

A vibrant, painterly landscape of a coastal town. In the foreground, there are rocky outcrops and lush greenery. The middle ground features a large body of water with a prominent bridge spanning across it. The background shows a town with colorful buildings and a clear blue sky with some clouds.

Validus Holdings, Ltd.

Investor Presentation

First Quarter 2017

www.validusholdings.com



Cautionary Note Regarding Forward-looking Statements

This presentation may include forward-looking statements, both with respect to us and our industry, that reflect our current views with respect to future events and financial performance. Statements that include the words “expect,” “intend,” “plan,” “believe,” “project,” “anticipate,” “will,” “may” and similar statements of a future or forward-looking nature identify forward-looking statements. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in such statements and, therefore, you should not place undue reliance on any such statements. We believe that these factors include, but are not limited to, the following: 1) unpredictability and severity of catastrophic events; 2) rating agency actions; 3) adequacy of Validus Holdings, Ltd.’s (“Validus” or the “Company”) risk management and loss limitation methods; 4) cyclical nature of demand and pricing in the insurance and reinsurance markets; 5) statutory or regulatory developments including tax policy, reinsurance and other regulatory matters; 6) Validus’ ability to implement its business strategy during “soft” as well as “hard” markets; 7) adequacy of Validus’ loss reserves; 8) continued availability of capital and financing; 9) retention of key personnel; 10) competition; 11) potential loss of business from one or more major insurance or reinsurance brokers; 12) Validus’ ability to implement, successfully and on a timely basis, complex infrastructure, distribution capabilities, systems, procedures and internal controls, and to develop accurate actuarial data to support the business and regulatory and reporting requirements; 13) general economic and market conditions (including inflation, volatility in the credit and capital markets, interest rates and foreign currency exchange rates); 14) the integration of businesses Validus may acquire or new business ventures Validus may start; 15) the effect on Validus’ investment portfolios of changing financial market conditions including inflation, interest rates, liquidity and other factors; 16) acts of terrorism or outbreak of war; and 17) availability of reinsurance and retrocessional coverage, as well as management’s response to any of the aforementioned factors.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and elsewhere, including the Risk Factors included in our most recent reports on Form 10-K and Form 10-Q and other documents on file with or furnished to the U.S. Securities and Exchange Commission (“SEC”). Any forward-looking statements made in this presentation are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us or our business or operations. Except as required by law, we undertake no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Validus – Key Accomplishments

- Since its founding in 2005, Validus has expanded its platform to include a U.S. specialty insurer, Lloyd's syndicate, third party reinsurance asset manager and global reinsurer
- The diversified portfolio as measured by gross premium written is comprised of 47% insurance and 53% reinsurance for the 12 months ended March 31, 2017
- Business plan since formation has been to focus on short-tail lines with strategic diversification into select longer-tail classes
- Maintained a focus on underwriting profits in conjunction with a strong balance sheet
- Profitable in all 11 years of operation, 2006 through 2016
- Delivered outstanding financial results since 2007 IPO as measured by growth in book value per diluted common share plus accumulated dividends
- Active capital management, returning \$3.92 billion to investors through repurchases and dividends from Validus' 2007 IPO through May 3, 2017

Validus Group of Companies



Validus Research – Provides Analytical Support Across All Platforms

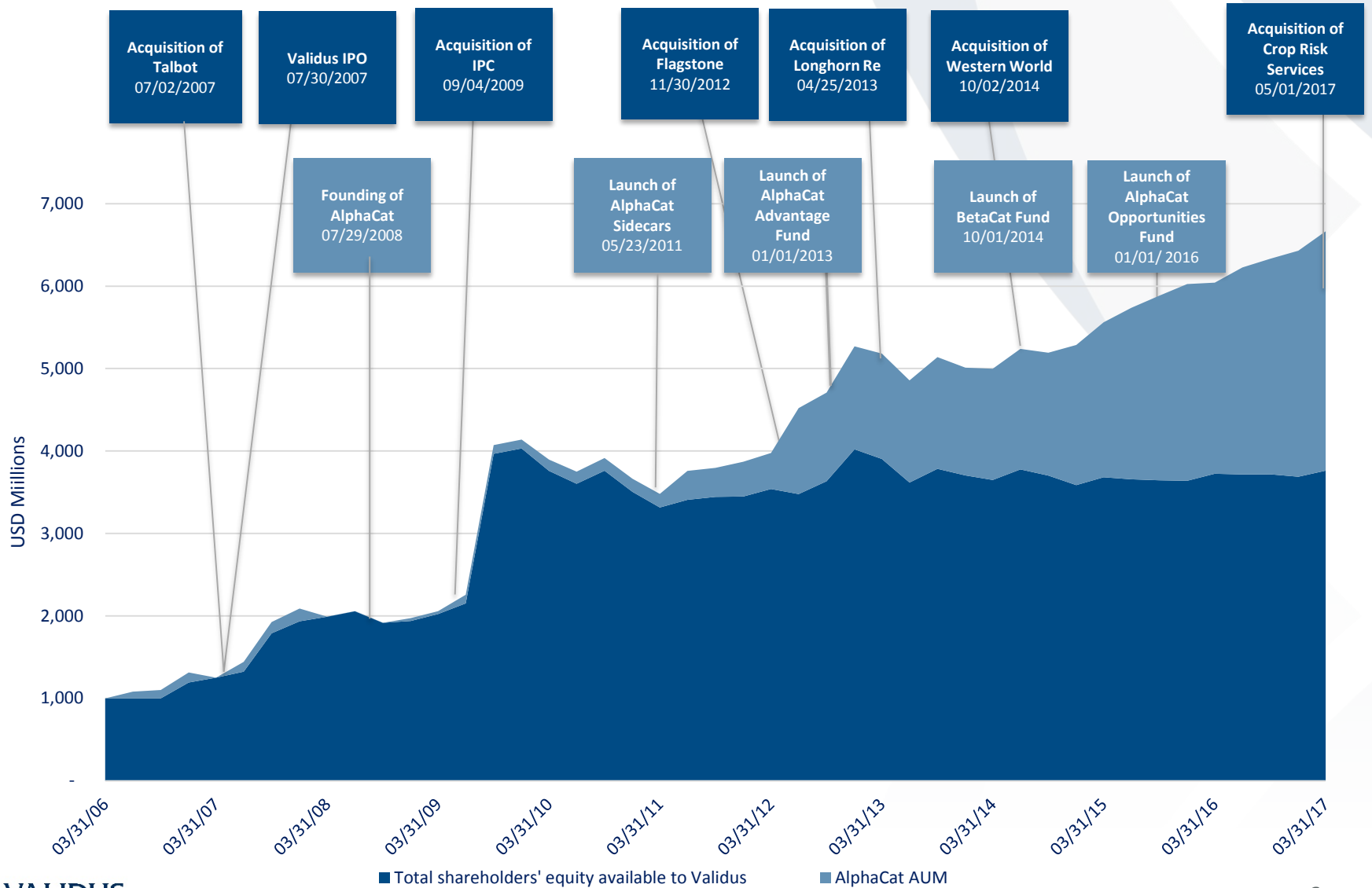


1) Assets under management (AUM) of \$2.9 billion includes \$2.7 billion of third party investment and \$0.2 billion of related party investment.

Validus Research - Depth of Resources

- **Research**
 - Validus Group's thought leader in catastrophe risk quantification and model development
 - Post-Doctoral expertise in physical and data sciences including seismology, atmospheric sciences, hydrology, structural engineering, and statistics
 - Responsibility for the Validus View of Risk – derived from independent research/validation with the agility to reflect latest science and experience in a responsive way
- **Catastrophe Modeling**
 - Rigorous analyses/investigations of insurance/reinsurance transactions with a heavy focus on exposure data quality
 - Over 60 years of combined catastrophe modeling experience applying and evolving industry best practice
- **Software Engineering**
 - Continuous evolution of our core underwriting, portfolio and risk management systems, including the Validus Capital Allocation and Pricing System (VCAPS)

Validus Market Footprint of \$6.7 Billion USD: Shareholders' Equity Available to Validus + AlphaCat AUM



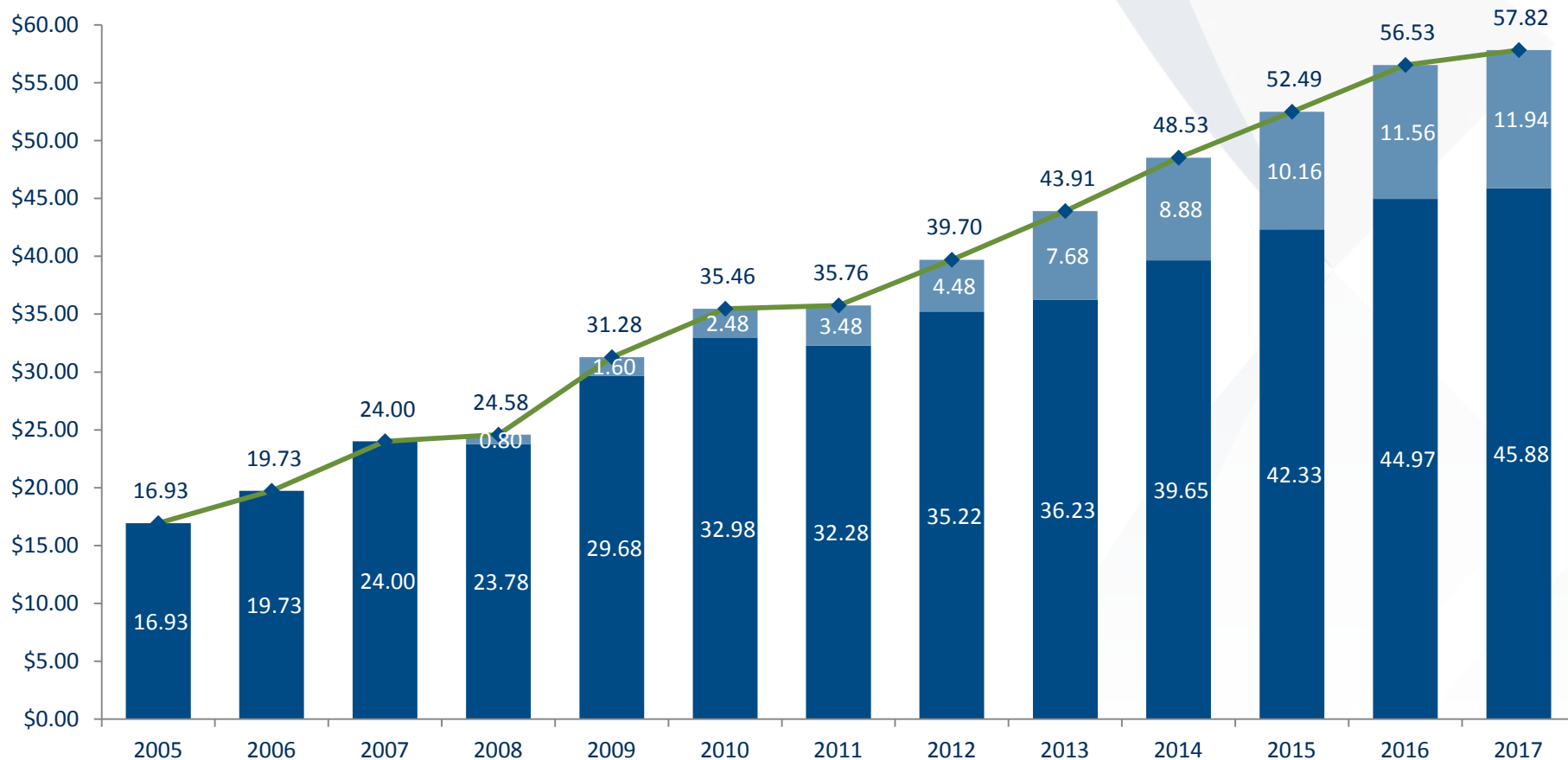
Validus Global Operating Platform

Global operations with offices in Bermuda, United States, United Kingdom, Australia, Canada, Chile, Malaysia, Singapore, Switzerland and United Arab Emirates



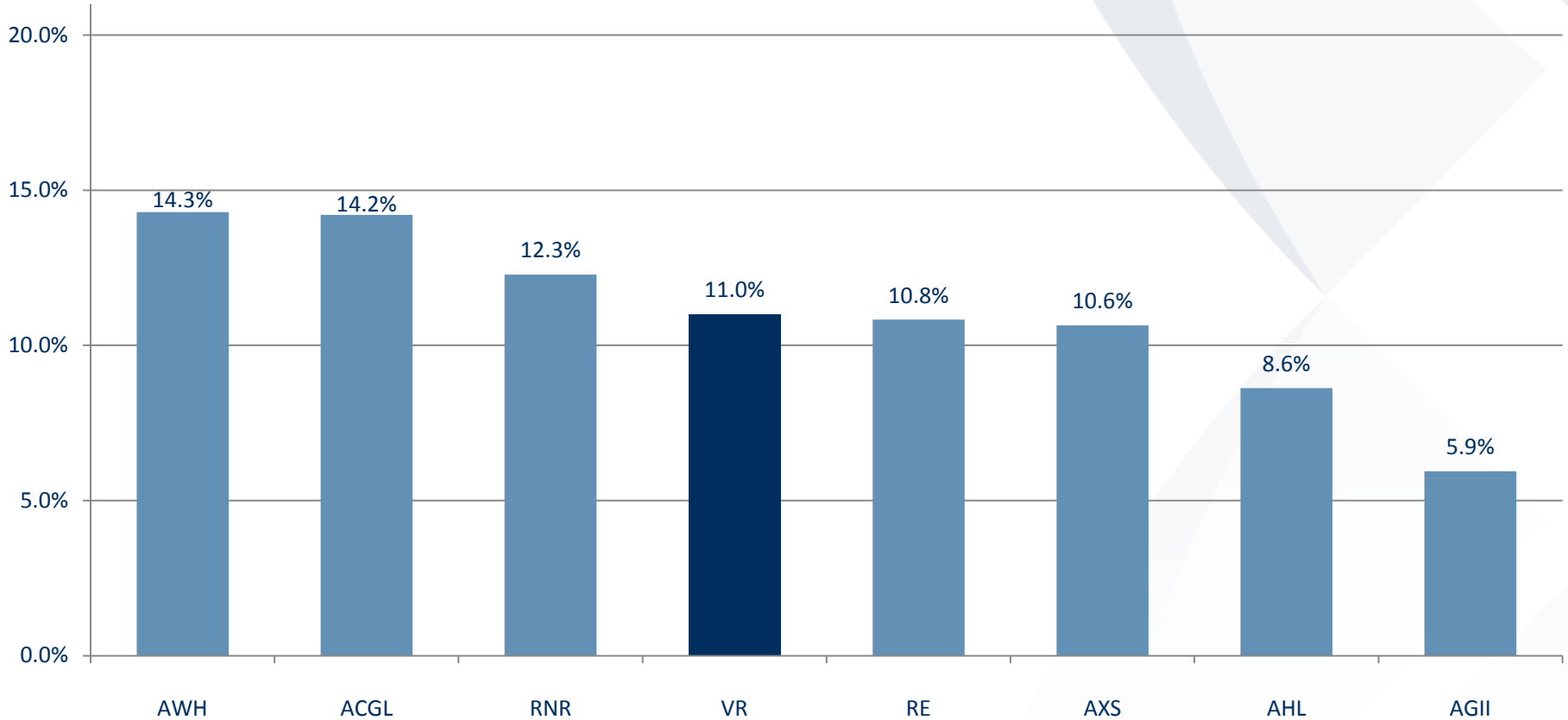
Growth in Book Value Per Diluted Share Plus Accumulated Dividends

11.5% Compound Annual Growth in Diluted BVPS Plus Accumulated Dividends from Company Formation Through March 31, 2017



Compound Growth in Book Value per Diluted Share Versus Peers

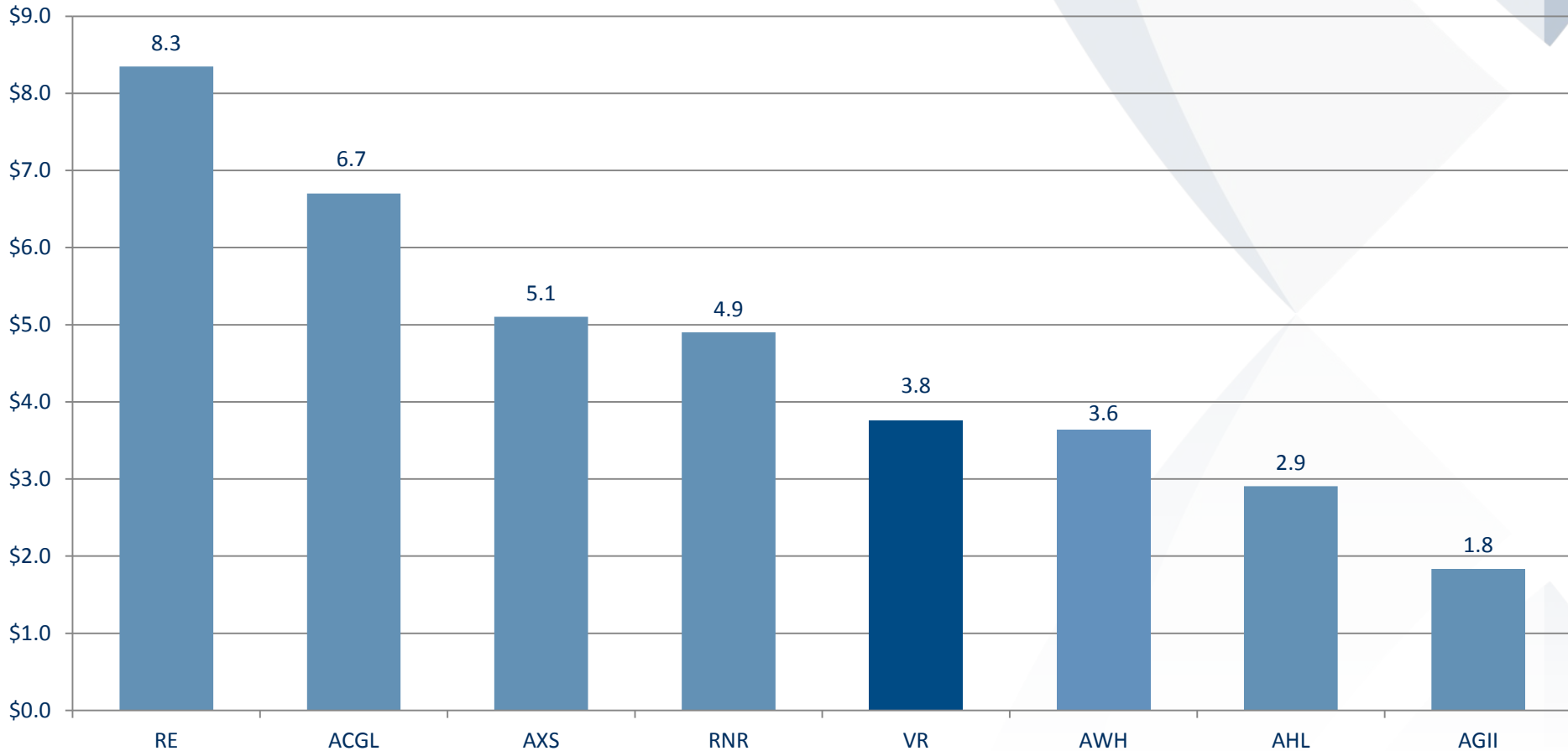
From VR IPO Through March 31, 2017



- 1) Source: SNL Financial.
- 2) VR starting point is Pro Forma diluted BVPS at September 30, 2007 of \$20.89 as disclosed in the VR IPO Prospectus.
- 3) Book value per diluted share calculation includes impact of quarterly and special dividends.

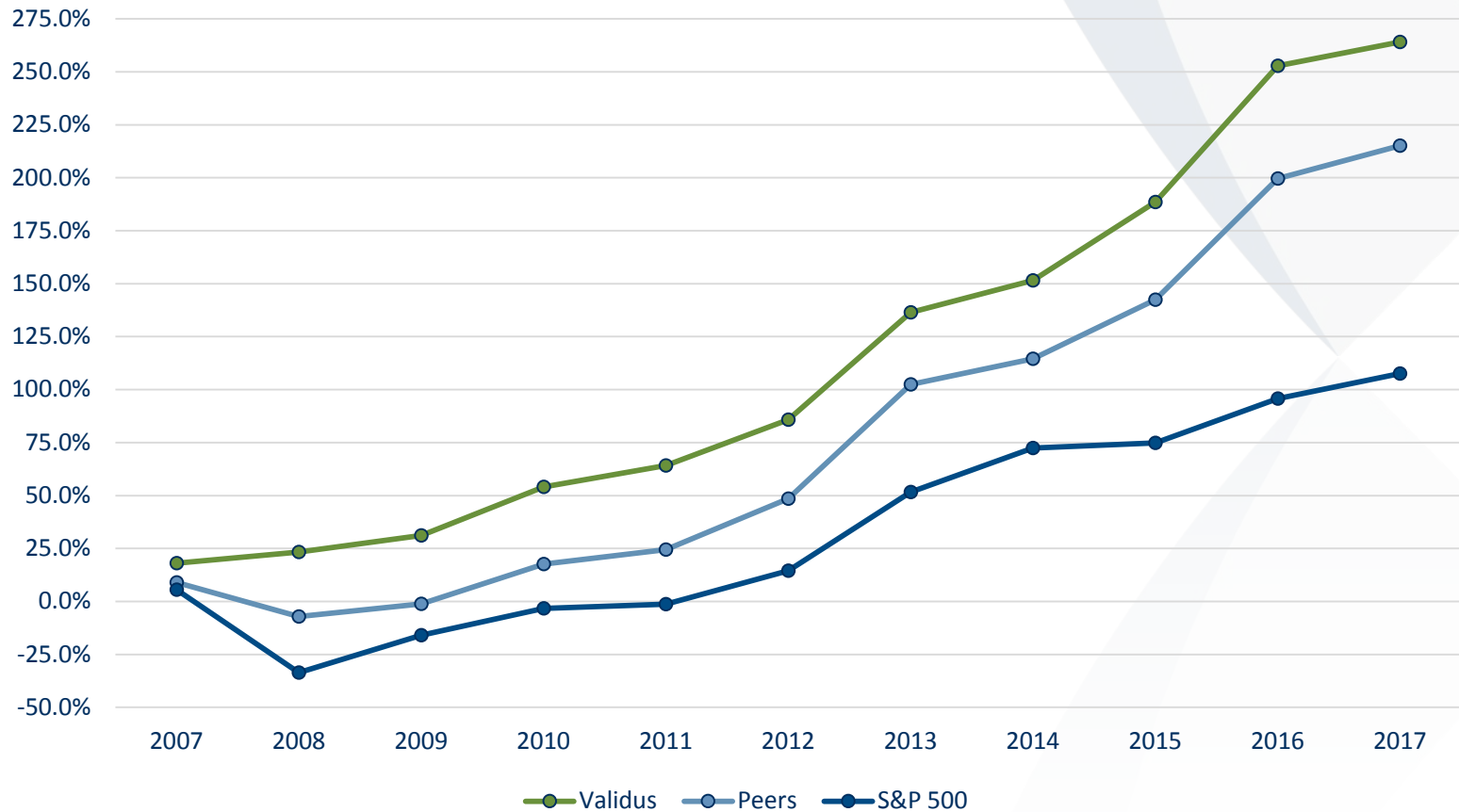
Validus Common Shareholders' Equity vs. Selected Peers

Peer Comparison – Q1 2017 Common Shareholders' Equity in \$US Billions



Validus Stock Total Return Versus Peers and S&P 500

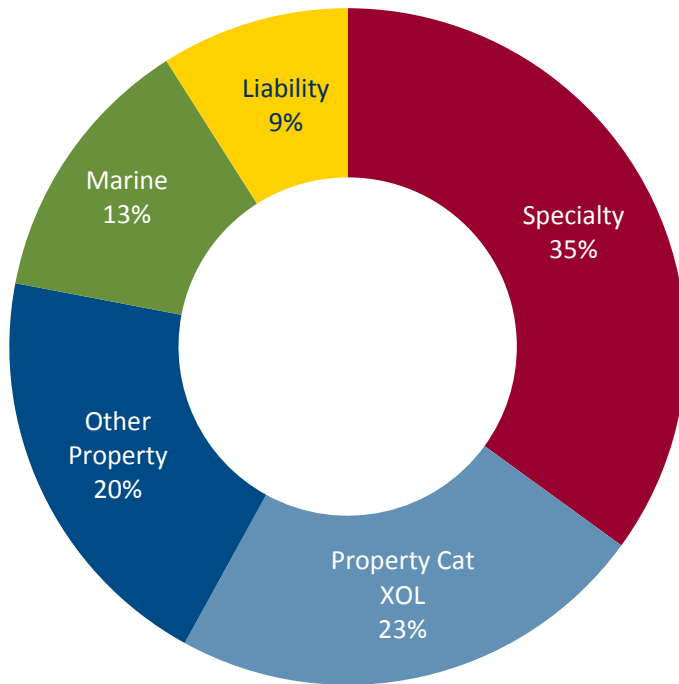
From VR IPO Through March 31, 2017



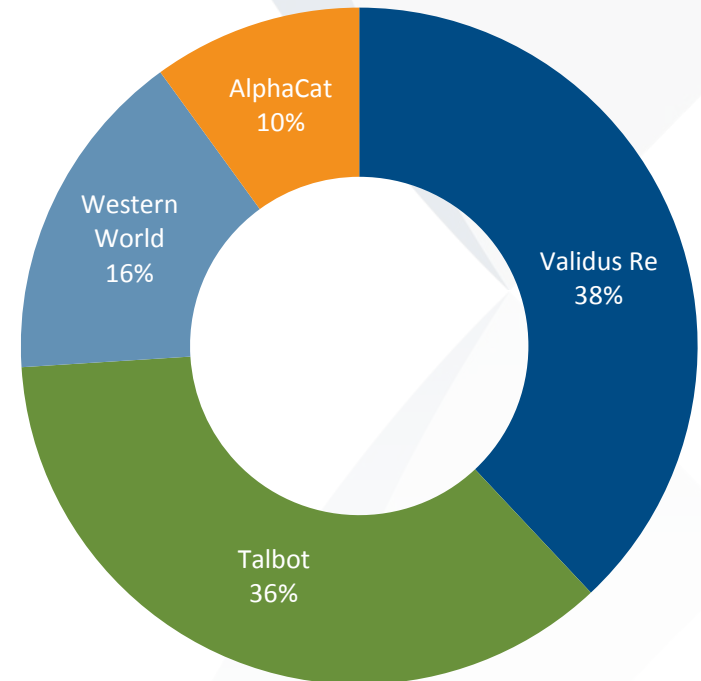
- 1) Source: SNL Financial.
- 2) Peer group includes: AWH, ACGL, AGII, AHL, AXS, RE and RNR.
- 3) Starting point of chart is January 1, 2007.

Validus Mix of Business

Gross Premium Written of \$2.7 Billion – Last 12 months to March 31, 2017



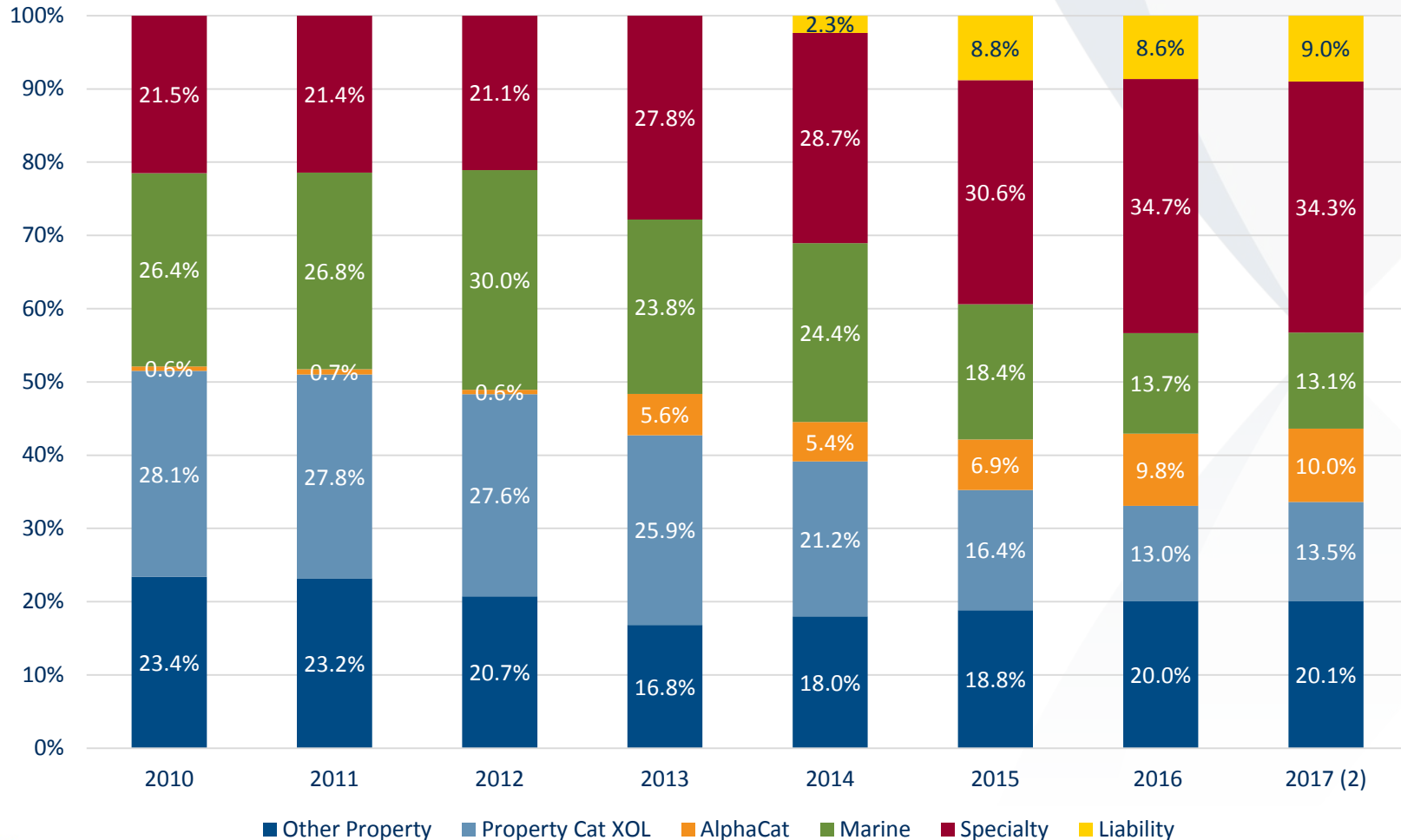
By Class of Business



By Operating Segment

Business Mix Development from 2010 to Today

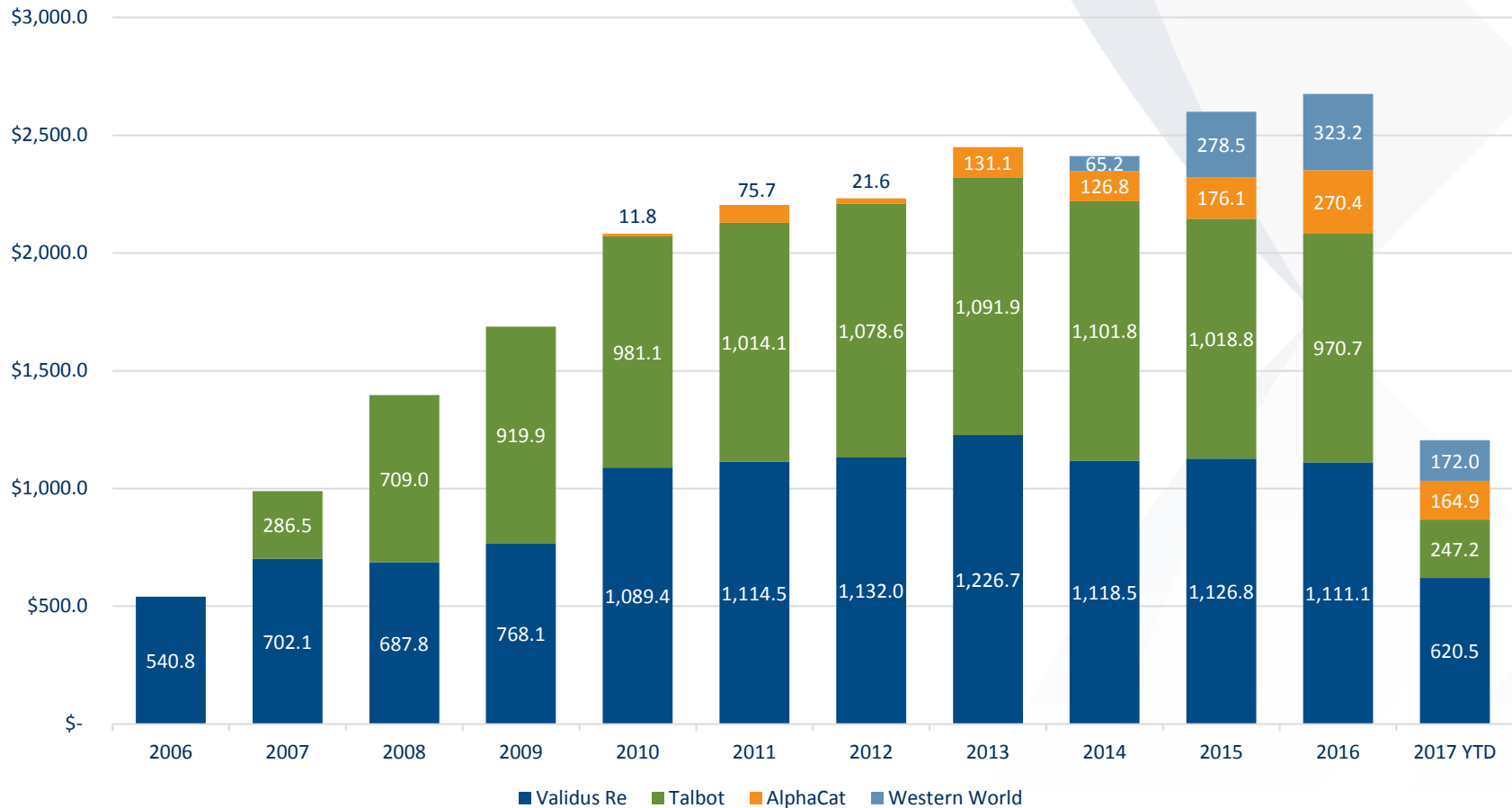
Mix Shift = More Specialty, Less Cat XOL and Marine



1) Business mix based on gross premiums written net of intersegment eliminations.
 2) All data points are as of December 31, except for 2017 which is for the last 12 months as at March 31, 2017.

Validus – Growth and Diversification

Gross Premiums Written in \$US Millions – 2006 to Year to Date (“YTD”) 2017



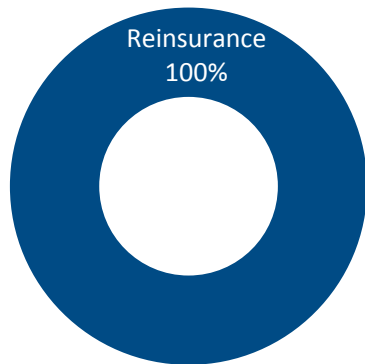
- 1) 2014 Gross Premiums Written for Western World cover the time period from the acquisition by Validus on October 2, 2014 through December 31, 2014.
- 2) The table above excludes inter-segment eliminations.
- 3) All data points are as of December 31, except for 2017 which is as of March 31.

Validus - Adapting to Market Demand

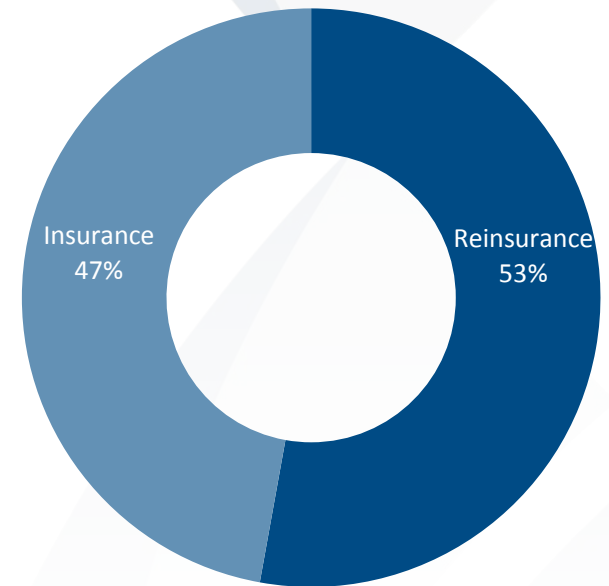
Growth and Diversification in VR's Business Since Inception

2006 GPW⁽¹⁾
\$540.8 million

2017 GPW⁽²⁾
\$2,666.8 million

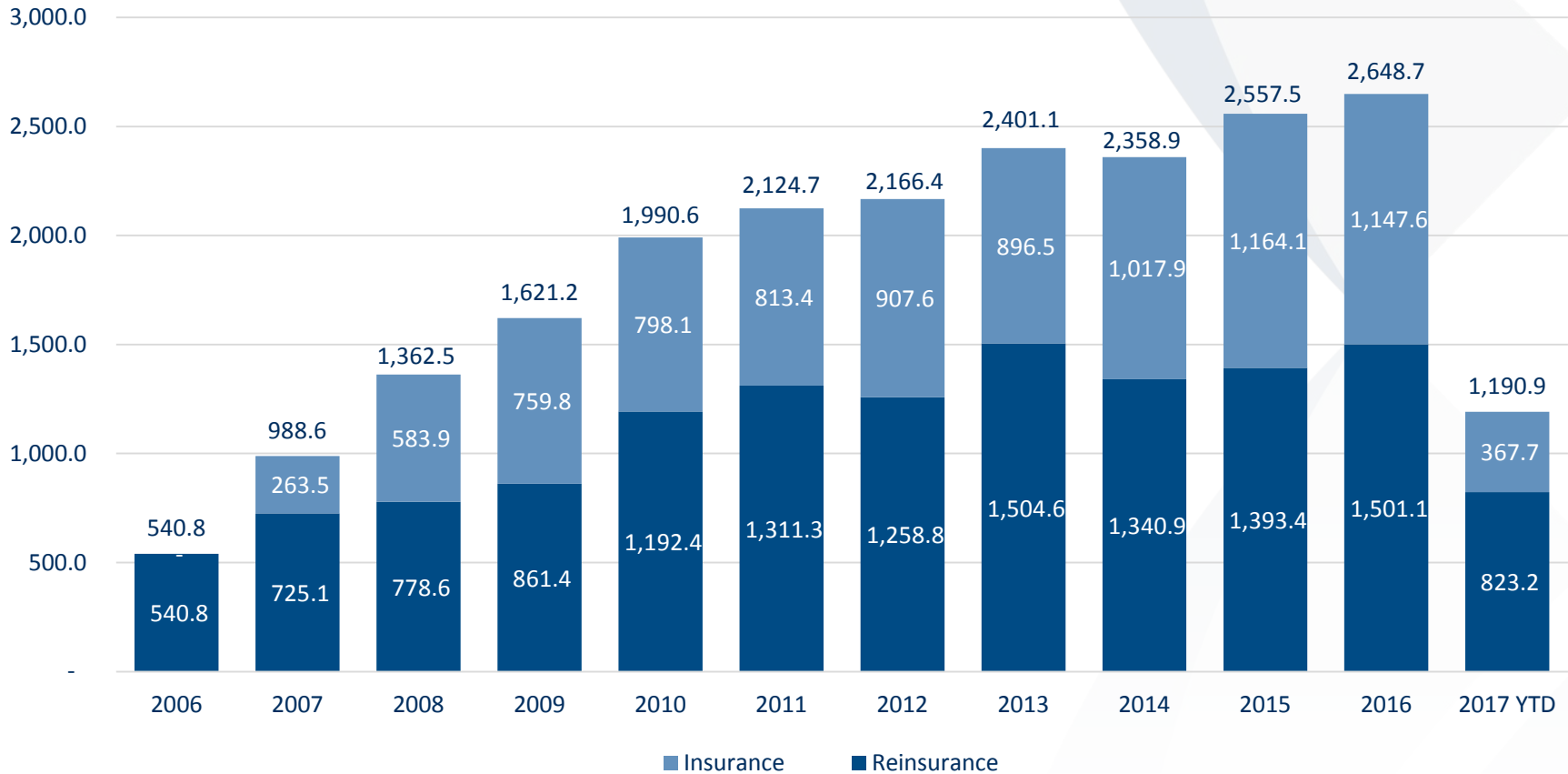


- Significant growth in GPW through acquisitions of:
 - 2007 – Talbot
 - 2009 – 2012: IPCRe, Flagstone, Longhorn Re
 - 2014 – Western World
 - 2017 – Crop Risk Services⁽³⁾
- Improved portfolio balance in insurance through Talbot and Western World acquisitions
- AlphaCat established in 2008 to capitalize on the insurance linked securities market
- Access to multiple sources of capital to respond to business opportunities as presented



Validus Business Mix – Reinsurance and Insurance

Gross Premiums Written in \$US Millions



- 1) 2006 was the first full year of operations for Validus.
- 2) The above table includes inter-segment eliminations.
- 3) All data points are as of December 31, except for 2017 which is as of March 31.

Insurance Underwriting Income – Validus vs. Bermuda Peers

Insurance Underwriting Income in \$US Millions: 2012 - 2016



- 1) Source: SEC filings and other public disclosures.
- 2) Validus insurance underwriting income includes Western World and Talbot's direct insurance and facultative reinsurance.
- 3) AGII is excluded as they do not disclose underwriting income as insurance / reinsurance.
- 4) RNR is excluded as they are deemed to be all reinsurance.

Underwriting Income – Validus vs. Bermuda Peers

Underwriting Income in \$US Millions: 2012 - 2016



1) Source: SEC filings and other public disclosures.
 2) AGII is excluded as they do not disclose underwriting income as insurance / reinsurance.
 3) RNR is deemed to be all reinsurance.

Q1 2017 Financial Results

Gross premiums written of
\$1.2 billion
(Increase of 169% at Western
World)

Net income available
to Validus common
shareholders of
\$94.6 million and
diluted EPS of **\$1.17**

10.2% ROAE and
8.3% net operating ROAE

83.2% combined ratio
(67.2% at Validus Re, 97.9% at
Talbot and 109.6% at
Western World)

Net operating income
available to Validus
common shareholders of
\$76.8 million and
diluted operating EPS
of **\$0.95**

Book value per
diluted share of **\$45.88**

2.9% growth (including
dividends) in Q1 2017



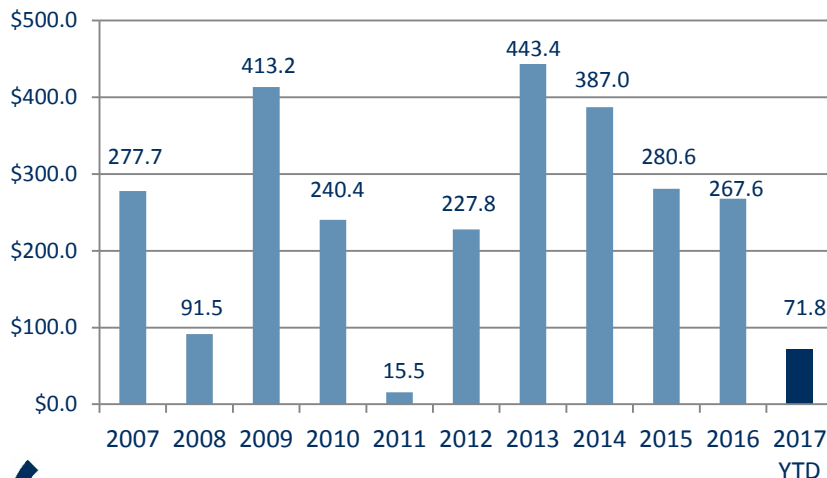
- 1) Validus diluted book value per share, operating income, operating EPS and operating ROAE are non-GAAP financial measures. Please refer to notes on non-GAAP and other financial and exposure measures found in the Appendix hereto.
- 2) ROAE and net operating ROAE calculations are annualized.

Validus Reinsurance Highlights

Validus Re Overview

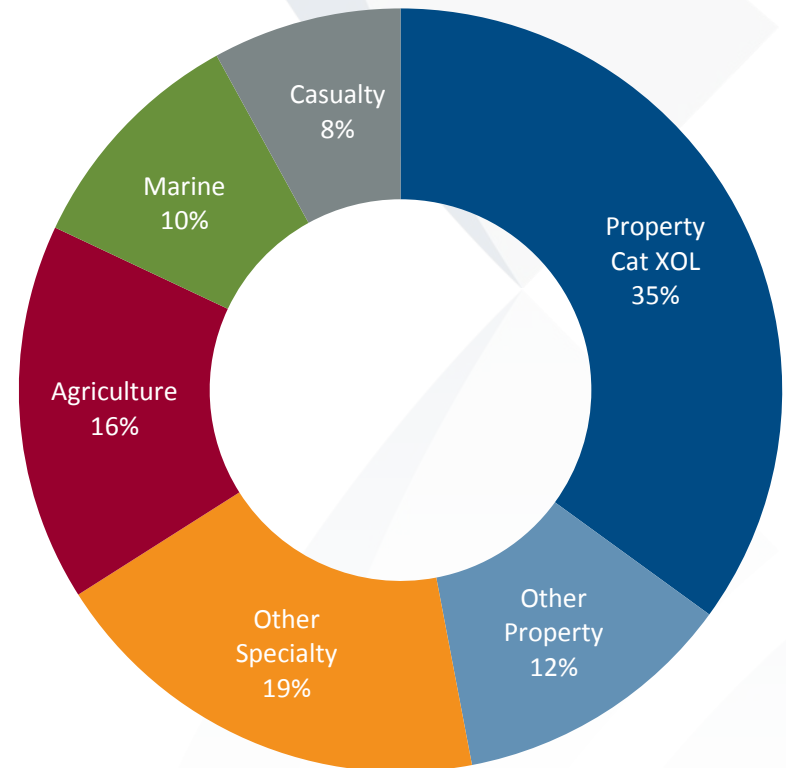
- Validus Re formed in October 2005 as the first operating subsidiary of Validus Holdings, Ltd.
- Headquartered in Bermuda with overseas offices in Asia, Continental Europe and Latin America
- Global provider focused on treaty reinsurance including
 - Property catastrophe
 - Marine and energy
 - Other specialty lines
- A.M. Best rating of A (Stable); S&P Rating of A (Stable)

Net Underwriting Income in \$US Millions



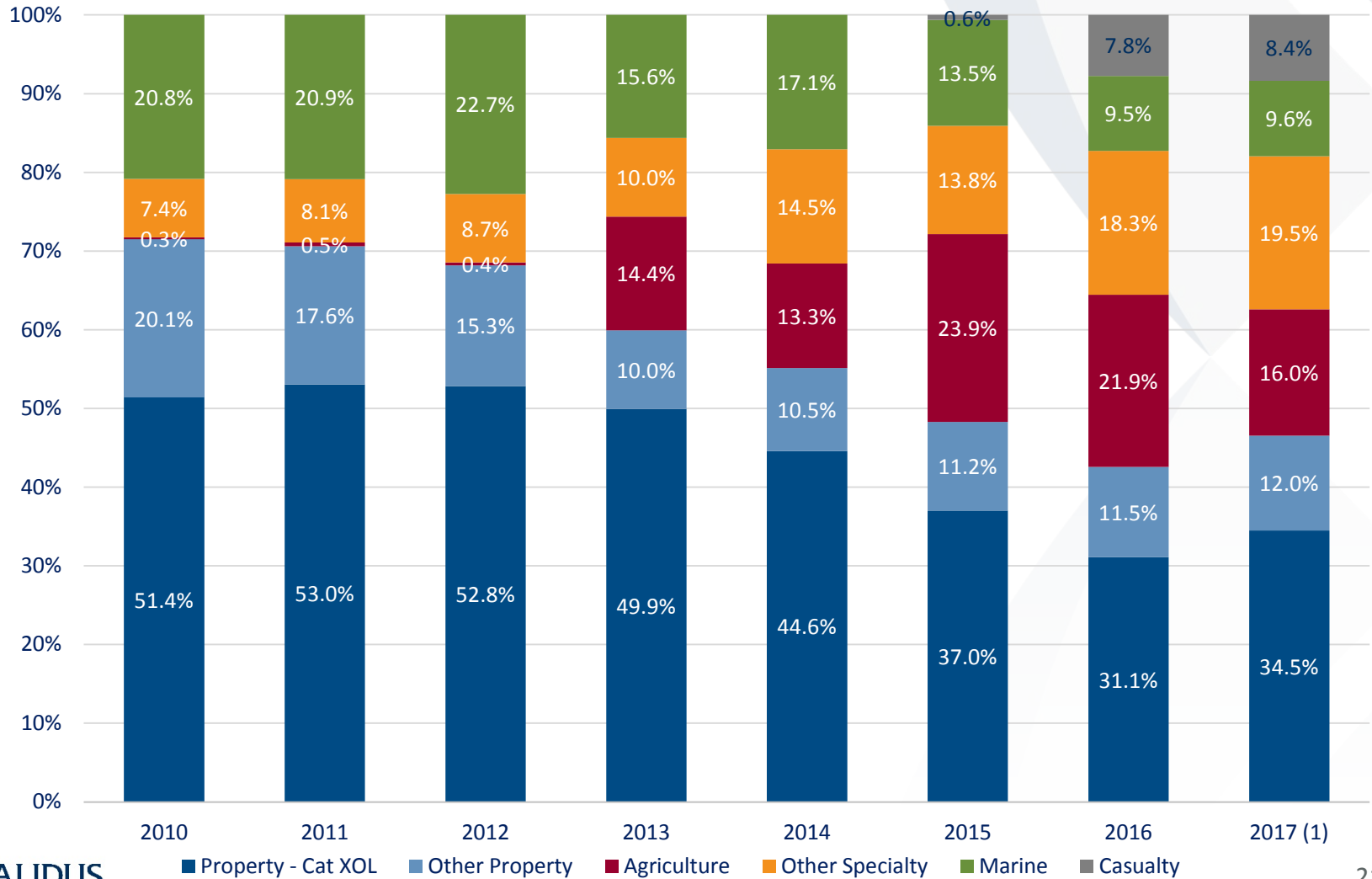
- Validus Re financial information is based on reporting of the Validus Re segment which does not include AlphaCat.
- YTD figures are as of March 31, 2017.
- Other Specialty class includes Aerospace & Aviation, Composite, Contingency, Crisis Management, Financial, Life and A&H, Technical Lines, Terrorism, Trade Credit, and Workers' Compensation. Other Property class includes Per Risk XOL and Proportional.

Gross Premium Written - \$1.0 Billion last 12 months to March 31, 2017



Validus Reinsurance – Business Mix Development

GPW mix by product line



1) All data points are as of December 31, except for 2017 which is for the last 12 months as of March 31, 2017.

AlphaCat Highlights

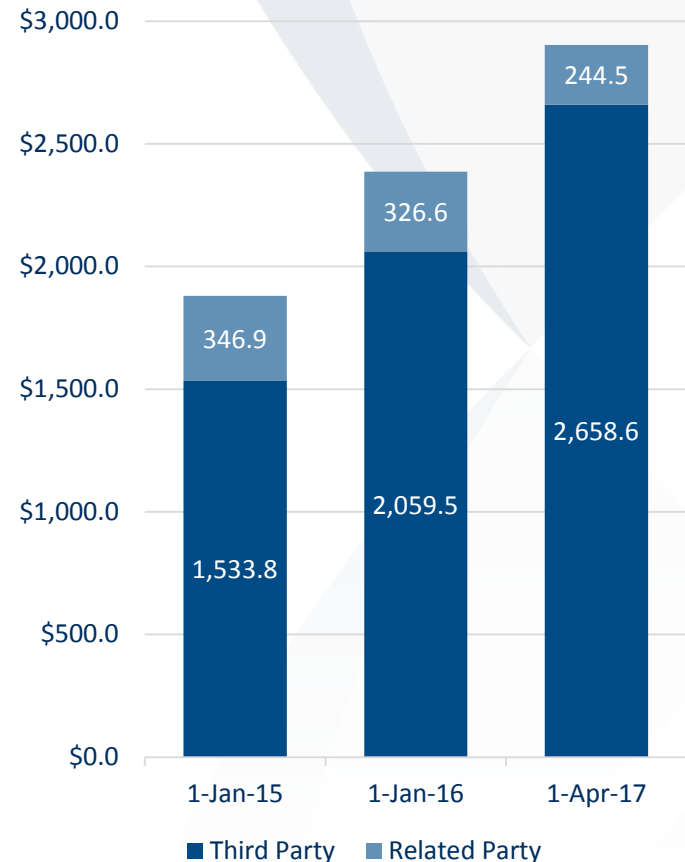
AlphaCat Overview

- Investment advisor managing capital for third parties and Validus in ILS and other property catastrophe and specialty reinsurance investments
- AlphaCat brand was established in 2008
- In 2011, AlphaCat opened access to external investors
- As of April 1, 2017, AlphaCat had \$2.9 billion in assets under management

Q1 2017 Performance

- Generated management fee revenue of \$5.3 million
- Validus' share of AlphaCat income of \$6.1 million

Assets Under Management Expressed in \$US Millions

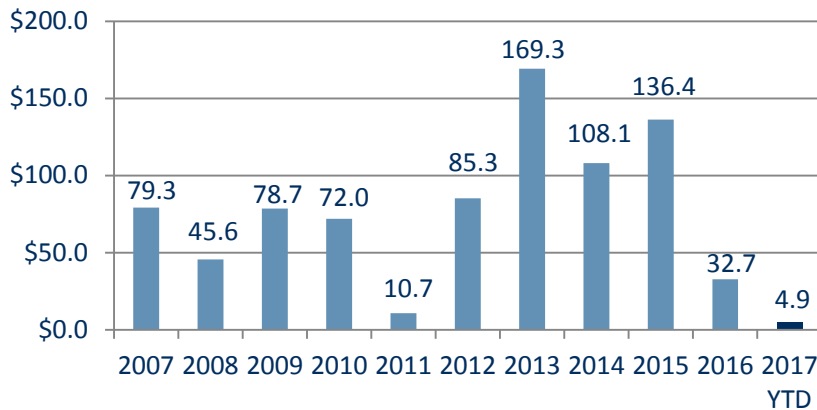


Talbot Highlights

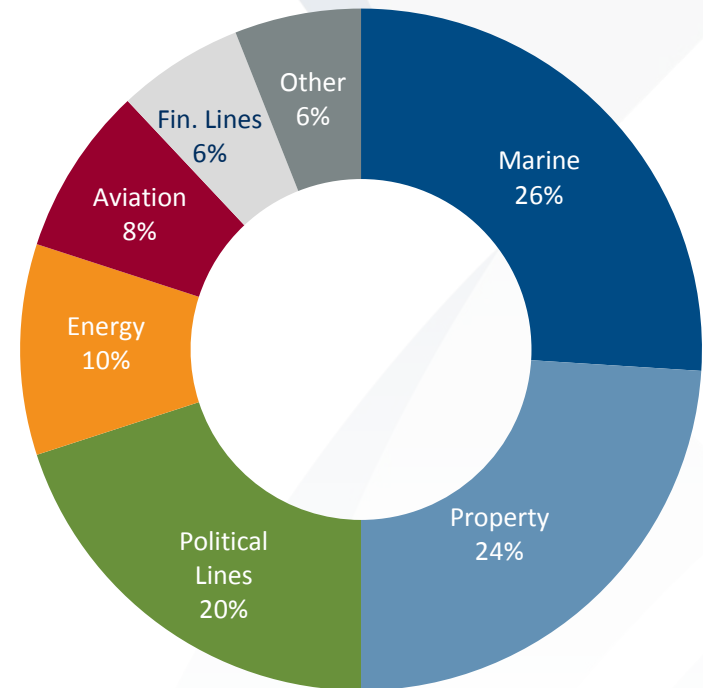
Talbot Overview

- Founded in 2001 and acquired by Validus in 2007
- Significant competitive position
- Focus is on short-tail business with meaningful market position in targeted classes
- By design, Talbot is underweight in Casualty, Casualty Treaty and Property Treaty classes
- Strategically placed offices in international hubs – New York, Miami, Santiago, Dubai, Labuan, Sydney and Singapore

Net Underwriting Income in \$US Millions



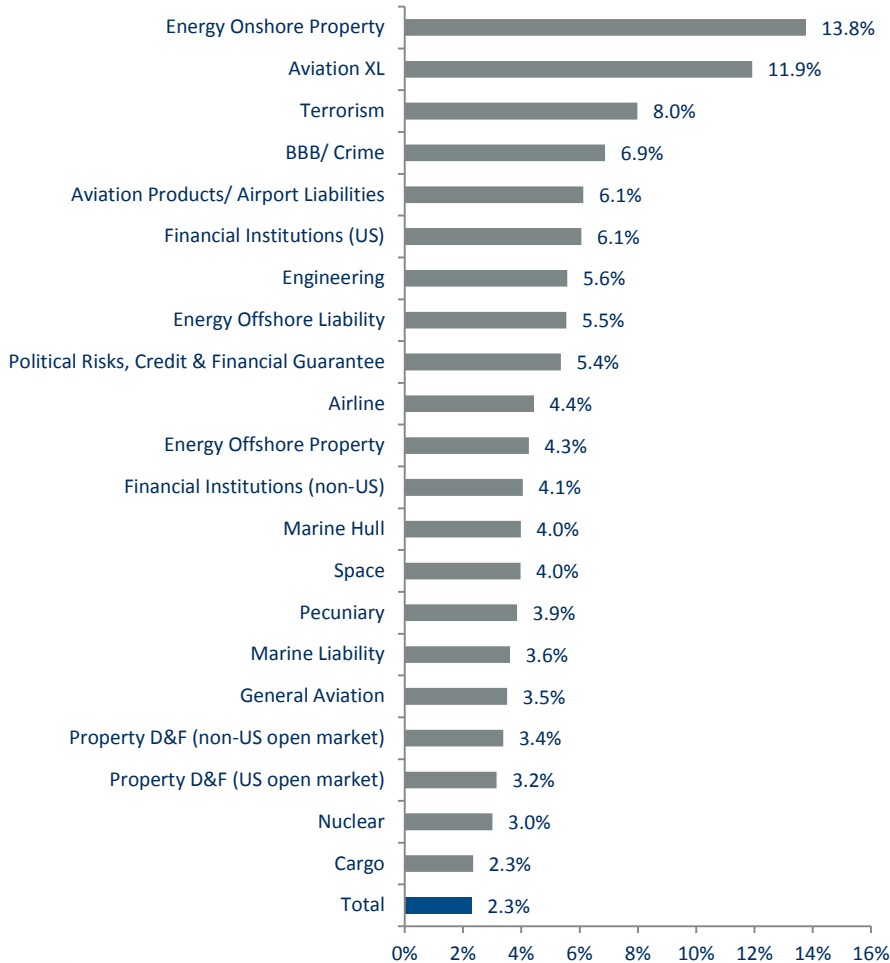
Gross Premium Written - \$951.6 Million last 12 months to March 31, 2017



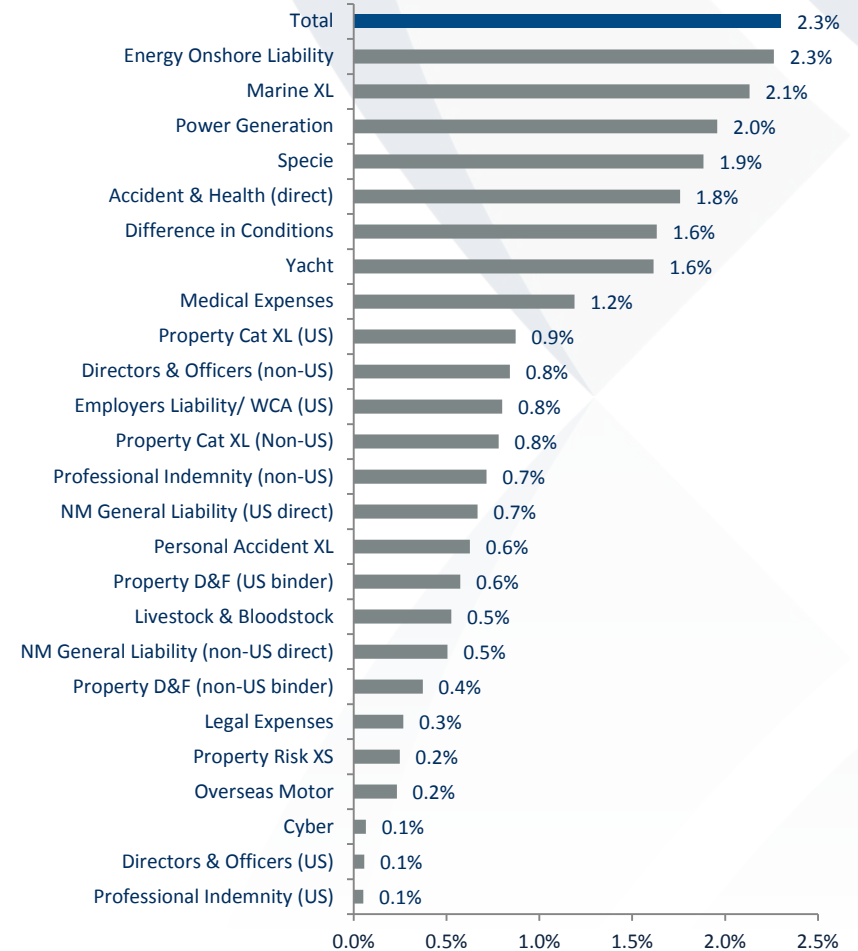
- 1) Talbot financial information is based on reporting of the Talbot segment.
- 2) YTD 2017 figures are as of March 31, 2017.
- 3) Energy is Downstream Energy and Power. Other includes Accident & Health and Contingency lines.

Talbot - Lloyd's Market Share By Class of Business

Key Classes of Business



Underweight Classes of Business



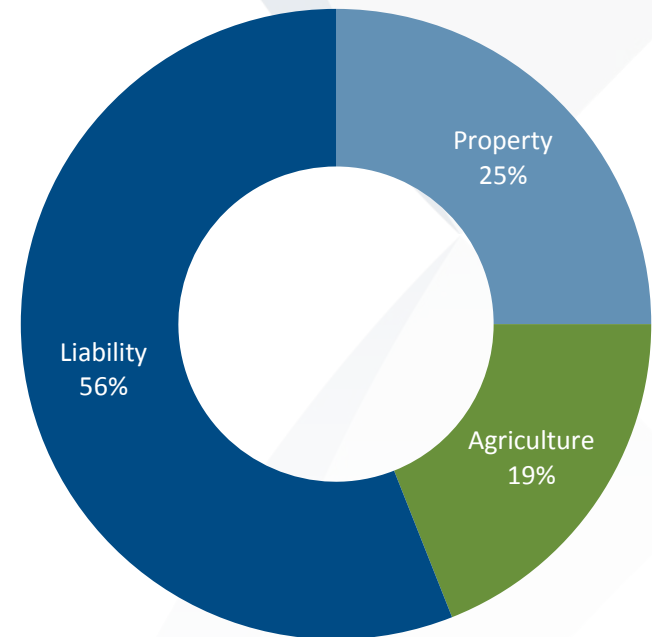
- 1) Source: Lloyd's Franchise Board.
- 2) Percentages are calculated based on 2016 year of account gross premium written.
- 3) Talbot's overall market share in Lloyd's is 2.3% (2.4% in 2015).

Western World Highlights

Western World Overview

- Founded in 1964 and acquired by Validus in 2014
- Focused on US small enterprise business - E&S and admitted
- Contract Binding has been the historical focus - primarily commercial general liability
- Western World Integrated Platform (“WWIP”) is a technological competitive advantage
- Validus ownership provides the resources for expansion into short-tail classes of business:
 - Property: Contract and Brokerage
 - Flood
 - Homeowners’ non-admitted
- Meaningful strategic changes have already been made:
 - Expanded relationships with national wholesalers, e.g. Scottsdale office to service Western states
 - Discontinued lines: Brokerage GL, Commercial Auto and select Programs

Gross Premium Written - \$431.3 Million last 12 months to March 31, 2017



Western World – Class of Business Detail

	Contract Division	Programs	Professional Liability	Property	Specialty
YTD 2017 GPW in \$US MM	\$65	\$7	\$7	\$9	\$84
% of Total	38%	4%	4%	5%	49%
Description	<ul style="list-style-type: none"> General & Professional Liability and Property Coverage on small-to-medium size commercial risks offered in 50 states Distributed through exclusive general agents with binding authority 	<ul style="list-style-type: none"> General, Professional, Liability, Property and Commercial Auto plans Distributed through affinity group program administrators Single-class relationships, generally with 50-state binding authority 	<ul style="list-style-type: none"> Underwrites larger, more complex accounts Distributed through select wholesale brokers Business accepted from 50 states 	<ul style="list-style-type: none"> Commercial E&S Property Insurance "Middle Market," Catastrophe exposed business Distributed through select wholesale brokers Business accepted from 50 states 	<ul style="list-style-type: none"> Specialty represents agriculture premiums written through a quota-share arrangement between Crop Risk Services ("CRS") and Validus Re Switzerland. On January 30, 2017, the Company announced the acquisition of CRS. The results of that quota-share arrangement have been presented within the Western World segment in anticipation of these premiums being written by Western World upon the closing of the transaction
Coverages	<ul style="list-style-type: none"> General & Professional Liability Property (package and monoline) 	<ul style="list-style-type: none"> General Liability & Professional Commercial Auto & APD Property Flood 	<ul style="list-style-type: none"> Professional Liability (Claims Made) 	<ul style="list-style-type: none"> ISO special, broad and basic causes of loss Single Peril (Earthquake, Flood, Wind) Difference in Conditions (DIC) for Earthquake and Flood 	
Business Classes	<ul style="list-style-type: none"> Manufacturers and Contractors Owners, Landlords and Tenants Professional Services / Misc. Malpractice Spectator Events 	<ul style="list-style-type: none"> Hospitality & Habitational Contracted Services Outdoor / Recreation & Amusement Professional Services Residential Flood 	<ul style="list-style-type: none"> Errors & Omissions Management Liability Financial Institutions 	<ul style="list-style-type: none"> Hotel / Motel Habitational Retail Restaurants Offices 	<ul style="list-style-type: none"> Agriculture

Transparent Risk Disclosure – April 1, 2017 Portfolio

Estimated Exposures to Peak Zone Property Catastrophe Losses

(Expressed in thousands of U.S. Dollars)

Probable Maximum Losses by Zone and Peril

Consolidated (Validus Re, Talbot and Western World) Estimated Net Loss

<u>Zones</u>	<u>Perils</u>	<u>20 year return period</u>	<u>50 year return period</u>	<u>100 year return period</u>	<u>250 year return period</u>	<u>Validus Re Net Maximum Zonal Aggregate</u>
United States	Hurricane	274,105	463,689	718,897	1,029,440	1,993,896
California	Earthquake	70,449	211,796	284,597	411,784	1,659,730
Europe	Windstorm	86,428	203,012	260,460	444,018	1,260,047
Japan	Earthquake	55,154	119,637	217,552	280,422	835,615
Japan	Typhoon	68,747	144,820	232,619	266,188	749,615

Peak Zone PML



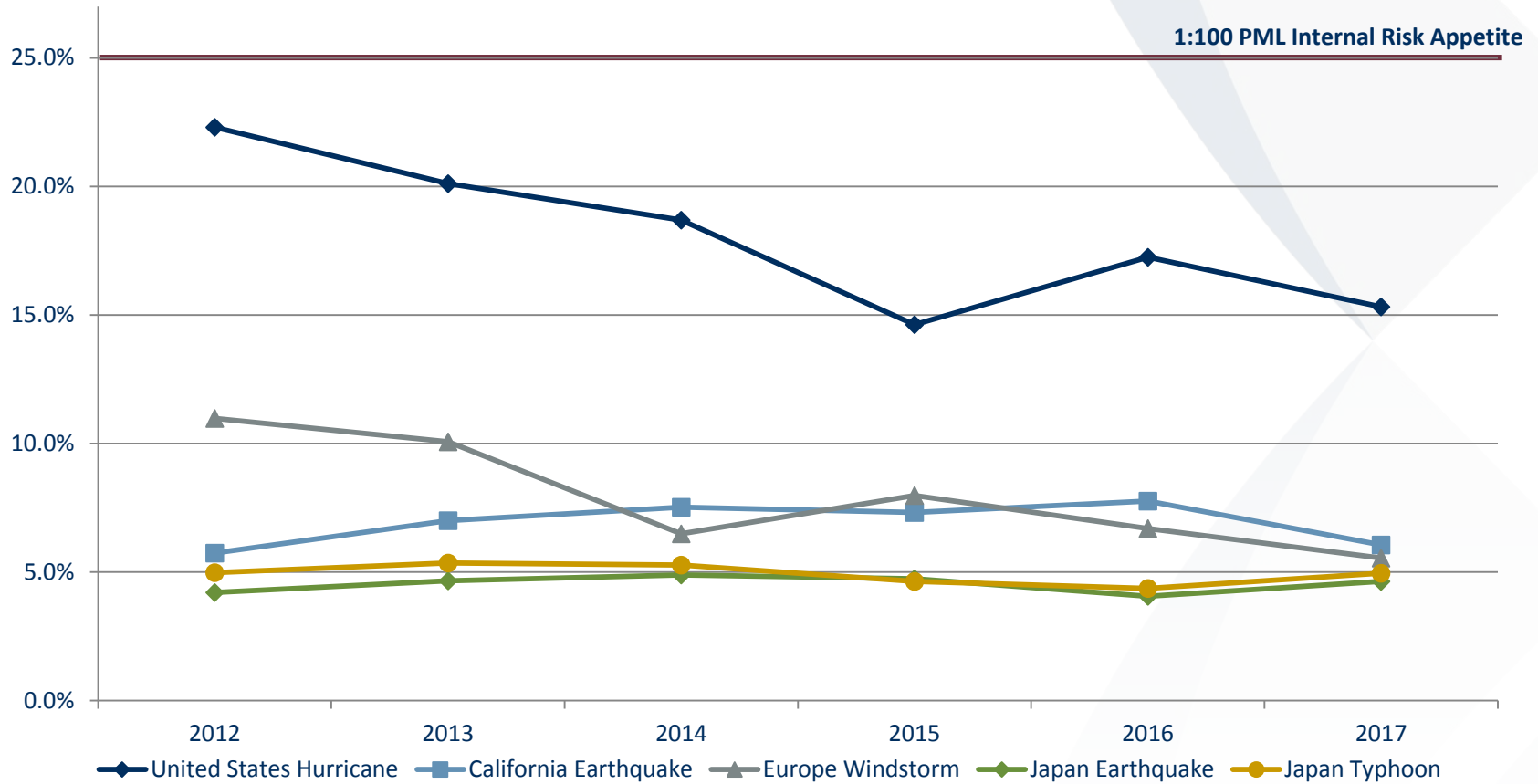
1:100 year PML equal to 15.3% of quarter end capital, 19.1% of shareholders' equity available to Validus



- 1) A full explanation and disclaimer is contained in the notes on non-GAAP and other financial and exposure measures found in the Appendix hereto.
- 2) 1:100 year PML as a % of capital and shareholders' equity is based on United States Hurricane PML.
- 3) Validus Re net maximum zonal aggregate includes Validus share of AlphaCat limits, excludes Western World and the limits supported by the Funds at Lloyd's provided by Validus Re.

Substantial Capital Margin Above Risk Appetites

Net Probable Maximum Loss (1:100) by Zone and Peril Compared to Total Capitalization



- 1) A full explanation and disclaimer is contained in the notes on non-GAAP and other financial and exposure measures found in the Appendix hereto.
- 2) Consolidated (Validus Re, Talbot and Western World) estimated net loss 1:100 year PML as a % of total capitalization and shareholder's equity available to common shareholders.
- 3) Total capitalization equals total shareholder's equity less noncontrolling interests plus Senior Notes and Junior Subordinated Deferrable Debentures.
- 4) All data points are as at January 1, except 2017 which is as at April 1.

Realistic Disaster Scenarios

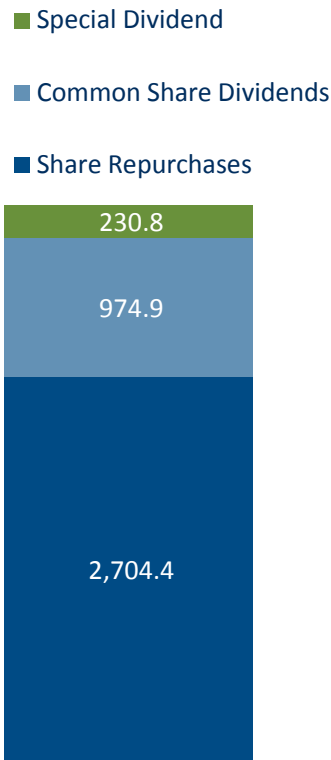
Consolidated (Validus Re, Talbot and Western World) Estimated Exposures to Specified Loss Scenarios - As of January 1, 2017

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

Type	Catastrophe Scenarios	Description	Estimated Consolidated (Validus Re and Talbot and Western World) Net Loss	% of latest 12 Months Consolidated Net Premiums Earned
Marine	Loss of major complex	Total loss to all platforms and bridge links of a major oil complex	\$ 207.9	9.2%
Marine	Major cruise vessel incident	US-owned cruise vessel sunk or severely damaged	133.3	5.9%
Marine	Marine collision	Fully laden tanker collides with a cruise vessel in US waters	85.4	3.8%
Political Risks	South East Asia	Chinese economy has a "hard landing" with sharp fall in growth rates; regional contagion	176.8	7.8%
Political Risks	Russia	The Russian corporate sector struggles to deal with the effects of crashing commodity and stock prices	69.7	3.1%
Political Risks	Turkey	Severe economic crisis in Turkey due to political upheaval	60.4	2.7%
Political Risks	Nigeria	Severe economic, political and social crisis in Nigeria leads to widespread civil unrest	58.1	2.6%
Political Risks	Middle East	US and Iran escalate into military confrontation; regional contagion	90.4	4.0%
Aviation	Aviation collision	Collision of two aircraft over a major city	89.7	4.0%
Satellite	Solar flare	Large single or sequence of proton flares results in loss to all satellites in synchronous orbit	41.3	1.8%
Satellite	Generic defect	Undetected defect in a number of operational satellites causing major loss	23.6	1.0%
Terrorism	Rockefeller Center	Midtown Manhattan suffers a 2-tonne conventional bomb blast	62.1	2.8%
Terrorism	One World Trade Center	Lower Manhattan suffers a 2-tonne conventional bomb blast	19.1	0.8%
Liability	Professional lines	Failure or collapse of a major corporation	28.8	1.3%
Liability	Professional lines	UK pensions mis-selling	14.3	0.6%
Cyber	Major data security breach	Simultaneous cyber-attacks on organizations within one industrial sector; loss of customer data	61.3	2.7%

Validus – Active Capital Management

Capital Management Inception to Date of \$3.92 Billion⁽¹⁾



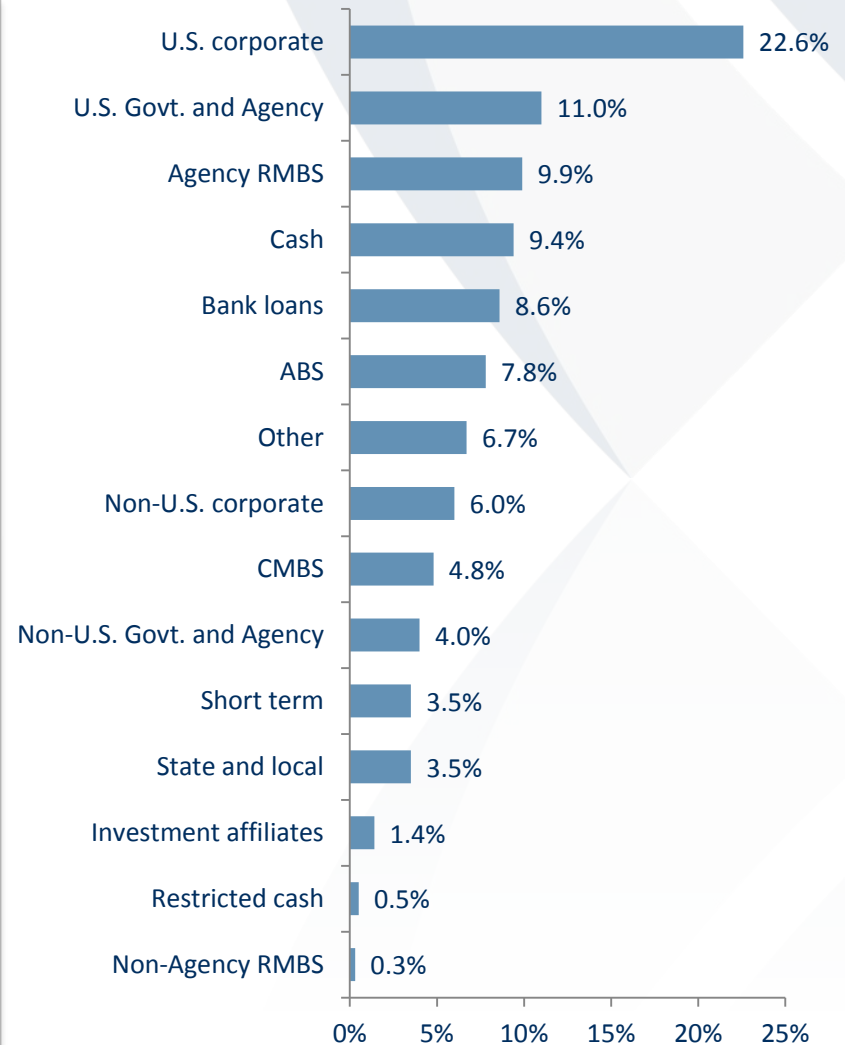
Expressed in millions of U.S. Dollars

Capital Management

- On Feb 3, 2015 Validus reset the common share repurchase authorization to \$750.0 million
- Remaining authorization of \$320.0 million
- On February 9, 2017 Validus increased the quarterly dividend to \$0.38 per share
- 2017 YTD capital management of \$32.3 million
 - Common share dividends of \$30.1 million
 - Preferred share dividends of \$2.2 million

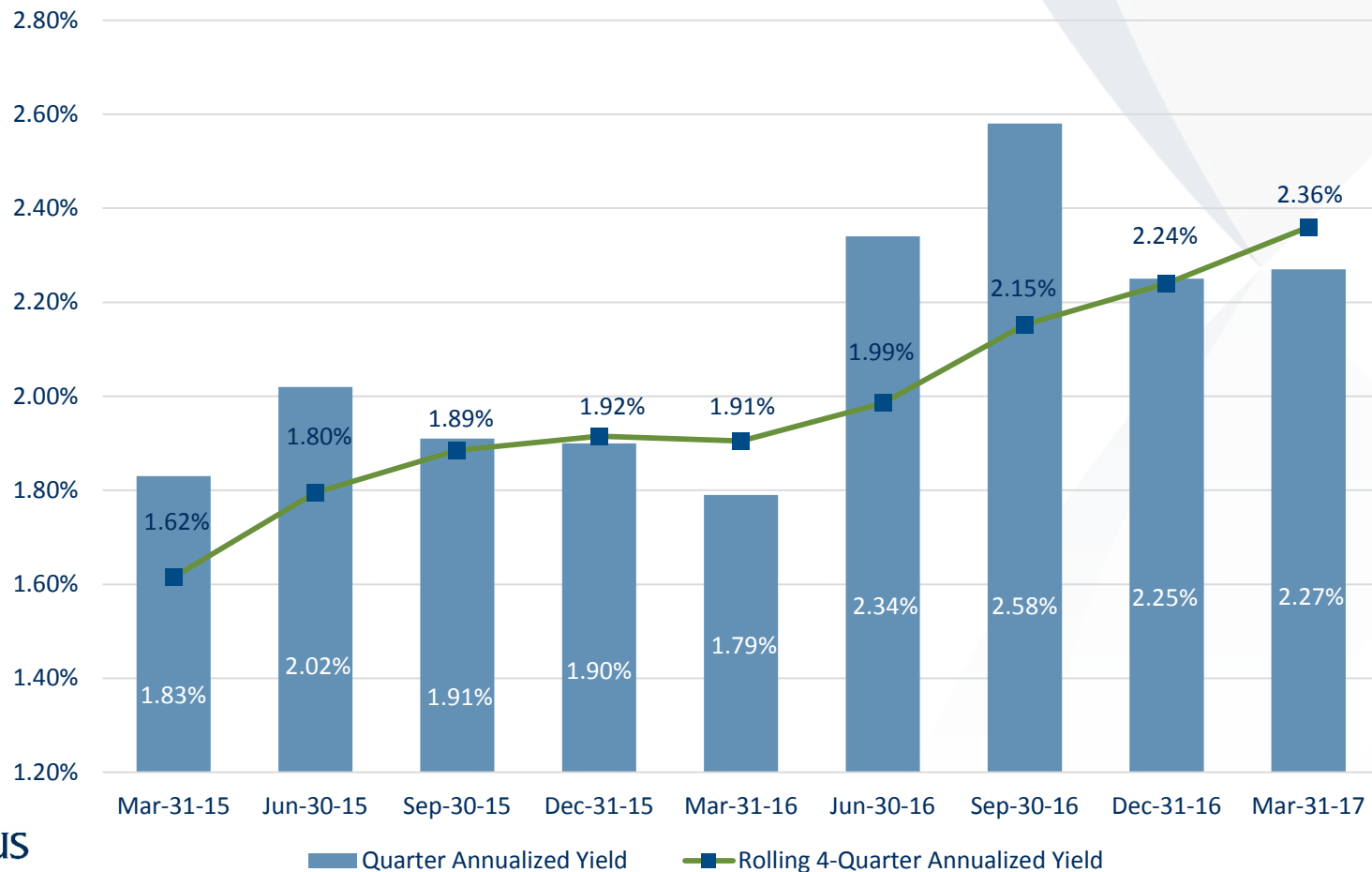
Managed Investment Portfolio at March 31, 2017

- Total managed investments, cash and cash equivalents and restricted cash of \$6.59 billion
 - Emphasis on the preservation of invested assets
 - Provision of sufficient liquidity for prompt payment of claims
 - Comprehensive portfolio disclosure
- Average portfolio rating of AA-
- Duration of 2.16 years
- Q1 2017 annualized investment yield: 2.27% (Q1 2016: 1.79%)



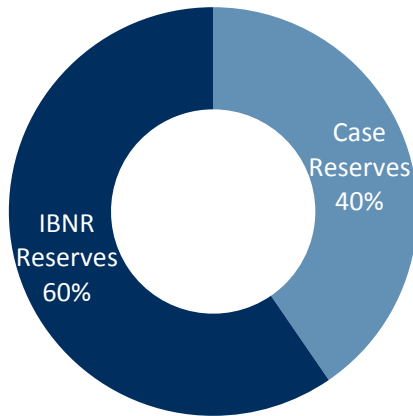
Validus Invested Asset Strategy and Performance

- In 2014, Validus set out to increase portfolio yield without increasing tail risk. Validus' Chief Investment Officer worked with our risk and financial modeling teams to establish a new portfolio allocation
- Our managed portfolio is conservatively positioned and asset allocation is continually evaluated to balance capital preservation and liquidity needs with reasonable return expectations



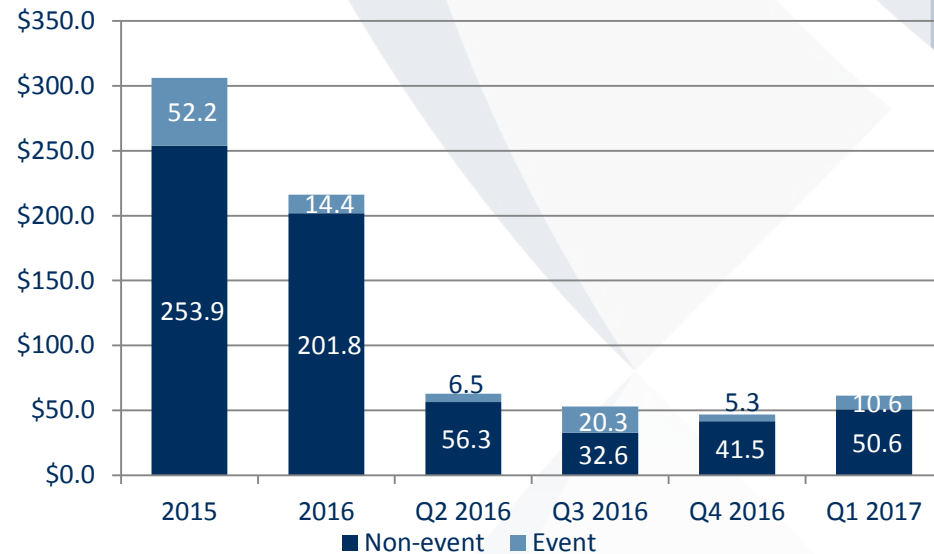
Validus Loss Reserves at March 31, 2017

Validus Gross Reserve Mix



- Gross reserves for losses and loss expenses of \$3.05 billion
- \$2.60 billion net of reinsurance
- No notable losses in Q1 2017
- Q1 2017 non-notable loss of \$20.8 million

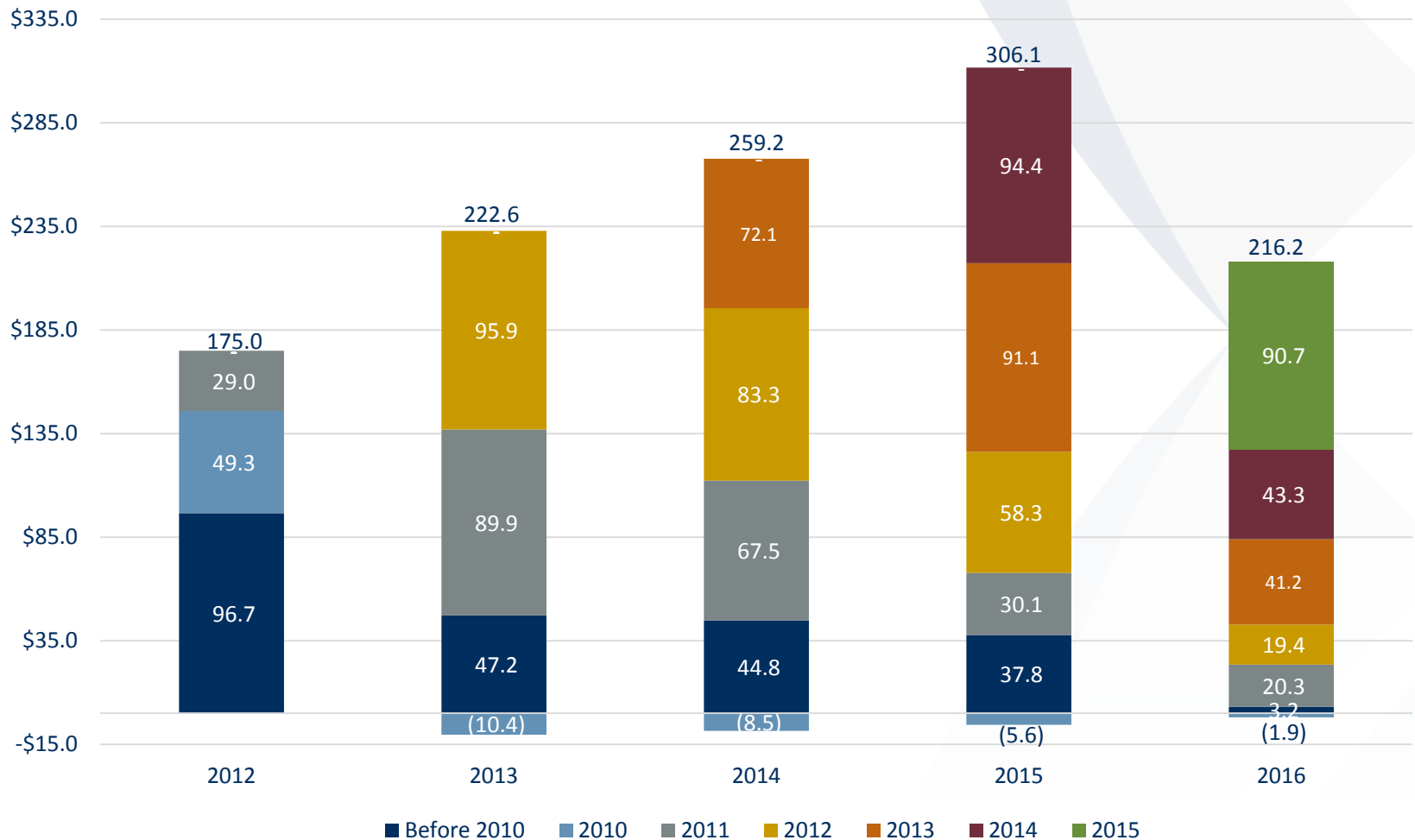
Net Favorable Reserve Development Expressed in \$US Millions



- Favorable reserve development during Q1 2017:
 - Validus Re: \$28.8 million
 - AlphaCat: \$3.4 million
 - Talbot: \$28.8 million
 - Western World: \$0.2 million

Development of Prior Period Loss Reserves by Accident Year

Development of Prior Period Loss Reserves in \$US Millions – 2012 to 2016



Conclusion – Continue to be Well Positioned for 2017 and Beyond

- Global insurance and reinsurance business
- Size and scale to compete effectively in targeted markets
- Four distinct yet complementary operating segments
- Focused on short-tail lines with strategic diversification into select longer-tail classes
- Profitable in all 11 years of operation
- Short duration, highly liquid, conservative balance sheet
- Transparent risk disclosure

Validus Holdings, Ltd.

CRS
Appendix

First Quarter 2017

Overview of CRS Acquisition

Transaction Terms	<ul style="list-style-type: none">• On May 1, 2017 Validus acquired Crop Risk Services (“CRS”) from Archer Daniels Midland Company (“ADM”)• Under the terms of the transaction, ADM received \$127.5 million in cash, subject to certain working capital and balance sheet adjustments, in exchange for 100% of the outstanding stock of CRS
Marketing Service Agreement	<ul style="list-style-type: none">• The transaction included a seven year marketing services agreement under which ADM and Validus will continue to work together to offer a full range of insurance and farm products and services to CRS customers
Other Transaction Details	<ul style="list-style-type: none">• CRS will operate as part of the Western World Insurance Group• Validus acquired only the managing general agent; all risk-bearing entities to remain at ADM• Stratford Insurance Company, a Western World subsidiary, will act as the Standard Reinsurance Agreement (“SRA”) holder and Approved Insurance Provider (“AIP”)

Crop Risk Services Profile

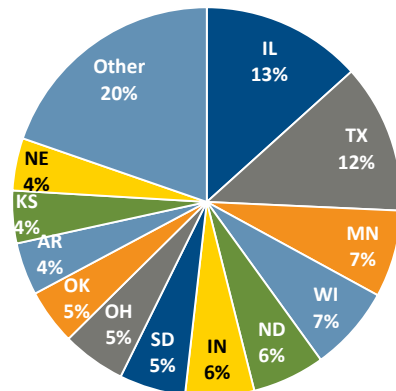
Company Overview

- First established in 1982 as ASI Agriserve Inc. (“ASI”)
- In 2010, ADM acquired 100% of the shares of ASI and the company became ADM Crop Risk Services
- Primary crop insurance general agent headquartered in Decatur, IL with over 400 employees
- 86% of gross premiums written (“GPW”) is multi-peril crop insurance (“MPCI”) and 14% private crop insurance products
- Total 2016 GPW of \$555.0 million

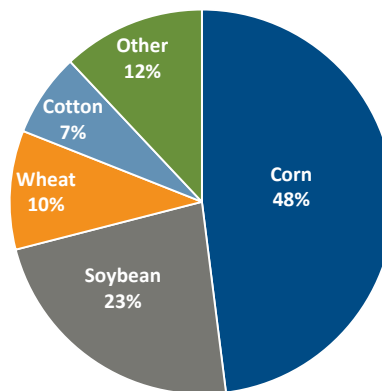
Key Highlights

- #9 ranked U.S. crop writer with 4.5% market share
- Scaled business with 1,170 agents across 36 states
- Successful joint marketing partnership with ADM grain division
- Strong value proposition for farmers and knowledge of their needs
- Strong management team with significant experience and relationships in the crop industry
- Operational excellence in claims, marketing and origination
- Leading technology, data and analytics integration to improve service and efficiency

Geography Mix RY 2016⁽²⁾



Crop Mix RY 2016⁽²⁾

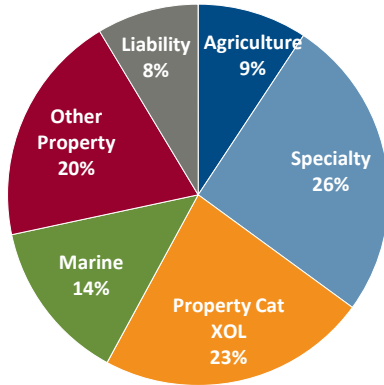


1) RY represents Reinsurance Year.
 2) Mix figures represent MPCI for RY2016, source ADM CRS Management.
 3) CRS #9 US crop writer ranking and market share data represents RY2015, source National Crop Insurance Services.

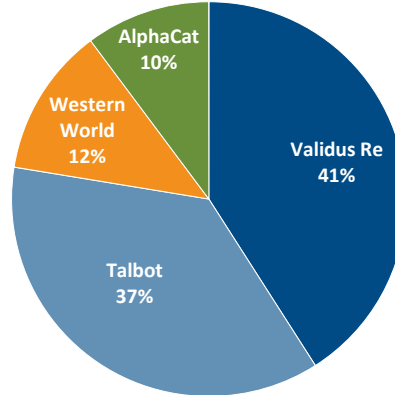
Acquisition Enhances Presence in U.S. Specialty Primary Lines

**Current
Business
Mix**

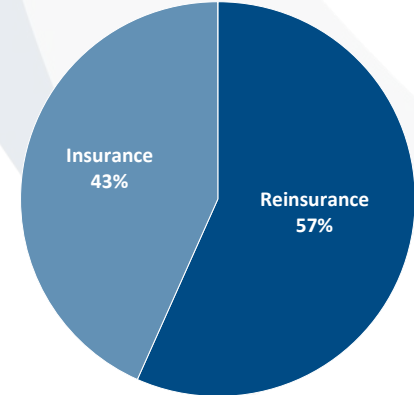
By Product / Class



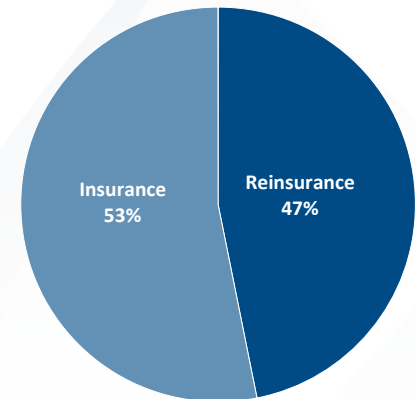
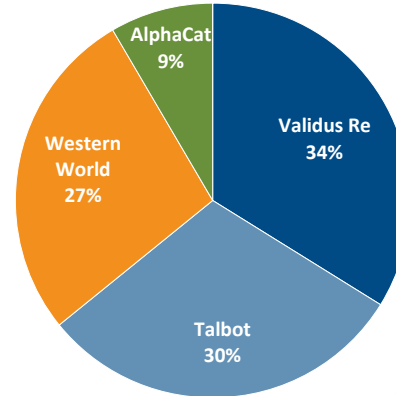
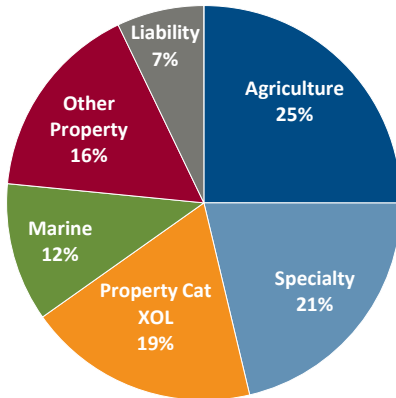
By Operating Segment



By Insurance / Reinsurance



**Pro Forma
Business
Mix**



Year Ended 2016 Standalone GPW: \$2,649 million
Year Ended 2016 Pro Forma GPW: \$3,204 million



1) Note: Financial information in pie charts represent year ended ("YE") 2016 gross premiums written ("GPW") data. CRS gross premiums written represents RY2016, source ADM CRS Management.

Transaction Rationale

- Primary crop insurance **complements Validus' existing re/insurance portfolio**
- **Expands Validus presence in U.S.** primary specialty lines
- Crop insurance exhibits **attractive industry fundamentals**
- The addition of a primary crop insurance **business has compelling strategic benefits**
- Unique opportunity to enter into **long-term partnership with ADM**
- Significant **opportunity for growth** and margin improvement

Validus Holdings, Ltd.

Investor Presentation Appendix

First Quarter 2017

Full Year 2016 Financial Results

Gross premiums written of
\$2,648.7 million

(Increases of 53.5% at
AlphaCat and 16.1% at
Western World)

Net income available to
Validus common
shareholders of
\$359.4 million and
diluted EPS of **\$4.36**

9.7% ROAE and
8.7% net operating ROAE

84.2% combined ratio

(71.6% at Validus Re, 95.9% at
Talbot and 107.6% at Western
World)

Net operating income
available to Validus common
shareholders of **\$320.9
million** and
diluted operating EPS
of **\$3.90**

Book value
per diluted share of **\$44.97**
9.5% growth (including
dividends) in 2016

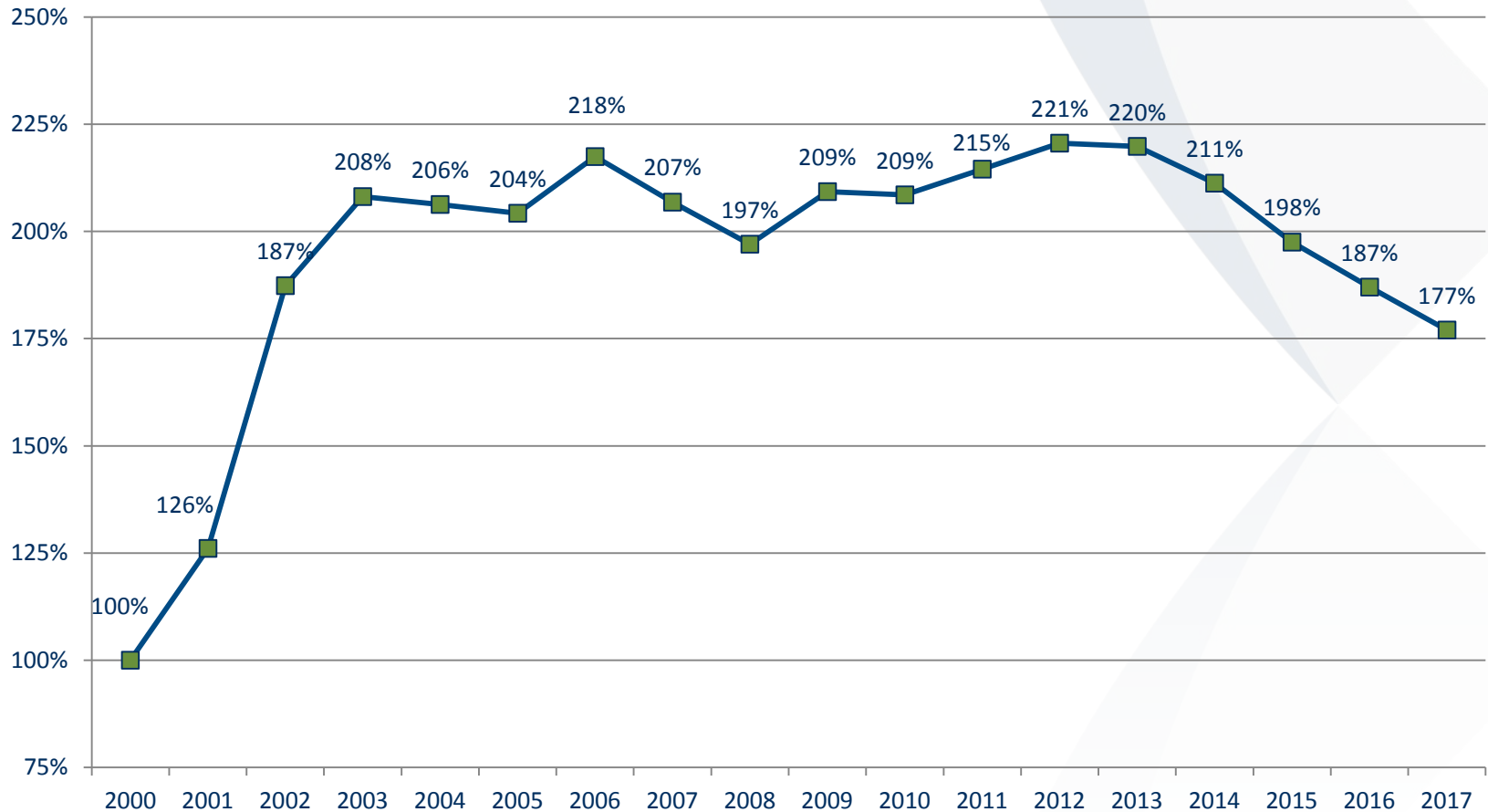


1) Validus diluted book value per share, operating income, operating EPS and operating ROAE are non-GAAP financial measures. Please refer to notes on non-GAAP and other financial and exposure measures found in the Appendix hereto.

Selected Market Information at March 31, 2017

Exchange/Ticker:	NYSE / “VR”
Share Price:	\$56.39
Primary Shares Outstanding:	79,137,590
Primary Market Capitalization:	\$4.46 billion
Annual Dividend/Yield:	\$1.52 per share (2.70%)

Talbot Composite Rate Index – The Benefits of Cycle Management



Abbreviated Balance Sheets

(Expressed in thousands of U.S. Dollars)

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Assets			
Fixed maturities	\$ 5,365,216	\$ 5,543,030	\$ 5,510,331
Short-term investments	2,785,226	2,796,170	1,941,635
Other investments	443,004	405,712	336,856
Investment in investment affiliates, equity method	94,697	100,431	87,673
Cash and cash equivalents	623,937	419,976	723,109
Restricted cash	92,547	70,956	73,270
Total investments and cash	9,404,627	9,336,275	8,672,874
Goodwill and Intangible assets	310,934	312,350	318,016
Other assets	2,421,560	1,701,130	1,612,595
Total assets	\$ 12,137,121	\$ 11,349,755	\$ 10,515,812
Liabilities			
Reserve for losses and loss expenses	\$ 3,052,745	\$ 2,995,195	\$ 2,996,567
Unearned premiums	1,612,474	1,076,049	966,210
Other liabilities	342,409	685,452	789,362
Notes payable to AlphaCat investors	446,576	278,202	75,493
Senior notes payable	245,412	245,362	245,161
Debentures payable	537,402	537,226	537,668
Total liabilities	\$ 6,237,018	\$ 5,817,486	\$ 5,610,461
Redeemable noncontrolling interests	\$ 1,657,630	\$ 1,528,001	\$ 1,111,714
Shareholders' equity			
Capital	\$ 971,742	\$ 961,655	\$ 1,004,919
Retained earnings	2,940,134	2,876,636	2,634,056
Total shareholders' equity available to Validus	3,911,876	3,838,291	3,638,975
Noncontrolling interests	330,597	165,977	154,662
Total shareholders' equity	4,242,473	4,004,268	3,793,637
Total liabilities, noncontrolling interests and shareholders' equity	\$ 12,137,121	\$ 11,349,755	\$ 10,515,812



- 1) A full explanation and disclaimer is contained in the note on non-GAAP financial and other measures found in the Appendix hereto.
- 2) Capital as at March 31, 2017 and December 31, 2016 includes \$150.0 million of 5.875% Non-Cumulative Preferred Shares, Series A.

Net Operating Income Available to Validus Reconciliation

Validus Holdings, Ltd.

Non-GAAP Financial Measure Reconciliation

Net Operating Income available to Validus Common Shareholders, Net Operating Income per diluted share available to Validus Common Shareholders and Annualized Net Operating Return on Average Equity

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

	Three Months Ended		Years Ended	
	March 31, 2017	March 31, 2016	December 31, 2016	December 31, 2015
Net income available to Validus common shareholders	\$ 94,561	\$ 166,810	\$ 359,384	\$ 374,893
Non-GAAP Adjustments:				
Net realized losses (gains) on investments	1,164	584	(15,757)	(2,298)
Change in net unrealized (gains) losses on investments	(13,348)	(47,444)	(16,871)	32,395
(Income) loss from investment affiliates	(5,188)	4,113	2,083	(4,281)
Foreign exchange (gains) losses	(1,569)	(6,245)	(10,864)	8,731
Other (income) loss	(94)	(677)	766	1,002
Net income (loss) attributable to noncontrolling interests	728	237	457	(693)
Tax expense (1)	580	4,127	1,687	384
Net operating income available to Validus common shareholders (2)	<u>\$ 76,834</u>	<u>\$ 121,505</u>	<u>\$ 320,885</u>	<u>\$ 410,133</u>
Earnings per diluted share available to Validus common shareholders	\$ 1.17	\$ 1.98	\$ 4.36	\$ 4.34
Non-GAAP Adjustments:				
Net realized (gains) losses on investments	0.01	-	(0.19)	(0.02)
Change in net unrealized losses (gains) on investments	(0.17)	(0.56)	(0.20)	0.38
(Income) loss from investment affiliates	(0.06)	0.05	0.03	(0.05)
Foreign exchange (gains) losses	(0.02)	(0.07)	(0.14)	0.10
Other (income) loss	-	(0.01)	0.01	0.01
Net income (loss) attributable to noncontrolling interests	0.01	-	0.01	(0.01)
Tax expense (1)	0.01	0.05	0.02	-
Net operating income per diluted share available to Validus common shareholders (2)	<u>\$ 0.95</u>	<u>\$ 1.44</u>	<u>\$ 3.90</u>	<u>\$ 4.75</u>
Average shareholders' equity available to Validus common shareholders (3)	\$ 3,725,084	\$ 3,681,701	\$ 3,697,114	\$ 3,641,920
Annualized return on average equity	<u>10.2%</u>	<u>18.1%</u>	<u>9.7%</u>	<u>10.3%</u>
Annualized net operating return on average equity (2)	<u>8.3%</u>	<u>13.2%</u>	<u>8.7%</u>	<u>11.3%</u>

1) Represents the tax expense or benefit associated with the specific country to which the pre-tax adjustment relates to. The tax impact is estimated by applying the statutory rates of applicable jurisdictions, after consideration of other relevant factors including the ability to utilize tax losses carried forward.

2) Non-GAAP financial measure.

3) Average shareholders' equity for the three months ended is the average of the beginning and ending quarter end shareholders' equity balances, excluding the liquidation value of the preferred shares of \$150,000. Average shareholders' equity for the year ended is the average of the beginning, ending and intervening quarter end shareholders' equity balances, excluding the liquidation value of the preferred shares of \$150,000.

Diluted Book Value Per Share Reconciliation

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

	<u>March 31, 2017</u>		
	<u>Equity amount</u>	<u>Shares</u>	<u>Per Share Amount (1)</u>
Book value per common share (2)	\$ 3,761,876	79,137,590	\$ 47.54
Non-GAAP Adjustments:			
Assumed exercise of outstanding stock options (3) (4)	614	26,136	
Unvested restricted shares	<u>-</u>	<u>2,837,888</u>	
Book value per diluted common share (5)	3,762,490	82,001,614	\$ 45.88
Goodwill	\$ (196,758)	-	
Intangible assets	<u>(114,176)</u>	<u>-</u>	
Tangible book value per diluted common share (5)	<u>3,451,556</u>	<u>82,001,614</u>	\$ 42.09
Book value per diluted common share (5)			\$ 45.88
Accumulated dividends			<u>\$ 11.94</u>
Book value per diluted common share plus accumulated dividends (5)			\$ 57.82

- 1) Per share amounts are calculated by dividing the equity amount by the common shares.
- 2) The equity amount used in the calculation of book value per common share represents total shareholders' equity available to Validus excluding the liquidation value of the preferred shares of \$150 million.
- 3) Using the "as-if-converted" method, assuming all proceeds received upon exercise of stock options will be retained by the Company and the resulting common shares from exercise remain outstanding.
- 4) At March 31, 2017, the weighted average exercise price for those stock options that had an exercise price lower than book value per share was \$23.48 (December 31, 2016: \$23.48).
- 5) Non-GAAP financial measure.

Notes on Non-GAAP and Other Financial and Exposure Measures

Non-GAAP Financial Measures

In presenting the Company's results, management has included and discussed certain non-GAAP financial measures. The Company believes that these non-GAAP measures, which may be defined and calculated differently by other companies, better explain and enhance the understanding of the Company's results of operations. However, these measures should not be viewed as a substitute for those determined in accordance with U.S. GAAP.

In addition to presenting book value per common share determined in accordance with U.S. GAAP, the Company believes that the following non-GAAP book value financial measures are key financial indicators for evaluating performance and measuring overall growth: book value per diluted common share, book value per diluted common share plus accumulated dividends and tangible book value per diluted common share. A reconciliation of book value per common share, a GAAP financial measure, to the non-GAAP book value financial measures can be found on page 47.

In addition to presenting net income available to Validus common shareholders determined in accordance with U.S. GAAP, the Company believes that showing net operating income available to Validus common shareholders, a non-GAAP financial measure, provides investors with a valuable measure of profitability and enables investors, analysts, rating agencies and other users of its financial information to more easily analyze the Company's results in a manner similar to how management analyzes the Company's underlying business performance.

Net operating income available to Validus common shareholders, a non-GAAP financial measure, is calculated by the addition or subtraction of certain Consolidated Statement of Income line items from net income available to Validus common shareholders, the most directly comparable GAAP financial measure, and measures the performance of the Company's operations without the influence of gains or losses on investments and foreign currencies and other items as noted in the reconciliation below. The Company excludes these items from its calculation of net operating income available to Validus common shareholders because the amount of these gains and losses is heavily influenced by, and fluctuates in part, according to availability of investment market opportunities and other factors. The Company believes these amounts are largely independent of its core underwriting activities and including them distorts the analysis of trends in its operations. The Company believes the reporting of net operating income available to Validus common shareholders enhances the understanding of results by highlighting the underlying profitability of the Company's core (re)insurance operations. This profitability is influenced significantly by earned premium growth, adequacy of the Company's pricing, as well as loss frequency and severity. Over time it is also influenced by the Company's underwriting discipline, which seeks to manage exposure to loss through favorable risk selection and diversification, its management of claims, its use of reinsurance and its ability to manage its expense ratio, which it accomplishes through its management of acquisition costs and other underwriting expenses. A reconciliation of net income available to Validus common shareholders to net operating income available to Validus common shareholders, can be found on page 46.

Notes on Non-GAAP and Other Financial and Exposure Measures – Continued

Net Loss Estimates

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 herein 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, there can be no assurance that such third party models are free of defects in the modeling logic or in the software code. Commencing in January 2012, the Company incorporated RMS version 11 as part of its vendor models.

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 2012 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>

The Consolidated Net Premiums Earned used in the calculation represents the latest 12 months of net premiums earned up to March 31, 2017.

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 an 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 herein 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 prescribed calculations and do not necessarily reflect all events that may impact the Company.



**For more information on our company, products and management team please visit our website at:
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