

Notes:

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

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

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



Validus Holdings, Ltd.

Consolidated Statements of Cash Flows

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

	Three Months Ended				Six Months Ended		
	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	June 30, 2010	
Cash flows provided by (used in) operating activities							
Net income (loss)	\$ 110,478	\$ (172,364)	\$ 102,687	\$ 238,473	\$ 179,782	\$ (61,886)	\$ 61,404
Adjustments to reconcile net income to cash provided by (used in) operating activities:							
Share compensation expenses	7,628	12,049	7,871	7,618	6,846	19,677	13,422
Amortization of discount on senior notes	27	27	27	27	27	54	27
Net realized (gains) losses on investments	(11,552)	(6,379)	14,399	(23,058)	(12,441)	(17,931)	(23,839)
Net unrealized (gains) losses on investments	(18,526)	12,828	42,689	(31,588)	(41,640)	(5,698)	(57,053)
Amortization of intangible assets	1,040	1,040	1,042	1,040	1,040	2,080	2,080
Foreign exchange (gains) losses on cash and cash equivalents included in net income	(8,035)	(4,694)	1,981	(20,561)	12,591	(12,729)	17,129
Amortization of premium on fixed maturities	7,705	8,542	9,239	14,526	4,697	16,247	8,410
Change in:							
Premiums receivable	(130,094)	(345,025)	175,928	188,732	(128,277)	(475,119)	(383,671)
Deferred acquisition costs	(2,363)	(50,464)	27,804	14,256	(799)	(52,827)	(53,628)
Prepaid reinsurance premiums	(62,207)	(44,105)	17,234	97,120	(81,821)	(106,312)	(112,607)
Loss reserves recoverable	13,834	(168,836)	(15,069)	(73,711)	5,383	(155,002)	(13,488)
Paid losses recoverable	(4,371)	1,546	(8,465)	4,585	(5,855)	(2,825)	(9,364)
Income taxes recoverable	(2,706)	306	(25)	159	901	(2,400)	860
Accrued investment income	11,962	444	7,747	(2,743)	4,222	12,406	(653)
Other assets	3,942	5,409	(3,911)	2,263	(4,993)	9,351	(11,550)
Reserve for losses and loss expenses	86,476	489,356	18,945	32,626	1,603	575,832	367,779
Unearned premiums	109,608	354,648	(226,720)	(221,367)	93,012	464,256	452,499
Reinsurance balances payable	23,425	92,655	3,867	(39,766)	54,443	116,080	35,240
Deferred income taxes	1,280	(3,891)	885	(2,060)	2,076	(2,611)	1,452
Accounts payable and accrued expenses	3,506	(14,535)	3,182	(1,489)	(11,181)	(11,029)	(30,867)
Net cash provided by operating activities	141,057	168,557	181,337	185,082	79,616	309,614	263,582
Cash flows provided by (used in) investing activities							
Proceeds on sales of investments	1,073,598	1,581,206	1,376,828	1,038,873	1,706,972	2,654,804	2,933,352
Proceeds on maturities of investments	86,426	108,629	77,682	73,532	85,296	195,055	198,637
Purchases of fixed maturities	(1,164,283)	(1,449,698)	(1,117,848)	(1,251,059)	(1,550,415)	(2,613,981)	(3,244,072)
(Purchases) sales of short-term investments, net	(159,575)	(292,131)	(45,062)	41,539	38,568	(451,706)	211,801
Sales (purchases) of other investments	3,809	-	(860)	6,460	7,227	3,809	11,610
Decrease (increase) in securities lending collateral	11,745	(10,785)	10,812	66,095	-	960	(9,894)
Net cash (used in) provided by investing activities	(148,280)	(62,779)	301,552	(24,560)	287,648	(211,059)	101,434
Cash flows provided by (used in) financing activities							
Net proceeds on issuance of senior notes	-	-	-	-	-	-	246,793
Issuance (redemption) of common shares, net	3,099	3,139	8,450	(472)	(360)	6,238	(12)
Purchases of common shares under share repurchase program	-	(5,995)	(350,467)	(62,380)	(315,922)	(5,995)	(444,079)
Dividends paid	(26,804)	(27,196)	(23,803)	(25,865)	(26,050)	(54,000)	(55,994)
Investment by parent company	(11,745)	10,785	(10,812)	(66,095)	-	(960)	9,894
(Decrease) increase in securities lending payable	134,301	-	-	-	-	134,301	-
Third party investment in noncontrolling interest	-	-	-	-	-	-	-
Net cash provided by (used in) by financing activities	98,851	(19,267)	(376,632)	(154,812)	(342,332)	79,584	(243,398)
Effect of foreign currency rate changes on cash and cash equivalents	6,849	10,193	(4,287)	20,571	(10,919)	17,042	(16,714)
Net increase in cash	98,477	96,704	101,970	26,281	14,013	195,181	104,904
Cash and cash equivalents - beginning of period	717,444	\$ 620,740	\$ 518,770	\$ 492,489	\$ 478,476	\$ 620,740	\$ 387,585
Cash and cash equivalents - end of period	\$ 815,921	\$ 717,444	\$ 620,740	\$ 518,770	\$ 492,489	\$ 815,921	\$ 492,489
Taxes (recovered) paid during the period	\$ (3,399)	\$ 26	\$ 21	\$ 1,023	\$ 1,137	\$ (3,373)	\$ 1,335
Interest paid during the period	\$ 6,365	\$ 17,458	\$ 6,364	\$ 17,459	\$ 6,364	\$ 23,823	\$ 12,729
Losses paid during the period	\$ 121,046	\$ 163,257	\$ 153,492	\$ 213,846	\$ 178,431	\$ 284,303	\$ 306,084



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				Six Months Ended		
	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	June 30, 2010	
Revenues							
Gross premiums written	\$ 605,387	\$ 849,896	\$ 258,731	\$ 344,040	\$ 516,861	\$ 1,455,283	\$ 1,387,795
Reinsurance premiums ceded	(132,346)	(109,820)	(35,376)	(35,641)	(67,726)	(242,166)	(158,465)
Net premiums written	473,041	740,076	223,355	308,399	449,135	1,213,117	1,229,330
Change in unearned premiums	(47,401)	(310,543)	209,456	124,275	(11,191)	(357,944)	(333,692)
Net premiums earned	425,640	429,533	432,811	432,674	437,944	855,173	895,638
Net investment income	26,494	29,975	30,962	34,033	34,809	56,469	69,108
Net realized gains (losses) on investments	11,552	6,379	(14,399)	23,058	12,441	17,931	23,839
Net unrealized gains (losses) on investments	18,526	(12,828)	(42,689)	31,588	41,640	5,698	57,053
Other income	595	1,606	552	1,082	2,697	2,201	3,585
Foreign exchange (losses) gains	(1,991)	(467)	3,424	10,790	(4,099)	(2,458)	(12,863)
Total revenues	480,816	454,198	410,661	533,225	525,432	935,014	1,036,360
Expenses							
Losses and loss expenses	207,307	476,198	155,225	158,936	194,894	683,505	673,425
Policy acquisition costs	78,230	77,296	75,523	67,074	74,126	155,526	150,302
General and administrative expenses	60,841	48,477	54,511	48,831	52,379	109,318	105,948
Share compensation expenses	7,628	12,049	7,871	7,618	6,846	19,677	13,422
Finance expenses	16,361	14,001	13,786	13,715	13,218	30,362	28,369
Total expenses	370,367	628,021	306,916	296,174	341,463	998,388	971,466
Net income (loss) before taxes	110,449	(173,823)	103,745	237,051	183,969	(63,374)	64,894
Tax benefit (expense)	29	1,459	(1,058)	1,422	(4,187)	1,488	(3,490)
Net income (loss)	110,478	(172,364)	102,687	238,473	179,782	(61,886)	61,404
Net income attributable to noncontrolling interest	(594)	-	-	-	-	(594)	-
Net income (loss) available (attributable) to Validus	\$ 109,884	\$ (172,364)	\$ 102,687	\$ 238,473	\$ 179,782	\$ (62,480)	\$ 61,404
Comprehensive income							
Foreign currency translation adjustments	(21)	957	(510)	1,781	(68)	936	(1,875)
Comprehensive income (loss) available (attributable) to Validus	\$ 109,863	\$ (171,407)	\$ 102,177	\$ 240,254	\$ 179,714	\$ (61,544)	\$ 59,529
Earnings per share							
Weighted average number of common shares and common share equivalents outstanding							
Basic	98,385,924	97,944,340	105,828,739	110,601,888	121,009,553	98,165,132	123,821,415
Diluted	104,562,450	97,944,340	111,316,736	114,842,742	125,152,300	98,165,132	125,661,729
Basic earnings (loss) per share available (attributable) to common shareholders	\$ 1.10	\$ (1.78)	\$ 0.95	\$ 2.14	\$ 1.47	\$ (0.68)	\$ 0.47
Diluted earnings (loss) per share available (attributable) to common shareholders	\$ 1.05	\$ (1.78)	\$ 0.92	\$ 2.08	\$ 1.44	\$ (0.68)	\$ 0.46
Cash dividends declared per share	\$ 0.25	\$ 0.25	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.50	\$ 0.44



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				Six Months Ended		
	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	June 30, 2011	June 30, 2010
Underwriting income							
Gross premiums written	\$ 605,387	\$ 849,896	\$ 258,731	\$ 344,040	\$ 516,861	\$ 1,455,283	\$ 1,387,795
Reinsurance premiums ceded	(132,346)	(109,820)	(35,376)	(35,641)	(67,726)	(242,166)	(158,465)
Net premiums written	473,041	740,076	223,355	308,399	449,135	1,213,117	1,229,330
Change in unearned premiums	(47,401)	(310,543)	209,456	124,275	(11,191)	(357,944)	(333,692)
Net premiums earned	425,640	429,533	432,811	432,674	437,944	855,173	895,638
Underwriting deductions							
Losses and loss expenses	207,307	476,198	155,225	158,936	194,894	683,505	673,425
Policy acquisition costs	78,230	77,296	75,523	67,074	74,126	155,526	150,302
General and administrative expenses	60,841	48,477	54,511	48,831	52,379	109,318	105,948
Share compensation expenses	7,628	12,049	7,871	7,618	6,846	19,677	13,422
Total underwriting deductions	354,006	614,020	293,130	282,459	328,245	968,026	943,097
Underwriting income (loss)	\$ 71,634	\$ (184,487)	\$ 139,681	\$ 150,215	\$ 109,699	\$ (112,853)	\$ (47,459)
Net investment income	26,494	29,975	30,962	34,033	34,809	56,469	69,108
Other income	595	1,606	552	1,082	2,697	2,201	3,585
Finance expenses	(16,361)	(14,001)	(13,786)	(13,715)	(13,218)	(30,362)	(28,369)
Operating income (loss) before taxes	82,362	(166,907)	157,409	171,615	133,987	(84,545)	(3,135)
Tax benefit (expense)	29	1,459	(1,058)	1,422	(4,187)	1,488	(3,490)
Net operating income (loss) (a)	\$ 82,391	\$ (165,448)	\$ 156,351	\$ 173,037	\$ 129,800	\$ (83,057)	\$ (6,625)
Net realized gains (losses) on investments	11,552	6,379	(14,399)	23,058	12,441	17,931	23,839
Net unrealized gains (losses) on investments	18,526	(12,828)	(42,689)	31,588	41,640	5,698	57,053
Foreign exchange (losses) gains	(1,991)	(467)	3,424	10,790	(4,099)	(2,458)	(12,863)
Net income (loss)	\$ 110,478	\$ (172,364)	\$ 102,687	\$ 238,473	\$ 179,782	\$ (61,886)	\$ 61,404
Net income attributable to noncontrolling interest	(594)	-	-	-	-	(594)	-
Net income (loss) available (attributable) to Validus	\$ 109,884	\$ (172,364)	\$ 102,687	\$ 238,473	\$ 179,782	\$ (62,480)	\$ 61,404

Selected ratios:

Net premiums written / Gross premiums written	78.1%	87.1%	86.3%	89.6%	86.9%	83.4%	88.6%
Losses and loss expenses	48.7%	110.9%	35.9%	36.7%	44.5%	79.9%	75.2%
Policy acquisition costs	18.4%	18.0%	17.4%	15.5%	16.9%	18.2%	16.8%
General and administrative expenses (b)	16.1%	14.1%	14.4%	13.0%	13.5%	15.1%	13.3%
Expense ratio	34.5%	32.1%	31.8%	28.5%	30.4%	33.3%	30.1%
Combined ratio	83.2%	143.0%	67.7%	65.2%	74.9%	113.2%	105.3%

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. Net operating income (loss) available (attributable) to Validus is defined as above and includes income (loss) from noncontrolling interests. Refer to the Non-GAAP Financial Measure Reconciliation on page 39.

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



Validus Holdings, Ltd.

Computation of Earnings per Share

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

	Three Months Ended (a)						Six Months Ended (a)					
	June 30, 2011 (c)			June 30, 2010 (c)			June 30, 2011 (c)			June 30, 2010		
	Net Operating Income	Net Income	Comprehensive Income	Net Operating Income	Net Income	Comprehensive Income	Net operating income	Net Income	Comprehensive income	Net operating income (c)	Net Income	Comprehensive income
Basic earnings per share (b)												
Income (loss) available (attributable) to Validus	\$ 81,797	\$ 109,884	\$ 109,863	\$ 129,800	\$ 179,782	\$ 179,714	\$ (83,651)	\$ (62,480)	\$ (61,544)	\$ (6,625)	\$ 61,404	\$ 59,529
less: Dividends and distributions declared on outstanding warrants	(1,966)	(1,966)	(1,966)	(1,749)	(1,749)	(1,749)	(3,950)	(3,950)	(3,950)	(3,498)	(3,498)	(3,498)
Income (loss) available (attributable) to common shareholders	\$ 79,831	\$ 107,918	\$ 107,897	\$ 128,051	\$ 178,033	\$ 177,965	\$ (87,601)	\$ (66,430)	\$ (65,494)	\$ (10,123)	\$ 57,906	\$ 56,031
Weighted average number of common shares outstanding	98,385,924	98,385,924	98,385,924	121,009,553	121,009,553	121,009,553	98,165,132	98,165,132	98,165,132	123,821,415	123,821,415	123,821,415
Basic income (loss) per share available (attributable) to common shareholders	\$ 0.81	\$ 1.10	\$ 1.10	\$ 1.06	\$ 1.47	\$ 1.47	\$ (0.89)	\$ (0.68)	\$ (0.67)	\$ (0.08)	\$ 0.47	\$ 0.45
Diluted earnings per share (b)												
Income (loss) available (attributable) to Validus	\$ 81,797	\$ 109,884	\$ 109,863	\$ 129,800	\$ 179,782	\$ 179,714	\$ (83,651)	\$ (62,480)	\$ (61,544)	\$ (6,625)	\$ 61,404	\$ 59,529
less: Dividends and distributions declared on outstanding warrants	-	-	-	-	-	-	(3,950)	(3,950)	(3,950)	(3,498)	(3,498)	(3,498)
Income (loss) available (attributable) to common shareholders	\$ 81,797	\$ 109,884	\$ 109,863	\$ 129,800	\$ 179,782	\$ 179,714	\$ (87,601)	\$ (66,430)	\$ (65,494)	\$ (10,123)	\$ 57,906	\$ 56,031
Weighted average number of common shares outstanding	98,385,924	98,385,924	98,385,924	121,009,553	121,009,553	121,009,553	98,165,132	98,165,132	98,165,132	123,821,415	123,821,415	123,821,415
Share equivalents:												
Warrants	3,561,096	3,561,096	3,561,096	2,339,922	2,339,922	2,339,922	-	-	-	-	-	-
Stock options	908,590	908,590	908,590	794,625	794,625	794,625	-	-	-	-	840,067	840,067
Unvested restricted shares	1,706,840	1,706,840	1,706,840	1,008,200	1,008,200	1,008,200	-	-	-	-	1,000,247	1,000,247
Weighted average number of diluted common shares outstanding	104,562,450	104,562,450	104,562,450	125,152,300	125,152,300	125,152,300	98,165,132	98,165,132	98,165,132	123,821,415	125,661,729	125,661,729
Diluted earnings (loss) per share available (attributable) to common shareholders	\$ 0.78	\$ 1.05	\$ 1.05	\$ 1.04	\$ 1.44	\$ 1.44	\$ (0.89)	\$ (0.68)	\$ (0.67)	\$ (0.08)	\$ 0.46	\$ 0.45

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 and net operating loss incurred in the six months ended June 30, 2011 and the net operating loss incurred in the six months ended June 30, 2010, share equivalents were not included in the computation of diluted earnings per share, because of their anti-dilutive effect.



Validus Holdings, Ltd.

Computation of Weighted Average Dilutive Shares Outstanding

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

	Three Months Ended		Six Months Ended	
	June 30, 2011 (a)	June 30, 2010 (a)	June 30, 2011 (a)	June 30, 2010 (a)
Average fair value per share	\$ 31.97	\$ 24.87	\$ 31.37	\$ 25.73
Basic weighted average common shares outstanding	98,385,924	121,009,553	98,165,132	123,821,415
Add: weighted average unvested restricted shares	3,670,942	3,058,281		3,122,557
Proceeds from unrecognized restricted share expenses	\$ 62,792	\$ 50,986	\$ -	\$ 54,607
Less: restricted shares bought back via treasury method	(1,964,102)	(2,050,081)		(2,122,310)
Add: weighted average dilutive warrants outstanding	7,862,262	7,952,138		7,952,138
Weighted average exercise price per share	\$ 17.55	\$ 17.55		\$ 17.55
Less: warrants bought back via treasury method	(4,301,166)	(5,612,216)	-	(7,952,138)
Add: weighted average dilutive options outstanding	2,266,801	3,222,164		3,222,719
Weighted average exercise price per share	\$ 20.12	\$ 19.84		\$ 19.84
Proceeds from unrecognized option expenses	\$ 571	\$ 3,283		\$ 6,064
Less: options bought back via treasury method	(1,358,211)	(2,427,539)		(2,382,652)
Weighted average dilutive shares outstanding	104,562,450	125,152,300	98,165,132	125,661,729

Notes:

(a) Due to the net loss incurred in the six months ended June 30, 2011, 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 June 30, 2011				Three Months Ended June 30, 2010			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Underwriting income								
Gross premiums written	\$ 341,651	\$ 276,886	\$ (13,150)	\$ 605,387	\$ 284,328	\$ 253,710	\$ (21,177)	\$ 516,861
Reinsurance premiums ceded	(98,218)	(47,278)	13,150	(132,346)	(41,175)	(47,728)	21,177	(67,726)
Net premiums written	243,433	229,608	-	473,041	243,153	205,982	-	449,135
Change in unearned premiums	(10,755)	(36,646)	-	(47,401)	18,888	(30,079)	-	(11,191)
Net premiums earned	232,678	192,962	-	425,640	262,041	175,903	-	437,944
Underwriting deductions								
Losses and loss expenses	94,035	113,272	-	207,307	123,793	71,101	-	194,894
Policy acquisition costs	35,769	42,307	154	78,230	37,979	38,647	(2,500)	74,126
General and administrative expenses	15,458	34,718	10,665	60,841	10,983	24,960	16,436	52,379
Share compensation expenses	1,823	2,026	3,779	7,628	1,749	1,468	3,629	6,846
Total underwriting deductions	147,085	192,323	14,598	354,006	174,504	136,176	17,565	328,245
Underwriting income (loss)	\$ 85,593	\$ 639	\$ (14,598)	\$ 71,634	\$ 87,537	\$ 39,727	\$ (17,565)	\$ 109,699
Net investment income	22,389	6,372	(2,267)	26,494	29,914	7,251	(2,356)	34,809
Other income	854	1,967	(2,226)	595	1,477	3,084	(1,864)	2,697
Finance expenses	(4,502)	-	(11,859)	(16,361)	(1,107)	105	(12,216)	(13,218)
Operating income (loss) before taxes	104,334	8,978	(30,950)	82,362	117,821	50,167	(34,001)	133,987
Tax (expense) benefit	(4)	(208)	241	29	(94)	(4,094)	1	(4,187)
Net operating income (loss) (a)	\$ 104,330	\$ 8,770	\$ (30,709)	\$ 82,391	\$ 117,727	\$ 46,073	\$ (34,000)	\$ 129,800
Net realized gains on investments	9,552	2,000	-	11,552	10,363	2,078	-	12,441
Net unrealized gains on investments	14,557	3,969	-	18,526	35,697	5,943	-	41,640
Foreign exchange (losses) gains	(5,337)	3,410	(64)	(1,991)	(843)	(3,243)	(13)	(4,099)
Net income (loss)	\$ 123,102	\$ 18,149	\$ (30,773)	\$ 110,478	\$ 162,944	\$ 50,851	\$ (34,013)	\$ 179,782
Net income attributable to noncontrolling interest	(594)	-	-	(594)	-	-	-	-
Net income (loss) available (attributable) to Validus	\$ 122,508	\$ 18,149	\$ (30,773)	\$ 109,884	\$ 162,944	\$ 50,851	\$ (34,013)	\$ 179,782
Selected ratios:								
Net premiums written / Gross premiums written	71.3%	82.9%		78.1%	85.5%	81.2%		86.9%
Losses and loss expenses	40.4%	58.7%		48.7%	47.2%	40.4%		44.5%
Policy acquisition costs	15.4%	21.9%		18.4%	14.5%	22.0%		16.9%
General and administrative expenses (b)	7.4%	19.0%		16.1%	4.9%	15.0%		13.5%
Expense ratio	22.8%	40.9%		34.5%	19.4%	37.0%		30.4%
Combined ratio	63.2%	99.6%		83.2%	66.6%	77.4%		74.9%

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 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. Net operating income (loss) available (attributable) to Validus is defined as above and includes income (loss) from noncontrolling interests. Refer to the Non-GAAP Financial Measure Reconciliation on page 39.

(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 June 30, 2011				Three Months Ended June 30, 2010			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Underwriting income								
Gross premiums written	\$ 323,108	\$ 4,846	\$ 13,697	\$ 341,651	\$ 261,568	\$ 15,410	\$ 7,350	\$ 284,328
Reinsurance premiums ceded	(85,389)	(12,829)	-	(98,218)	(33,933)	(7,242)	-	(41,175)
Net premiums written	237,719	(7,983)	13,697	243,433	227,635	8,168	7,350	243,153
Change in unearned premiums	(70,940)	54,532	5,653	(10,755)	(41,191)	39,986	20,093	18,888
Net premiums earned	166,779	46,549	19,350	232,678	186,444	48,154	27,443	262,041
Underwriting deductions								
Losses and loss expenses	73,273	19,860	902	94,035	62,063	52,947	8,783	123,793
Policy acquisition costs	22,546	10,147	3,076	35,769	27,182	7,707	3,090	37,979
Total underwriting deductions before G&A	95,819	30,007	3,978	129,804	89,245	60,654	11,873	161,772
Underwriting income (loss) before G&A	\$ 70,960	\$ 16,542	\$ 15,372	\$ 102,874	\$ 97,199	\$ (12,500)	\$ 15,570	\$ 100,269
General and administrative expenses				15,458				10,983
Share compensation expenses				1,823				1,749
Total underwriting deductions				147,085				174,504
Underwriting income				\$ 85,593				\$ 87,537
Net investment income				22,389				29,914
Other income				854				1,477
Finance expenses				(4,502)				(1,107)
Operating income before taxes				104,334				117,821
Tax (expense)				(4)				(94)
Net operating income (b)				\$ 104,330				\$ 117,727
Net realized gains on investments				9,552				10,363
Net unrealized gains on investments				14,557				35,697
Foreign exchange (losses)				(5,337)				(843)
Net income				\$ 123,102				\$ 162,944
Net income attributable to noncontrolling interest				(594)				-
Net income available to Validus				\$ 122,508				\$ 162,944
Selected ratios:								
Net premiums written / Gross premiums written	73.6%	-164.7%	100.0%	71.3%	87.0%	53.0%	100.0%	85.5%
Losses and loss expenses	43.9%	42.7%	4.7%	40.4%	33.3%	110.0%	32.0%	47.2%
Policy acquisition costs	13.5%	21.8%	15.9%	15.4%	14.6%	16.0%	11.3%	14.5%
General and administrative expenses (c)				7.4%				4.9%
Expense ratio				22.8%				19.4%
Combined ratio				63.2%				66.6%

Notes:

(a) Specialty class includes Aerospace & Aviation, Agriculture, Financial, Life and A&H, Nuclear, Terrorism, Workers' Compensation, Crisis Management and Motor.

(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. Net operating income (loss) available (attributable) to Validus is defined as above and includes income (loss) from noncontrolling interests.

(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 June 30, 2011				Three Months Ended June 30, 2010			
	Property (a)	Marine	Specialty (b)	Total	Property (a)	Marine	Specialty (b)	Total
Underwriting income								
Gross premiums written	\$ 97,732	\$ 93,492	\$ 85,662	\$ 276,886	\$ 97,529	\$ 79,355	\$ 76,826	\$ 253,710
Reinsurance premiums ceded	(38,965)	(4,300)	(4,013)	(47,278)	(38,702)	(6,066)	(2,960)	(47,728)
Net premiums written	58,767	89,192	81,649	229,608	58,827	73,289	73,866	205,982
Change in unearned premiums	(20,922)	(10,245)	(5,479)	(36,646)	(21,675)	(9,876)	1,472	(30,079)
Net premiums earned	37,845	78,947	76,170	192,962	37,152	63,413	75,338	175,903
Underwriting deductions								
Losses and loss expenses	34,687	54,871	23,714	113,272	7,992	31,883	31,226	71,101
Policy acquisition costs	7,217	16,834	18,256	42,307	5,824	15,314	17,509	38,647
Total underwriting deductions before G&A	41,904	71,705	41,970	155,579	13,816	47,197	48,735	109,748
Underwriting (loss) income before G&A	\$ (4,059)	\$ 7,242	\$ 34,200	\$ 37,383	\$ 23,336	\$ 16,216	\$ 26,603	\$ 66,155
General and administrative expenses				34,718				24,960
Share compensation expenses				2,026				1,468
Total underwriting deductions				192,323				136,176
Underwriting income				\$ 639				\$ 39,727
Net investment income				6,372				7,251
Other income				1,967				3,084
Finance expenses				-				105
Operating income before taxes				8,978				50,167
Tax (expense)				(208)				(4,094)
Net operating income (c)				\$ 8,770				\$ 46,073
Net realized gains on investments				2,000				2,078
Net unrealized gains on investments				3,969				5,943
Foreign exchange gains (losses)				3,410				(3,243)
Net income				\$ 18,149				\$ 50,851
Selected ratios:								
Net premiums written / Gross premiums written	60.1%	95.4%	95.3%	82.9%	60.3%	92.4%	96.1%	81.2%
Losses and loss expenses	91.7%	69.5%	31.1%	58.7%	21.5%	50.3%	41.4%	40.4%
Policy acquisition costs	19.1%	21.3%	24.0%	21.9%	15.7%	24.1%	23.2%	22.0%
General and administrative expenses (d)				19.0%				15.0%
Expense ratio				40.9%				37.0%
Combined ratio				99.6%				77.4%

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.

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



Validus Holdings, Ltd.

Consolidated Segment Income Statement - Six months ended

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

	Six Months Ended June 30, 2011				Six Months Ended June 30, 2010			
	Validus Re	Talbot	Corporate & Eliminations	Total	Validus Re	Talbot	Corporate & Eliminations	Total
Underwriting income								
Gross premiums written	\$ 952,889	\$ 539,943	\$ (37,549)	\$ 1,455,283	\$ 924,623	\$ 524,251	\$ (61,079)	\$ 1,387,795
Reinsurance premiums ceded	(145,023)	(134,692)	37,549	(242,166)	(54,285)	(165,259)	61,079	(158,465)
Net premiums written	807,866	405,251	-	1,213,117	870,338	358,992	-	1,229,330
Change in unearned premiums	(322,879)	(35,065)	-	(357,944)	(324,376)	(9,316)	-	(333,692)
Net premiums earned	484,987	370,186	-	855,173	545,962	349,676	-	895,638
Underwriting deductions								
Losses and loss expenses	404,579	278,926	-	683,505	472,713	200,712	-	673,425
Policy acquisition costs	75,835	79,523	168	155,526	81,482	73,592	(4,772)	150,302
General and administrative expenses	26,115	63,440	19,763	109,318	27,295	50,508	28,145	105,948
Share compensation expenses	4,928	4,745	10,004	19,677	3,378	3,027	7,017	13,422
Total underwriting deductions	511,457	426,634	29,935	968,026	584,868	327,839	30,390	943,097
Underwriting (loss) income	\$ (26,470)	\$ (56,448)	\$ (29,935)	\$ (112,853)	\$ (38,906)	\$ 21,837	\$ (30,390)	\$ (47,459)
Net investment income	48,040	12,962	(4,533)	56,469	59,159	14,571	(4,622)	69,108
Other income	2,287	4,984	(5,070)	2,201	2,555	5,059	(4,029)	3,585
Finance expenses	(6,215)	(63)	(24,084)	(30,362)	(2,400)	(3,140)	(22,829)	(28,369)
Operating income (loss) before taxes	17,642	(38,565)	(63,622)	(84,545)	20,408	38,327	(61,870)	(3,135)
Tax (expense) benefit	(6)	1,585	(91)	1,488	(185)	(3,299)	(6)	(3,490)
Net operating income (loss) (a)	\$ 17,636	\$ (36,980)	\$ (63,713)	\$ (83,057)	\$ 20,223	\$ 35,028	\$ (61,876)	\$ (6,625)
Net realized gains on investments	13,471	4,460	-	17,931	20,142	3,697	-	23,839
Net unrealized gains (losses) on investments	6,042	(344)	-	5,698	47,892	9,161	-	57,053
Foreign exchange (losses) gains	(9,697)	7,311	(72)	(2,458)	(5,982)	(6,842)	(39)	(12,863)
Net income (loss)	\$ 27,452	\$ (25,553)	\$ (63,785)	\$ (61,886)	\$ 82,275	\$ 41,044	\$ (61,915)	\$ 61,404
Net income attributable to noncontrolling interest	(594)	-	-	(594)	-	-	-	-
Net income (loss) available (attributable) to Validus	\$ 26,858	\$ (25,553)	\$ (63,785)	\$ (62,480)	\$ 82,275	\$ 41,044	\$ (61,915)	\$ 61,404
Selected ratios:								
Net premiums written / Gross premiums written	84.8%	75.1%		83.4%	94.1%	68.5%		88.6%
Losses and loss expenses	83.4%	75.3%		79.9%	86.6%	57.4%		75.2%
Policy acquisition costs	15.6%	21.5%		18.2%	14.9%	21.0%		16.8%
General and administrative expenses (b)	6.4%	18.4%		15.1%	5.6%	15.3%		13.3%
Expense ratio	22.0%	39.9%		33.3%	20.5%	36.3%		30.1%
Combined ratio	105.4%	115.2%		113.2%	107.1%	93.7%		105.3%

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. Net operating income (loss) available (attributable) to Validus is defined as above and includes income (loss) from noncontrolling interests. Refer to the Non-GAAP Financial Measure Reconciliation on page 39.

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



Validus Holdings, Ltd.

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

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

	Six Months Ended June 30, 2011				Six Months Ended June 30, 2010			
	Property	Marine	Specialty	Total	Property	Marine	Specialty	Total
Underwriting income								
Gross premiums written	\$ 688,376	\$ 189,879	\$ 74,634	\$ 952,889	\$ 673,976	\$ 185,396	\$ 65,251	\$ 924,623
Reinsurance premiums ceded	(132,069)	(12,453)	(501)	(145,023)	(43,275)	(11,293)	283	(54,285)
Net premiums written	556,307	177,426	74,133	807,866	630,701	174,103	65,534	870,338
Change in unearned premiums	(212,758)	(77,019)	(33,102)	(322,879)	(232,814)	(84,920)	(6,642)	(324,376)
Net premiums earned	<u>343,549</u>	<u>100,407</u>	<u>41,031</u>	<u>484,987</u>	<u>397,887</u>	<u>89,183</u>	<u>58,892</u>	<u>545,962</u>
Underwriting deductions								
Losses and loss expenses	293,379	104,520	6,680	404,579	375,564	76,295	20,854	472,713
Policy acquisition costs	48,421	20,657	6,757	75,835	59,440	14,516	7,526	81,482
Total underwriting deductions before G&A	<u>341,800</u>	<u>125,177</u>	<u>13,437</u>	<u>480,414</u>	<u>435,004</u>	<u>90,811</u>	<u>28,380</u>	<u>554,195</u>
Underwriting income (loss) before G&A	\$ 1,749	\$ (24,770)	\$ 27,594	\$ 4,573	\$ (37,117)	\$ (1,628)	\$ 30,512	\$ (8,233)
General and administrative expenses				26,115				27,295
Share compensation expenses				4,928				3,378
Total underwriting deductions				<u>511,457</u>				<u>584,868</u>
Underwriting (loss)				\$ (26,470)				\$ (38,906)
Net investment income				48,040				59,159
Other income				2,287				2,555
Finance expenses				(6,215)				(2,400)
Operating income before taxes				<u>17,642</u>				<u>20,408</u>
Tax (expense)				(6)				(185)
Net operating income (a)				\$ 17,636				\$ 20,223
Net realized gains on investments				13,471				20,142
Net unrealized gains on investments				6,042				47,892
Foreign exchange (losses)				(9,697)				(5,982)
Net income				\$ 27,452				\$ 82,275
Net income attributable to noncontrolling interest				(594)				-
Net income available to Validus				\$ 26,858				\$ 82,275
Selected ratios:								
Net premiums written / Gross premiums written	80.8%	93.4%	99.3%	84.8%	93.6%	93.9%	100.4%	94.1%
Losses and loss expenses	85.4%	104.1%	16.3%	83.4%	94.4%	85.5%	35.4%	86.6%
Policy acquisition costs	14.1%	20.6%	16.5%	15.6%	14.9%	16.3%	12.8%	14.9%
General and administrative expenses (b)				6.4%				5.6%
Expense ratio				<u>22.0%</u>				<u>20.5%</u>
Combined ratio				<u>105.4%</u>				<u>107.1%</u>

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. Net operating income (loss) available (attributable) to Validus is defined as above and includes income (loss) from noncontrolling interests.

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



Validus Holdings, Ltd.

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

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

	Six Months Ended June 30, 2011				Six Months Ended June 30, 2010			
	Property (a)	Marine	Specialty (b)	Total	Property (a)	Marine	Specialty (b)	Total
Underwriting income								
Gross premiums written	\$ 168,461	\$ 198,427	\$ 173,055	\$ 539,943	\$ 183,404	\$ 182,227	\$ 158,620	\$ 524,251
Reinsurance premiums ceded	(77,327)	(22,462)	(34,903)	(134,692)	(92,178)	(29,874)	(43,207)	(165,259)
Net premiums written	91,134	175,965	138,152	405,251	91,226	152,353	115,413	358,992
Change in unearned premiums	(14,346)	(32,579)	11,860	(35,065)	(16,031)	(25,718)	32,433	(9,316)
Net premiums earned	<u>76,788</u>	<u>143,386</u>	<u>150,012</u>	<u>370,186</u>	<u>75,195</u>	<u>126,635</u>	<u>147,846</u>	<u>349,676</u>
Underwriting deductions								
Losses and loss expenses	107,875	105,616	65,435	278,926	68,226	66,181	66,305	200,712
Policy acquisition costs	10,583	33,427	35,513	79,523	12,880	26,709	34,003	73,592
Total underwriting deductions before G&A	<u>118,458</u>	<u>139,043</u>	<u>100,948</u>	<u>358,449</u>	<u>81,106</u>	<u>92,890</u>	<u>100,308</u>	<u>274,304</u>
Underwriting (loss) income before G&A	\$ (41,670)	\$ 4,343	\$ 49,064	\$ 11,737	\$ (5,911)	\$ 33,745	\$ 47,538	\$ 75,372
General and administrative expenses				63,440				50,508
Share compensation expenses				4,745				3,027
Total underwriting deductions				<u>426,634</u>				<u>327,839</u>
Underwriting (loss) income				\$ (56,448)				\$ 21,837
Net investment income				12,962				14,571
Other income				4,984				5,059
Finance expenses				(63)				(3,140)
Operating (loss) income before taxes				<u>(38,565)</u>				<u>38,327</u>
Tax benefit (expense)				1,585				(3,299)
Net operating (loss) income (c)				\$ (36,980)				\$ 35,028
Net realized gains on investments				4,460				3,697
Net unrealized (losses) gains on investments				(344)				9,161
Foreign exchange gains (losses)				7,311				(6,842)
Net (loss) income				\$ (25,553)				\$ 41,044
Selected ratios:								
Net premiums written / Gross premiums written	54.1%	88.7%	79.8%	75.1%	49.7%	83.6%	72.8%	68.5%
Losses and loss expenses	140.5%	73.7%	43.6%	75.3%	90.7%	52.3%	44.8%	57.4%
Policy acquisition costs	13.8%	23.3%	23.7%	21.5%	17.1%	21.1%	23.0%	21.0%
General and administrative expenses (d)				18.4%				15.3%
Expense ratio				39.9%				36.3%
Combined ratio				115.2%				93.7%

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.

(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				Six Months Ended			
		June 30, 2011		June 30, 2010		June 30, 2011		June 30, 2010	
Class of business	Treaty type	Gross premiums written		Gross premiums written		Gross premiums written		Gross premiums written	
		\$	%	\$	%	\$	%	\$	%
Property	Cat XOL (a)	\$ 272,456	79.8%	\$ 201,874	71.0%	\$ 575,969	60.5%	\$ 506,890	54.8%
	Per Risk XOL	20,765	6.1%	20,863	7.3%	34,765	3.6%	40,830	4.4%
	Proportional (b)	29,887	8.7%	38,831	13.7%	77,642	8.2%	126,256	13.7%
		<u>323,108</u>	<u>94.6%</u>	<u>261,568</u>	<u>92.0%</u>	<u>688,376</u>	<u>72.3%</u>	<u>673,976</u>	<u>72.9%</u>
Marine	Cat XOL (c)	11,843	3.5%	1,011	0.4%	26,404	2.8%	14,527	1.6%
	Per Risk XOL	(1,930)	-0.6%	13,081	4.6%	67,876	7.1%	74,183	8.0%
	Proportional (b)	(5,067)	-1.5%	1,318	0.4%	95,599	10.0%	96,686	10.4%
		<u>4,846</u>	<u>1.4%</u>	<u>15,410</u>	<u>5.4%</u>	<u>189,879</u>	<u>19.9%</u>	<u>185,396</u>	<u>20.0%</u>
Specialty (d)	Cat XOL (a)	4,189	1.2%	1,637	0.6%	42,113	4.4%	37,119	4.0%
	Per Risk XOL	2,050	0.6%	2,128	0.7%	7,378	0.8%	9,090	1.0%
	Proportional (b)	7,458	2.2%	3,585	1.3%	25,143	2.6%	19,042	2.1%
		<u>13,697</u>	<u>4.0%</u>	<u>7,350</u>	<u>2.6%</u>	<u>74,634</u>	<u>7.8%</u>	<u>65,251</u>	<u>7.1%</u>
Total	Cat XOL (a) (c)	288,488	84.5%	204,522	72.0%	644,486	67.7%	558,536	60.4%
	Per Risk XOL	20,885	6.1%	36,072	12.6%	110,019	11.5%	124,103	13.4%
	Proportional (b)	32,278	9.4%	43,734	15.4%	198,384	20.8%	241,984	26.2%
		<u>\$ 341,651</u>	<u>100.0%</u>	<u>\$ 284,328</u>	<u>100.0%</u>	<u>\$ 952,889</u>	<u>100.0%</u>	<u>\$ 924,623</u>	<u>100.0%</u>

Notes:

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

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

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

(d) Specialty includes Aerospace & Aviation, Agriculture, Financial, Life and A&H, Nuclear, Terrorism, Workers' Compensation, Crisis Management and Motor.



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				Six Months Ended			
		June 30, 2011		June 30, 2010		June 30, 2011		June 30, 2010	
		Gross premiums written	%	Gross premiums written	%	Gross premiums written	%	Gross premiums written (a)	%
Property	Treaty Reinsurance	\$ 337,760	55.8%	\$ 265,721	51.3%	\$ 714,447	49.1%	\$ 692,037	49.9%
	Facultative Reinsurance	37,546	6.2%	42,190	8.2%	69,473	4.8%	75,316	5.4%
	Direct Insurance	33,479	5.5%	32,379	6.3%	43,988	3.0%	50,075	3.6%
		<u>408,785</u>	<u>67.5%</u>	<u>340,290</u>	<u>65.8%</u>	<u>827,908</u>	<u>56.9%</u>	<u>817,428</u>	<u>58.9%</u>
Marine	Treaty Reinsurance	10,178	1.7%	23,041	4.5%	220,176	15.1%	207,436	14.9%
	Facultative Reinsurance	22,900	3.8%	21,141	4.1%	37,566	2.6%	52,553	3.8%
	Direct Insurance	64,165	10.6%	48,198	9.3%	127,249	8.7%	93,015	6.7%
		<u>97,243</u>	<u>16.1%</u>	<u>92,380</u>	<u>17.9%</u>	<u>384,991</u>	<u>26.4%</u>	<u>353,004</u>	<u>25.4%</u>
Specialty (a)	Treaty Reinsurance	26,150	4.3%	18,962	3.7%	104,275	7.2%	84,392	6.1%
	Facultative Reinsurance	21,811	3.6%	20,697	4.0%	46,908	3.2%	44,620	3.2%
	Direct Insurance	51,398	8.5%	44,532	8.6%	91,201	6.3%	88,351	6.4%
		<u>99,359</u>	<u>16.4%</u>	<u>84,191</u>	<u>16.3%</u>	<u>242,384</u>	<u>16.7%</u>	<u>217,363</u>	<u>15.7%</u>
Total	Treaty Reinsurance	374,088	61.8%	307,724	59.5%	1,038,898	71.4%	983,865	70.9%
	Facultative Reinsurance	82,257	13.6%	84,028	16.3%	153,947	10.6%	172,489	12.4%
	Direct Insurance	149,042	24.6%	125,109	24.2%	262,438	18.0%	231,441	16.7%
		<u>\$ 605,387</u>	<u>100.0%</u>	<u>\$ 516,861</u>	<u>100.0%</u>	<u>\$ 1,455,283</u>	<u>100.0%</u>	<u>\$ 1,387,795</u>	<u>100.0%</u>

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. 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					Six Months Ended	
	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	June 30, 2011	June 30, 2010
Validus Re							
Property - Validus Re	\$ 272,148	\$ 358,118	\$ 17,197	\$ 99,652	\$ 255,563	\$ 630,266	\$ 661,945
Property - Alpha Cat	8,405	7,150	104	(339)	6,005	15,555	12,031
Property - Alpha Cat Re 2011	42,555	-	-	-	-	42,555	-
Marine	4,846	185,033	4,244	37,495	15,410	189,879	185,396
Aerospace & Aviation (a)	4,839	5,590	169	(1,034)	4,133	10,429	19,975
Agriculture	398	2,927	(186)	465	(318)	3,325	2,633
Financial	160	6,636	1,036	178	171	6,796	2,163
Life and A&H	251	3,385	420	(140)	54	3,636	3,529
Nuclear	2,032	3	(959)	1,614	1,884	2,035	2,876
Terrorism	4,402	28,074	10,121	(901)	1,117	32,476	28,261
Workers' Compensation	58	5,209	-	1,828	(3)	5,267	5,502
Crisis Management	1,557	7,523	1,840	3,812	312	9,080	312
Motor	-	1,590	-	-	-	1,590	-
Total Validus Re Segment	341,651	611,238	33,986	142,630	284,328	952,889	924,623
Talbot							
Property	57,267	49,559	35,171	45,440	50,322	106,826	111,130
Onshore Energy	40,465	21,170	22,994	27,761	47,207	61,635	72,274
Marine	93,492	104,935	68,452	64,422	79,355	198,427	182,227
Accident & Health	4,711	5,349	4,456	5,283	4,328	10,060	9,976
Aviation, Direct	9,121	7,870	33,580	17,640	9,802	16,991	18,521
Aviation Treaty	12,345	18,237	11,273	5,088	11,811	30,582	27,726
Bloodstock	817	361	3,955	3,408	2,436	1,178	6,128
Contingency	5,980	5,273	2,797	7,158	4,314	11,253	8,408
Financial Institutions	8,632	7,667	12,747	11,489	7,456	16,299	15,410
War	44,056	42,636	42,675	31,033	36,679	86,692	72,451
Total Talbot Segment	276,886	263,057	238,100	218,722	253,710	539,943	524,251
Intersegment Revenue							
Property	(12,055)	(16,874)	(12,213)	(16,133)	(18,807)	(28,929)	(39,952)
Marine	(1,095)	(2,220)	(1,140)	(1,171)	(2,385)	(3,315)	(14,619)
Specialty	-	(5,305)	(2)	(8)	15	(5,305)	(6,508)
Total Intersegment Revenue Eliminated	(13,150)	(24,399)	(13,355)	(17,312)	(21,177)	(37,549)	(61,079)
Total Gross Premiums Written	\$ 605,387	\$ 849,896	\$ 258,731	\$ 344,040	\$ 516,861	\$ 1,455,283	\$ 1,387,795

Notes:

(a) 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				Six Months Ended		
	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	June 30, 2010	
Underwriting income							
Gross premiums written	\$ 341,651	\$ 611,238	\$ 33,986	\$ 142,630	\$ 284,328	\$ 952,889	\$ 924,623
Reinsurance premiums ceded	<u>(98,218)</u>	<u>(46,805)</u>	<u>(399)</u>	<u>(8,463)</u>	<u>(41,175)</u>	<u>(145,023)</u>	<u>(54,285)</u>
Net premiums written	243,433	564,433	33,587	134,167	243,153	807,866	870,338
Change in unearned premiums	<u>(10,755)</u>	<u>(312,124)</u>	<u>212,737</u>	<u>124,747</u>	<u>18,888</u>	<u>(322,879)</u>	<u>(324,376)</u>
Net premiums earned	<u>232,678</u>	<u>252,309</u>	<u>246,324</u>	<u>258,914</u>	<u>262,041</u>	<u>484,987</u>	<u>545,962</u>
Underwriting deductions							
Losses and loss expenses	94,035	310,544	49,799	79,098	123,793	404,579	472,713
Policy acquisition costs	35,769	40,066	39,299	39,818	37,979	75,835	81,482
General and administrative expenses	15,458	10,657	12,659	5,663	10,983	26,115	27,295
Share compensation expenses	<u>1,823</u>	<u>3,105</u>	<u>1,934</u>	<u>1,869</u>	<u>1,749</u>	<u>4,928</u>	<u>3,378</u>
Total underwriting deductions	<u>147,085</u>	<u>364,372</u>	<u>103,691</u>	<u>126,448</u>	<u>174,504</u>	<u>511,457</u>	<u>584,868</u>
Underwriting income (loss)	<u>\$ 85,593</u>	<u>\$ (112,063)</u>	<u>\$ 142,633</u>	<u>\$ 132,466</u>	<u>\$ 87,537</u>	<u>\$ (26,470)</u>	<u>\$ (38,906)</u>
Selected ratios:							
Losses and loss expenses	40.4%	123.1%	20.2%	30.5%	47.2%	83.4%	86.6%
Policy acquisition costs	15.4%	15.9%	16.0%	15.4%	14.5%	15.6%	14.9%
General and administrative expenses (a)	<u>7.4%</u>	<u>5.5%</u>	<u>5.9%</u>	<u>2.9%</u>	<u>4.9%</u>	<u>6.4%</u>	<u>5.6%</u>
Expense ratio	<u>22.8%</u>	<u>21.4%</u>	<u>21.9%</u>	<u>18.3%</u>	<u>19.4%</u>	<u>22.0%</u>	<u>20.5%</u>
Combined ratio	<u>63.2%</u>	<u>144.5%</u>	<u>42.1%</u>	<u>48.8%</u>	<u>66.6%</u>	<u>105.4%</u>	<u>107.1%</u>

Notes:

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



Validus Holdings, Ltd.

Underwriting Income - Talbot

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

	Three Months Ended				Six Months Ended		
	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	June 30, 2011	June 30, 2010
Underwriting income							
Gross premiums written	\$ 276,886	\$ 263,057	\$ 238,100	\$ 218,722	\$ 253,710	\$ 539,943	\$ 524,251
Reinsurance premiums ceded	(47,278)	(87,414)	(48,332)	(44,490)	(47,728)	(134,692)	(165,259)
Net premiums written	229,608	175,643	189,768	174,232	205,982	405,251	358,992
Change in unearned premiums	(36,646)	1,581	(3,281)	(472)	(30,079)	(35,065)	(9,316)
Net premiums earned	192,962	177,224	186,487	173,760	175,903	370,186	349,676
Underwriting deductions							
Losses and loss expenses	113,272	165,654	105,426	79,838	71,101	278,926	200,712
Policy acquisition costs	42,307	37,216	37,726	32,451	38,647	79,523	73,592
General and administrative expenses	34,718	28,722	30,334	33,201	24,960	63,440	50,508
Share compensation expenses	2,026	2,719	2,142	1,754	1,468	4,745	3,027
Total underwriting deductions	192,323	234,311	175,628	147,244	136,176	426,634	327,839
Underwriting income (loss)	\$ 639	\$ (57,087)	\$ 10,859	\$ 26,516	\$ 39,727	\$ (56,448)	\$ 21,837
Selected ratios:							
Losses and loss expenses	58.7%	93.5%	56.5%	45.9%	40.4%	75.3%	57.4%
Policy acquisition costs	21.9%	21.0%	20.2%	18.7%	22.0%	21.5%	21.0%
General and administrative expenses (a)	19.0%	17.7%	17.4%	20.1%	15.0%	18.4%	15.3%
Expense ratio	40.9%	38.7%	37.6%	38.8%	37.0%	39.9%	36.3%
Combined ratio	99.6%	132.2%	94.1%	84.7%	77.4%	115.2%	93.7%

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				Six Months Ended		
	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	June 30, 2010	
Underwriting income							
Net premiums written	\$ 296,486	\$ 350,955	\$ 49,032	\$ 142,719	\$ 286,463	\$ 647,441	\$ 721,927
Net premiums earned	204,624	215,713	218,171	232,117	223,597	420,337	473,082
Underwriting deductions							
Losses and loss expenses	107,960	293,294	54,945	59,971	70,055	401,254	443,790
Policy acquisition costs	29,763	29,241	31,090	27,768	33,006	59,004	72,320
Total underwriting deductions	137,723	322,535	86,035	87,739	103,061	460,258	516,110
Underwriting income (loss) before G&A	\$ 66,901	\$ (106,822)	\$ 132,136	\$ 144,378	\$ 120,536	\$ (39,921)	\$ (43,028)
Selected underwriting ratios (a):							
Losses and loss expenses	52.8%	136.0%	25.2%	25.8%	31.3%	95.5%	93.8%
Policy acquisition costs	14.5%	13.6%	14.3%	12.0%	14.8%	14.0%	15.3%
Combined ratio before G&A	67.3%	149.6%	39.5%	37.8%	46.1%	109.5%	109.1%

Notes:

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



Validus Holdings, Ltd.

Underwriting Income - Class of Business - Marine

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

	Three Months Ended				Six Months Ended		
	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	June 30, 2010	
Underwriting income							
Net premiums written	\$ 81,209	\$ 272,182	\$ 69,781	\$ 90,369	\$ 81,455	\$ 353,391	\$ 326,456
Net premiums earned	125,496	118,297	119,704	109,904	111,565	243,793	215,818
Underwriting deductions							
Losses and loss expenses	74,731	135,405	33,414	48,331	84,830	210,136	142,476
Policy acquisition costs	26,981	27,103	26,665	24,415	23,021	54,084	41,225
Total underwriting deductions	101,712	162,508	60,079	72,746	107,851	264,220	183,701
Underwriting income (loss) before G&A	\$ 23,784	\$ (44,211)	\$ 59,625	\$ 37,158	\$ 3,714	\$ (20,427)	\$ 32,117
Selected underwriting ratios (a):							
Losses and loss expenses	59.5%	114.5%	27.9%	44.0%	76.0%	86.2%	66.0%
Policy acquisition costs	21.5%	22.9%	22.3%	22.2%	20.6%	22.2%	19.1%
Combined ratio before G&A	81.0%	137.4%	50.2%	66.2%	96.6%	108.4%	85.1%

Notes:

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



Validus Holdings, Ltd.

Underwriting Income - Class of Business - Specialty

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

	Three Months Ended (a)				Six Months Ended (a)		
	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010	June 30, 2010	
Underwriting income							
Net premiums written	\$ 95,346	\$ 116,939	\$ 104,542	\$ 75,311	\$ 81,217	\$ 212,285	\$ 180,947
Net premiums earned	95,520	95,523	94,936	90,653	102,782	191,043	206,738
Underwriting deductions							
Losses and loss expenses	24,616	47,499	66,866	50,634	40,009	72,115	87,159
Policy acquisition costs	21,332	20,938	19,270	20,086	20,599	42,270	41,529
Total underwriting deductions	45,948	68,437	86,136	70,720	60,608	114,385	128,688
Underwriting income before G&A	\$ 49,572	\$ 27,086	\$ 8,800	\$ 19,933	\$ 42,174	\$ 76,658	\$ 78,050
Selected underwriting ratios (b):							
Losses and loss expenses	25.8%	49.7%	70.4%	55.9%	38.9%	37.7%	42.2%
Policy acquisition costs	22.3%	21.9%	20.3%	22.2%	20.0%	22.1%	20.1%
Combined ratio before G&A	48.1%	71.6%	90.7%	78.1%	58.9%	59.8%	62.3%

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

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



Validus Holdings, Ltd.

Consolidated Analysis of Reserves for Losses and Loss Expenses

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

	At June 30, 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)	\$ 1,314,543	\$ 247,987	\$ 1,066,556	\$ 904,447	\$ 87,465	\$ 816,982
Marine	777,664	92,631	685,033	639,728	102,461	537,267
Specialty (b)	528,153	99,187	428,966	491,798	93,208	398,590
Total	\$ 2,620,360	\$ 439,805	\$ 2,180,555	\$ 2,035,973	\$ 283,134	\$ 1,752,839

	At June 30, 2011			At December 31, 2010		
	Case Reserves	IBNR	Total Reserves	Case Reserves	IBNR	Total Reserves
Property (a)	\$ 757,858	\$ 556,685	\$ 1,314,543	\$ 506,506	\$ 397,941	\$ 904,447
Marine	404,886	372,778	777,664	317,469	322,259	639,728
Specialty (b)	236,659	291,494	528,153	211,906	279,892	491,798
Total	\$ 1,399,403	\$ 1,220,957	\$ 2,620,360	\$ 1,035,881	\$ 1,000,092	\$ 2,035,973
% of Total	53.4%	46.6%	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. 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							
	June 30, 2011				June 30, 2010			
	Validus Re	Talbot	Eliminations	Total	Validus Re	Talbot	Eliminations	Total
Gross reserves at period beginning	\$ 1,340,418	\$ 1,324,967	\$ (130,970)	\$ 2,534,415	\$ 1,025,073	\$ 1,164,550	\$ (212,734)	\$ 1,976,889
Losses recoverable	(216,300)	(368,371)	130,970	(453,701)	(57,480)	(354,210)	212,734	(198,956)
Net reserves at period beginning	1,124,118	956,596	-	2,080,714	967,593	810,340	-	1,777,933
Incurred losses- current year	106,347	126,665	-	233,012	141,670	102,787	-	244,457
Change in prior accident years	(12,312)	(13,393)	-	(25,705)	(17,877)	(31,686)	-	(49,563)
Incurred losses	94,035	113,272	-	207,307	123,793	71,101	-	194,894
Foreign exchange	14,050	(470)	-	13,580	(9,471)	(399)	-	(9,870)
Paid losses	(38,070)	(82,976)	-	(121,046)	(112,582)	(65,849)	-	(178,431)
Net reserves at period end	1,194,133	986,422	-	2,180,555	969,333	815,193	-	1,784,526
Losses recoverable	182,306	384,268	(126,769)	439,805	60,145	327,522	(194,063)	193,604
Gross reserves at period end	\$ 1,376,439	\$ 1,370,690	\$ (126,769)	\$ 2,620,360	\$ 1,029,478	\$ 1,142,715	\$ (194,063)	\$ 1,978,130
Net premiums earned	\$ 232,678	\$ 192,962		\$ 425,640	\$ 262,041	\$ 175,903		\$ 437,944
Current year loss ratio	45.7%	65.6%		54.7%	54.1%	58.4%		55.8%
Prior accident year adjustments	-5.3%	-6.9%		-6.0%	-6.9%	-18.0%		-11.3%
Net loss ratio	40.4%	58.7%		48.7%	47.2%	40.4%		44.5%
Paid to incurred	40.5%	73.3%		58.4%	90.9%	92.6%		91.6%

	At or for the Six Months Ended							
	June 30, 2011				June 30, 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
Incurred losses- current year	428,169	307,557	-	735,726	502,068	247,649	-	749,717
Change in prior accident years	(23,590)	(28,631)	-	(52,221)	(29,355)	(46,937)	-	(76,292)
Incurred losses	404,579	278,926	-	683,505	472,713	200,712	-	673,425
Foreign exchange	21,624	6,890	-	28,514	(13,044)	(10,140)	-	(23,184)
Paid losses	(150,016)	(134,287)	-	(284,303)	(183,038)	(123,046)	-	(306,084)
Net reserves at period end	1,194,133	986,422	-	2,180,555	969,333	815,193	-	1,784,526
Losses recoverable	182,306	384,268	(126,769)	439,805	60,145	327,522	(194,063)	193,604
Gross reserves at period end	\$ 1,376,439	\$ 1,370,690	\$ (126,769)	\$ 2,620,360	\$ 1,029,478	\$ 1,142,715	\$ (194,063)	\$ 1,978,130
Net premiums earned	\$ 484,987	\$ 370,186		\$ 855,173	\$ 545,962	\$ 349,676		\$ 895,638
Current year loss ratio	88.3%	83.0%		86.0%	92.0%	70.8%		83.7%
Prior accident year adjustments	-4.9%	-7.7%		-6.1%	-5.4%	-13.4%		-8.5%
Net loss ratio	83.4%	75.3%		79.9%	86.6%	57.4%		75.2%
Paid to incurred	37.1%	48.1%		41.6%	38.7%	61.3%		45.5%



Validus Holdings, Ltd.

Losses and Loss Ratios by Classes of Business - Validus Re

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

	At or for the Three Months Ended							
	June 30, 2011				June 30, 2010			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Gross reserves at period beginning	\$ 939,724	\$ 306,890	\$ 93,804	\$ 1,340,418	\$ 763,859	\$ 182,964	\$ 78,250	\$ 1,025,073
Losses recoverable	(166,634)	(49,131)	(535)	(216,300)	(21,844)	(35,099)	(537)	(57,480)
Net reserves at period beginning	773,090	257,759	93,269	1,124,118	742,015	147,865	77,713	967,593
Incurred losses- current year	79,785	24,390	2,172	106,347	75,660	56,597	9,413	141,670
Change in prior accident years	(6,512)	(4,530)	(1,270)	(12,312)	(13,597)	(3,650)	(630)	(17,877)
Incurred losses	73,273	19,860	902	94,035	62,063	52,947	8,783	123,793
Foreign exchange	14,010	26	14	14,050	(9,297)	(128)	(46)	(9,471)
Paid losses	(57,476)	21,492	(2,086)	(38,070)	(65,876)	(45,205)	(1,501)	(112,582)
Net reserves at period end	802,897	299,137	92,099	1,194,133	728,905	155,479	84,949	969,333
Losses recoverable	169,448	12,397	461	182,306	12,196	47,412	537	60,145
Gross reserves at period end	\$ 972,345	\$ 311,534	\$ 92,560	\$ 1,376,439	\$ 741,101	\$ 202,891	\$ 85,486	\$ 1,029,478
Net premiums earned	\$ 166,779	\$ 46,549	\$ 19,350	\$ 232,678	\$ 186,444	\$ 48,154	\$ 27,443	\$ 262,041
Current year loss ratio	47.8%	52.4%	11.3%	45.7%	40.6%	117.5%	34.3%	54.1%
Prior accident year adjustments	-3.9%	-9.7%	-6.6%	-5.3%	-7.3%	-7.5%	-2.3%	-6.9%
Net loss ratio	<u>43.9%</u>	<u>42.7%</u>	<u>4.7%</u>	<u>40.4%</u>	<u>33.3%</u>	<u>110.0%</u>	<u>32.0%</u>	<u>47.2%</u>
Paid to incurred	78.4%	-108.2%	231.3%	40.5%	106.1%	85.4%	17.1%	90.9%

	At or for the Six Months Ended							
	June 30, 2011				June 30, 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	305,853	108,935	13,381	428,169	397,455	83,920	20,693	502,068
Change in prior accident years	(12,474)	(4,415)	(6,701)	(23,590)	(21,891)	(7,625)	161	(29,355)
Incurred losses	293,379	104,520	6,680	404,579	375,564	76,295	20,854	472,713
Foreign exchange	21,442	132	50	21,624	(12,771)	(188)	(85)	(13,044)
Paid losses	(146,459)	5,673	(9,230)	(150,016)	(113,354)	(59,536)	(10,148)	(183,038)
Net reserves at period end	802,897	299,137	92,099	1,194,133	728,905	155,479	84,949	969,333
Losses recoverable	169,448	12,397	461	182,306	12,196	47,412	537	60,145
Gross reserves at period end	\$ 972,345	\$ 311,534	\$ 92,560	\$ 1,376,439	\$ 741,101	\$ 202,891	\$ 85,486	\$ 1,029,478
Net premiums earned	\$ 343,549	\$ 100,407	\$ 41,031	\$ 484,987	\$ 397,887	\$ 89,183	\$ 58,892	\$ 545,962
Current year loss ratio	89.0%	108.5%	32.6%	88.3%	99.9%	94.1%	35.1%	92.0%
Prior accident year adjustments	-3.6%	-4.4%	-16.3%	-4.9%	-5.5%	-8.6%	0.3%	-5.4%
Net loss ratio	<u>85.4%</u>	<u>104.1%</u>	<u>16.3%</u>	<u>83.4%</u>	<u>94.4%</u>	<u>85.5%</u>	<u>35.4%</u>	<u>86.6%</u>
Paid to incurred	49.9%	-5.4%	138.2%	37.1%	30.2%	78.0%	48.7%	38.7%

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.



Validus Holdings, Ltd.

Losses and Loss Ratios by Classes of Business - Talbot

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

	At or for the Three Months Ended							
	June 30, 2011				June 30, 2010			
	Property	Marine	Specialty (a)	Total	Property	Marine	Specialty (a)	Total
Gross reserves at period beginning	\$ 416,351	\$ 473,255	\$ 435,361	\$ 1,324,967	\$ 429,902	\$ 422,795	\$ 311,853	\$ 1,164,550
Losses recoverable	(162,755)	(103,492)	(102,124)	(368,371)	(231,236)	(60,005)	(62,969)	(354,210)
Net reserves at period beginning	253,596	369,763	333,237	956,596	198,666	362,790	248,884	810,340
Incurred losses- current year	33,829	60,261	32,575	126,665	17,827	42,699	42,261	102,787
Change in prior accident years	858	(5,390)	(8,861)	(13,393)	(9,835)	(10,816)	(11,035)	(31,686)
Incurred losses	34,687	54,871	23,714	113,272	7,992	31,883	31,226	71,101
Foreign exchange	(113)	(187)	(170)	(470)	(163)	(169)	(67)	(399)
Paid losses	(24,511)	(38,551)	(19,914)	(82,976)	(18,523)	(27,523)	(19,803)	(65,849)
Net reserves at period end	263,659	385,896	336,867	986,422	187,972	366,981	260,240	815,193
Losses recoverable	177,352	103,502	103,414	384,268	210,904	53,338	63,280	327,522
Gross reserves at period end	\$ 441,011	\$ 489,398	\$ 440,281	\$ 1,370,690	\$ 398,876	\$ 420,319	\$ 323,520	\$ 1,142,715
Net premiums earned	\$ 37,845	\$ 78,947	\$ 76,170	\$ 192,962	\$ 37,152	\$ 63,413	\$ 75,338	\$ 175,903
Current year loss ratio	89.4%	76.3%	42.7%	65.6%	48.0%	67.3%	56.1%	58.4%
Prior accident year adjustments	2.3%	-6.8%	-11.6%	-6.9%	-26.5%	-17.0%	-14.7%	-18.0%
Net loss ratio	91.7%	69.5%	31.1%	58.7%	21.5%	50.3%	41.4%	40.4%
Paid to incurred	70.7%	70.3%	84.0%	73.3%	231.8%	86.3%	63.4%	92.6%

	At or for the Six Months Ended							
	June 30, 2011				June 30, 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	112,602	116,111	78,844	307,557	82,280	85,574	79,795	247,649
Change in prior accident years	(4,727)	(10,495)	(13,409)	(28,631)	(14,054)	(19,393)	(13,490)	(46,937)
Incurred losses	107,875	105,616	65,435	278,926	68,226	66,181	66,305	200,712
Foreign exchange	1,043	2,976	2,871	6,890	(1,753)	(4,356)	(4,031)	(10,140)
Paid losses	(27,706)	(71,151)	(35,430)	(134,287)	(29,868)	(52,421)	(40,757)	(123,046)
Net reserves at period end	263,659	385,896	336,867	986,422	187,972	366,981	260,240	815,193
Losses recoverable	177,352	103,502	103,414	384,268	210,904	53,338	63,280	327,522
Gross reserves at period end	\$ 441,011	\$ 489,398	\$ 440,281	\$ 1,370,690	\$ 398,876	\$ 420,319	\$ 323,520	\$ 1,142,715
Net premiums earned	\$ 76,788	\$ 143,386	\$ 150,012	\$ 370,186	\$ 75,195	\$ 126,635	\$ 147,846	\$ 349,676
Current year loss ratio	146.7%	81.0%	52.5%	83.0%	109.4%	67.6%	54.0%	70.8%
Prior accident year adjustments	-6.2%	-7.3%	-8.9%	-7.7%	-18.7%	-15.3%	-9.2%	-13.4%
Net loss ratio	140.5%	73.7%	43.6%	75.3%	90.7%	52.3%	44.8%	57.4%
Paid to incurred	25.7%	67.4%	54.1%	48.1%	43.8%	79.2%	61.5%	61.3%

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 June 30, 2011

Categories	Reinsurance		Top 10 Reinsurers	Rating (b)	Reinsurance	
	Recoverable (a)	%			Recoverable (a)	%
Top 10 reinsurers	\$ 340,391	72.3%	Lloyd's Syndicates	A+	\$ 74,882	22.0%
Other reinsurers' balances > \$1 million	119,899	25.5%	Allianz	AA-	69,464	20.3%
Other reinsurers' balances < \$1 million	10,369	2.2%	Hannover Re	AA-	35,757	10.5%
Total	\$ 470,659	100.0%	Manulife	A-	35,000	10.3%
			Everest Re	A+	29,812	8.8%
			Tokio Marine / Tokio Millennium	AA-	26,106	7.7%
			Fully collateralized reinsurers	NR	20,396	6.0%
			Transatlantic Re	A+	17,049	5.0%
			Odyssey Reinsurance Company	A-	16,195	4.8%
			Munich Re	AA-	15,730	4.6%
			Total		\$ 340,391	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) 99.1% of Reinsurance Recoverable at June 30, 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	June 30, 2011		December 31, 2010	
	Fair Value	%	Fair Value	%
U.S. Government and Government Agency	\$ 838,912	13.7%	\$ 1,677,166	29.1%
Non-U.S. Government and Government Agency	476,590	7.7%	554,199	9.7%
States, municipalities, political subdivision	29,576	0.5%	26,285	0.5%
Agency residential mortgage-backed securities	470,933	7.6%	445,859	7.8%
Non-Agency residential mortgage-backed securities	51,223	0.8%	56,470	1.0%
U.S. corporate	1,406,591	22.8%	1,308,406	22.8%
Non-U.S. corporate	628,045	10.2%	502,067	8.7%
Bank loans	387,201	6.3%	52,566	0.9%
Catastrophe bonds	29,934	0.5%	58,737	1.0%
Asset-backed securities	276,273	4.5%	123,569	2.2%
Commercial mortgage-backed securities	8,256	0.1%	18,543	0.3%
Total fixed maturities	4,603,534	74.7%	4,823,867	84.0%
Total short-term investments	725,258	11.8%	273,514	4.8%
Total other investments	18,746	0.3%	21,478	0.4%
Total investments	5,347,538	86.8%	5,118,859	89.2%
Cash and cash equivalents	815,921	13.2%	620,740	10.8%
Total cash and cash equivalents, and investments	\$ 6,163,459	100.0%	\$ 5,739,599	100.0%

Net investment income	Three Months Ended		Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Fixed maturities and short-term investments	\$ 27,535	\$ 36,346	\$ 56,470	\$ 72,101
Cash and cash equivalents	687	311	3,268	897
Securities lending income	8	49	24	119
Total gross investment income	28,230	36,706	59,762	73,117
Investment expenses	(1,736)	(1,897)	(3,293)	(4,009)
Net investment income	\$ 26,494	\$ 34,809	\$ 56,469	\$ 69,108

Annualized effective investment yield (a)	1.76%	2.37%	1.90%	2.36%
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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	June 30, 2011 (a)		December 31, 2010 (a)	
	Fair Value	%	Fair Value	%
AAA	\$ 2,237,017	48.6%	\$ 2,946,514	61.2%
AA	400,177	8.7%	428,972	8.9%
A	1,193,431	25.9%	1,077,389	22.3%
BBB	331,145	7.2%	219,523	4.6%
Investment grade	<u>4,161,770</u>	<u>90.4%</u>	<u>4,672,398</u>	<u>97.0%</u>
BB	218,227	4.7%	74,475	1.5%
B	199,649	4.3%	45,660	0.9%
CCC	21,548	0.5%	29,219	0.6%
CC	-	0.0%	-	0.0%
C	-	0.0%	-	0.0%
D/NR	2,340	0.1%	2,115	0.0%
Non-Investment grade	<u>441,764</u>	<u>9.6%</u>	<u>151,469</u>	<u>3.0%</u>
Total fixed maturities	<u>\$ 4,603,534</u>	<u>100.0%</u>	<u>\$ 4,823,867</u>	<u>100.0%</u>

Fixed maturities - Maturity Profile	June 30, 2011		December 31, 2010	
	Fair Value	%	Fair Value	%
Due in one year or less	\$ 431,200	9.4%	\$ 426,167	8.8%
Due after one year through five years	3,015,190	65.5%	3,540,408	73.4%
Due after five years through ten years	343,859	7.5%	206,317	4.3%
Due after ten years	6,600	0.1%	6,534	0.1%
	<u>3,796,849</u>	<u>82.5%</u>	<u>4,179,426</u>	<u>86.6%</u>
Asset-backed and mortgage backed securities	806,685	17.5%	644,441	13.4%
Total fixed maturities	<u>\$ 4,603,534</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)	June 30, 2011		
	Fair Value (b)	S&P Rating (c)	% of Total Cash and Investments
JP Morgan Chase & Co	\$ 67,820	A+	1.1%
Morgan Stanley	65,851	A	1.1%
Verizon Communications Inc	57,687	A-	0.9%
Citigroup Inc	49,807	A	0.8%
Bank of America Corp	49,469	A	0.8%
BP PLC	44,230	A	0.7%
Pepsico Inc	44,084	A-	0.7%
Hewlett-Packard Company	43,016	A	0.7%
General Electric Co	42,418	AA+	0.7%
Anheuser-Busch Inbev NV	41,818	A-	0.7%
Total	<u>\$ 506,200</u>		<u>8.2%</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	\$ 65,090	\$ 12,742	\$ 13,694	\$ -	\$ 91,526
2005	8,441	34,326	7,451	-	50,218
2006	5,162	11,863	8,146	-	25,171
2007	578	44,644	48,196	-	93,418
2008	15,749	30,940	4,612	-	51,301
2009	56,065	40,665	15,954	-	112,684
2010	25,335	14,316	-	1,403	41,054
2011	-	-	5,561	-	5,561
Total Agency RMBS	\$ 176,420	\$ 189,496	\$ 103,614	\$ 1,403	\$ 470,933



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	\$ -	\$ 1,167	\$ -	\$ 1,450	\$ 1,290	\$ -	\$ 3,907
2005	-	194	-	-	6,645	18,584	25,423
2006	-	-	-	-	-	10,549	10,549
2007	-	-	-	2,570	615	5,090	8,275
2010	-	3,069	-	-	-	-	3,069
Total Non-Agency RMBS	-	4,430	-	4,020	8,550	34,223	51,223
Commercial Mortgage-Backed Securities							
Vintage year							
2004 and prior	-	5,792	-	-	-	-	5,792
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	2,464	-	-	-	-	2,464
2008	-	-	-	-	-	-	-
Total Commercial Mortgage-Backed Securities	-	8,256	-	-	-	-	8,256
Total Non-agency RMBS and Commercial MBS	-	12,686	-	4,020	8,550	34,223	59,479
Asset-Backed Securities							
Sub-Prime	-	-	-	1,164	-	-	1,164
Credit Cards	-	48,527	12,338	-	-	-	60,865
Autos	-	130,065	-	-	-	-	130,065
Student Loan	-	79,757	-	-	-	-	79,757
Equipment Loan	-	3,176	-	-	-	-	3,176
Stranded Cost & UK ABS	-	1,246	-	-	-	-	1,246
Total Asset-Backed Securities	-	262,771	12,338	1,164	-	-	276,273

Notes:

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



Validus Holdings, Ltd.

Capitalization

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

Capitalization	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010
Borrowings drawn under credit facility	\$ -	\$ -	\$ -	\$ -	\$ -
Senior Notes (a)	246,928	246,901	246,874	246,847	246,820
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>536,728</u>	<u>536,701</u>	<u>536,674</u>	<u>536,647</u>	<u>536,620</u>
Ordinary shares, capital and surplus available to Validus	3,412,836	3,319,819	3,510,286	3,766,230	3,609,652
Accumulated other comprehensive (loss)	(4,519)	(4,498)	(5,455)	(4,945)	(6,726)
Noncontrolling interest	<u>134,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total shareholders' equity	<u>3,543,212</u>	<u>3,315,321</u>	<u>3,504,831</u>	<u>3,761,285</u>	<u>3,602,926</u>
Total capitalization (c)	<u>\$ 4,079,940</u>	<u>\$ 3,852,022</u>	<u>\$ 4,041,505</u>	<u>\$ 4,297,932</u>	<u>\$ 4,139,546</u>
Debt to total capitalization	<u>13.2%</u>	<u>13.9%</u>	<u>13.3%</u>	<u>12.5%</u>	<u>13.0%</u>
Debt (excluding JSDs) to total capitalization	<u>6.1%</u>	<u>6.4%</u>	<u>6.1%</u>	<u>5.7%</u>	<u>6.0%</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 July 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	\$ 299,490	\$ 530,619	\$ 735,236	\$ 968,119	\$ 1,876,858
California	Earthquake	43,167	147,272	268,246	452,369	1,759,771
Europe	Windstorm	160,296	353,396	534,762	722,282	1,437,646
Japan	Earthquake	84,545	157,382	186,775	263,224	706,676
Japan	Typhoon	86,080	173,617	228,297	285,691	663,836

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 Months	
			Estimated Consolidated (Validus Re and Talbot) Net Loss	Consolidated Net Premiums Earned
Terrorism	Rockefeller Center	Midtown Manhattan suffers a 2-tonne conventional bomb blast	\$ 219.9	12.8%
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	8.4%
Marine	Loss of major complex	Total loss to all platforms and bridge links of a major oil complex	228.2	13.3%
Aviation	Aviation collision	Collision of two aircraft over a major city	69.9	4.1%
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	2.4%
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.

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 (Loss) available (attributable) to Validus, Net Operating Income (Loss) per share available (attributable) to Validus and Annualized Net Operating Return on Average Equity

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

	Three Months Ended		Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Net income (loss) available (attributable) to Validus	\$ 109,884	\$ 179,782	\$ (62,480)	\$ 61,404
Adjustments for:				
Net realized (gains) on investments	(11,552)	(12,441)	(17,931)	(23,839)
Net unrealized (gains) on investments	(18,526)	(41,640)	(5,698)	(57,053)
Foreign exchange losses	1,991	4,099	2,458	12,863
Net operating income (loss) available (attributable) to Validus:	\$ 81,797	\$ 129,800	\$ (83,651)	\$ (6,625)
less: Dividends and distributions declared on outstanding warrants	(1,966)	(1,749)	(3,950)	(3,498)
Net operating income (loss) available (attributable) to Validus, adjustec	<u>\$ 79,831</u>	<u>\$ 128,051</u>	<u>\$ (87,601)</u>	<u>\$ (10,123)</u>
Net income (loss) per share available (attributable) to Validus - diluted	\$ 1.05	\$ 1.44	\$ (0.68)	\$ 0.46
Adjustments for:				
Net realized (gains) on investments	\$ (0.11)	(0.10)	(0.18)	(0.19)
Net unrealized (gains) on investments	\$ (0.18)	(0.33)	(0.06)	(0.45)
Foreign exchange losses	\$ 0.02	0.03	0.03	0.10
Net operating income (loss) per share available (attributable) to Validus - dilutec	<u>\$ 0.78</u>	<u>\$ 1.04</u>	<u>\$ (0.89)</u>	<u>\$ (0.08)</u>
Weighted average number of common shares and common share equivalents	<u>104,562,450</u>	<u>125,152,300</u>	<u>98,165,132</u>	<u>128,182,164</u>
Average shareholders' equity	<u>\$ 3,361,819</u>	<u>\$ 3,681,246</u>	<u>\$ 3,409,490</u>	<u>\$ 3,797,870</u>
Annualized net operating return on average equity	<u>9.7%</u>	<u>14.1%</u>	<u>-4.9%</u>	<u>-0.3%</u>