



Investor Presentation

FIRST QUARTER 2011

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’ 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 the Securities and Exchange Commission. Any forward-looking statements made in this news release 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. We undertake no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Note on Non-GAAP Financial Measures

In presenting the Company's results herein, management has included and discussed certain schedules containing underwriting income, net operating income (loss), annualized return on average equity and diluted book value per common share that are not calculated under standards or rules that comprise U.S. GAAP. Such measures are referred to as non-GAAP. Non-GAAP measures may be defined or calculated differently by other companies. We believe that these measures are important to investors and other interested parties. These measures should not be viewed as a substitute for those determined in accordance with U.S. GAAP.

The underwriting results of an insurance or reinsurance company are often measured by reference to its underwriting income because underwriting income indicates the performance of the company's core underwriting function. Underwriting income is reconciled to net income by the addition or subtraction of net investment income (loss), finance expenses, fair value of warrants issued, transaction expenses, net realized gains (losses) on investments, net unrealized gains (losses) on investments and foreign exchange gains (losses).

Net operating income is calculated based on net income (loss) excluding net realized gains (losses), net unrealized gains (losses) on investments, gains (losses) arising from translation of non-US\$ denominated balances and non-recurring items. Net income is the most directly comparable GAAP measure. Net operating income focuses on the underlying fundamentals of our operations without the influence of realized gains (losses) from the sale of investments, net unrealized gains on investments, translation of non-US\$ currencies and non-recurring items. Realized gains (losses) from the sale of investments are driven by the timing of the disposition of investments, not by our operating performance. Gains (losses) arising from translation of non-US\$ denominated balances are unrelated to our underlying business.

Diluted book value per share is calculated based on total shareholders' equity plus the assumed proceeds from the exercise of outstanding stock options and warrants, divided by the sum of unvested restricted shares, stock options, warrants and share equivalents outstanding (assuming their exercise).

Reconciliations to the most comparable GAAP measure for both net operating income and diluted book value per share can be found at the end of this presentation.

Selected Market Information at March 31, 2011

Exchange / Ticker:	NYSE / "VR"
Share Price:	\$33.33
Primary Shares Outstanding:	98,288,177
Primary Market Capitalization	\$3.28 billion
Annual Dividend/Yield:	\$1.00 per share (3.00%)
Analyst Coverage:	Matt Carletti, JMP Securities Jay Cohen, Bank of America Merrill Lynch Dean Evans, Keefe, Bruyette & Woods Julia Ferguson, Dowling & Partners Matt Heimermann, J.P. Morgan Amit Kumar, Macquarie Brian Meredith, UBS Michael Paisan, Stifel Nicolaus Josh Shanker, Deutsche Bank

Validus Overview

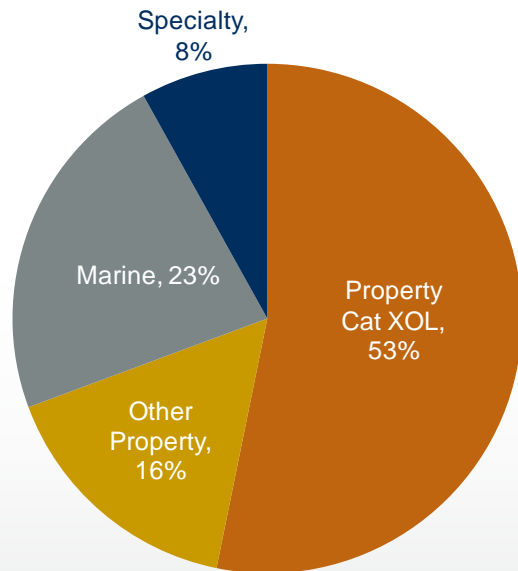
- Focus on short-tail classes of insurance and reinsurance
- Business mix balanced between insurance and reinsurance
- Leadership position in property catastrophe reinsurance
- Global operating platform
- Active capital management
- Transparent risk disclosure

Validus is Diversified in Short-Tail Specialty Classes

Last Twelve Months GPW through March 31, 2011 of \$2.0 billion
Balanced by Class: 50% Property, 28% Marine, 22% Specialty

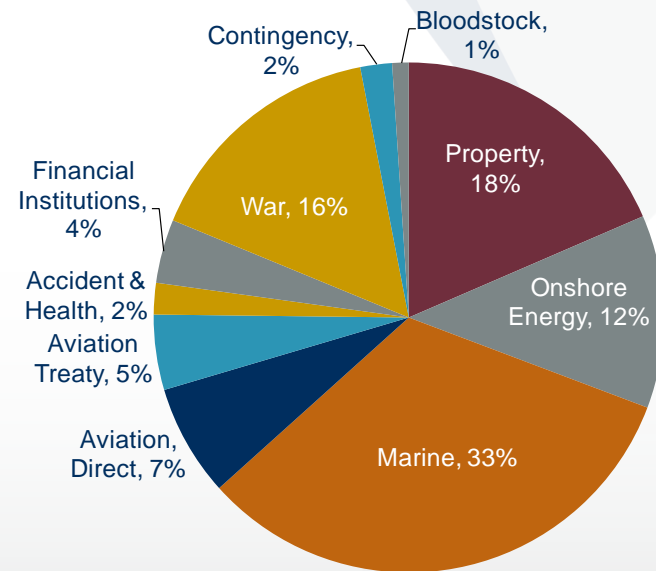
Validus Re Gross Premiums Written

Last Twelve Months: \$1.072 billion



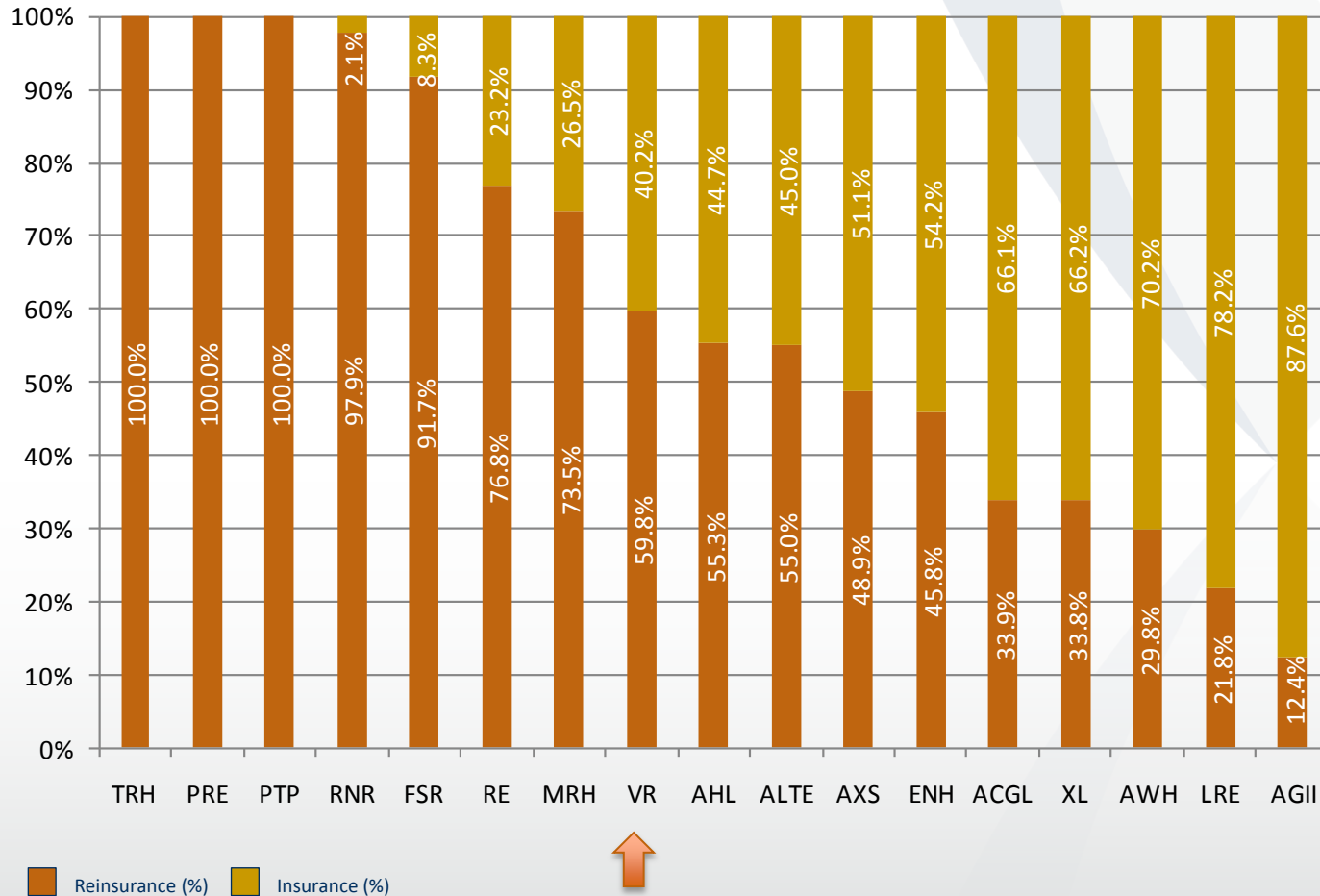
Talbot Gross Premiums Written

Last Twelve Months: \$973.6 million



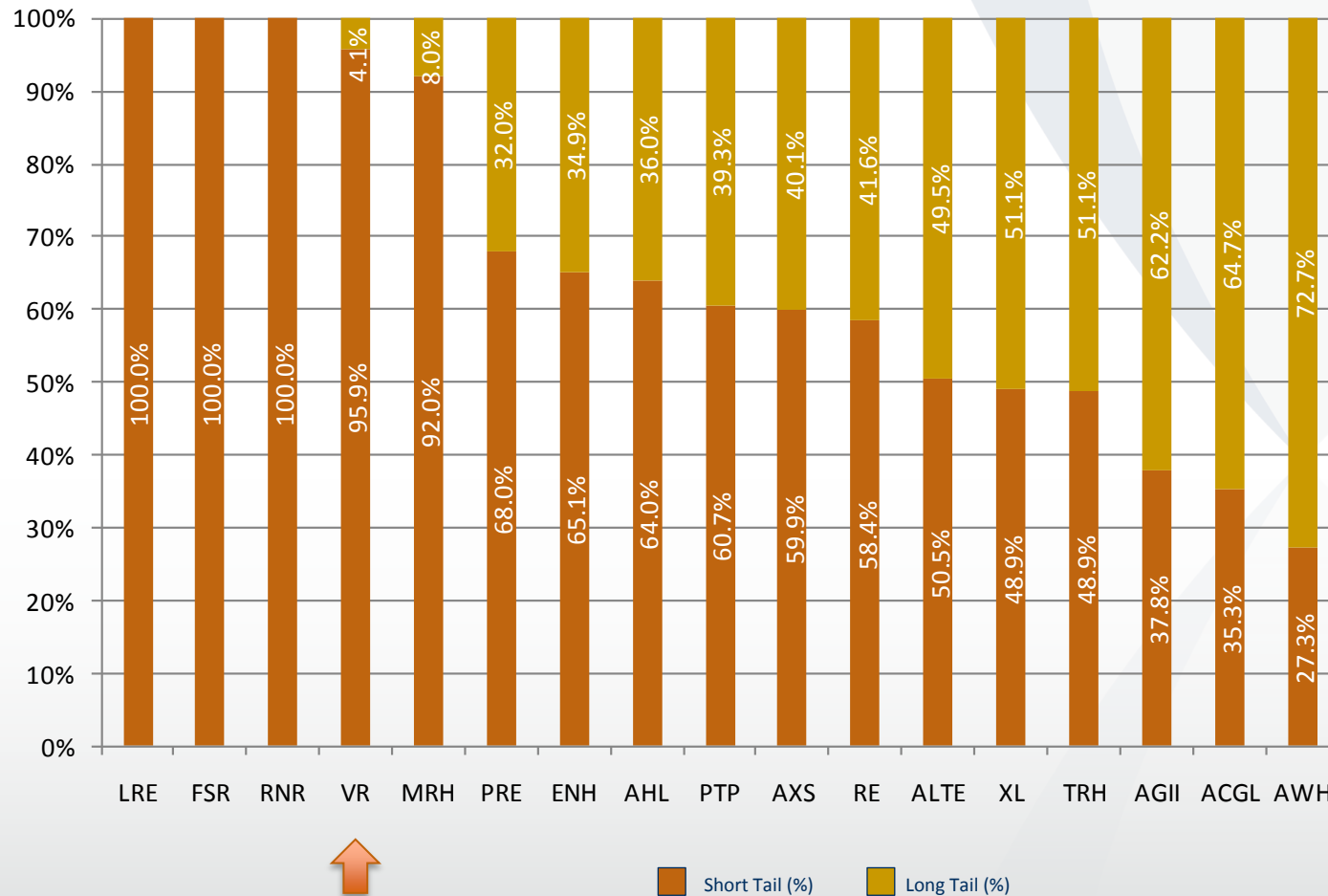
(a) \$2.0 billion consolidated Gross Premiums Written reflects \$76.2 million of intersegment eliminations. Validus Re Gross Premiums Written and Talbot Gross Premiums Written do not.

Balanced Between Insurance & Reinsurance



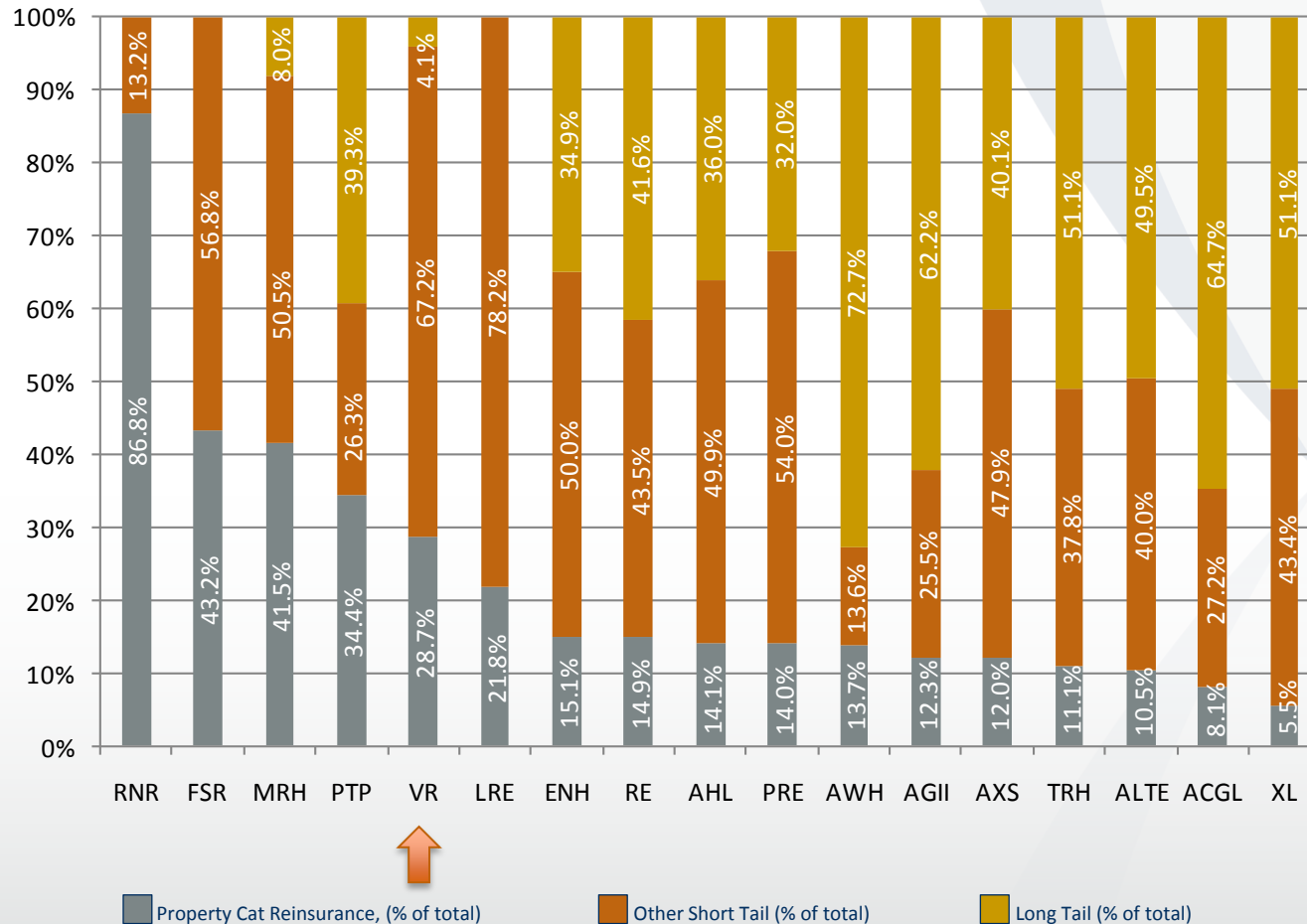
(a) Based on 2010 gross premium written except TRH and ACGL based on net premium written.
 (b) Source: SEC filings and other public disclosures.

Focused on Short-Tail Specialty Classes



(a) Based on 2010 gross premium written except TRH and ACGL based on net premium written.
 (b) Source: SEC filings and other public disclosures.

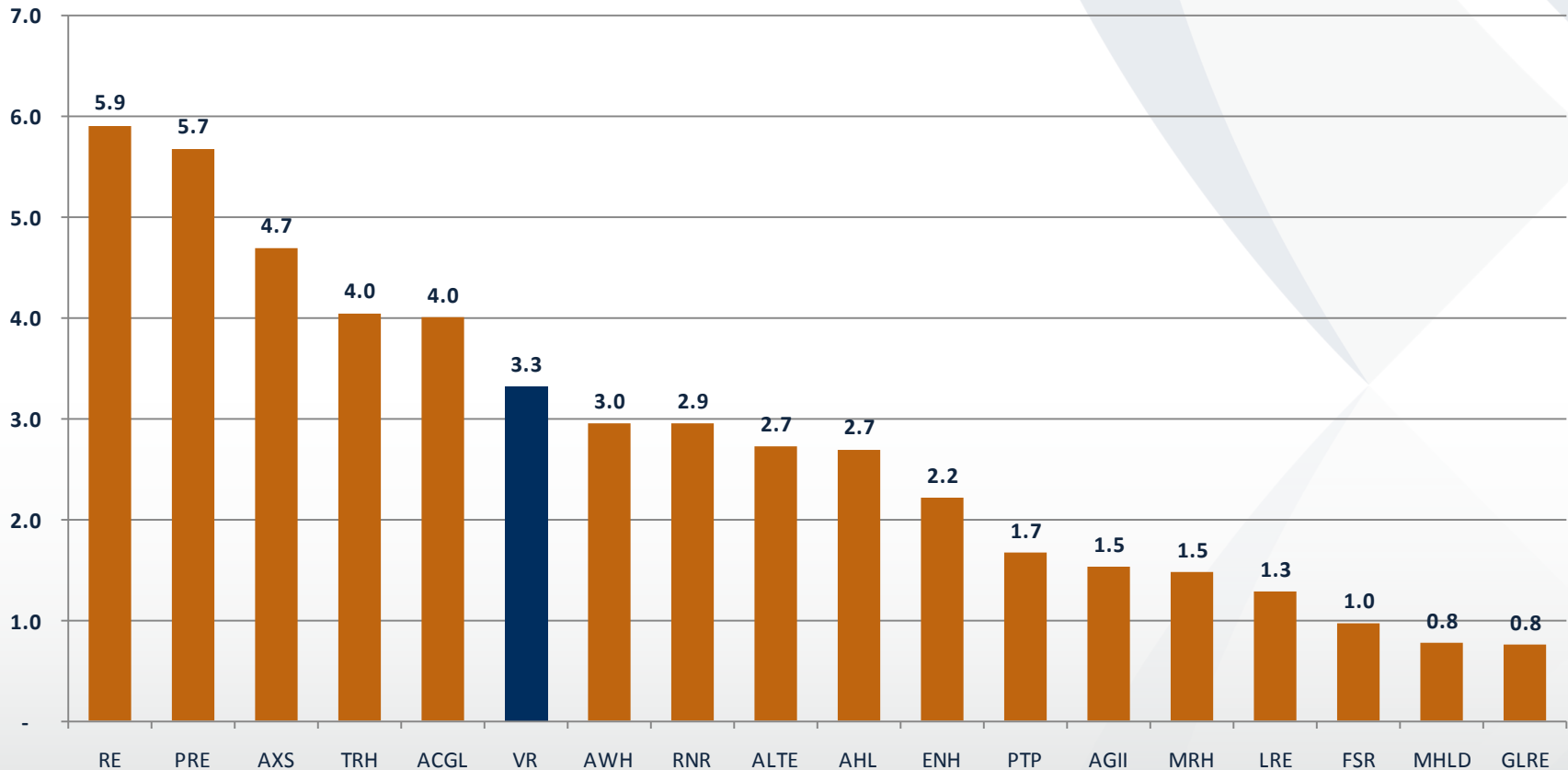
Property Cat Reinsurance is Important but not Dominant



(a) Based on 2010 gross premium written except TRH and ACGL based on net premium written.
 (b) Source: SEC filings and other public disclosures.

Validus Shareholders' Equity vs. Selected Peers

Peer Comparison – Q1 2011 Common Shareholders' Equity in \$US Billions

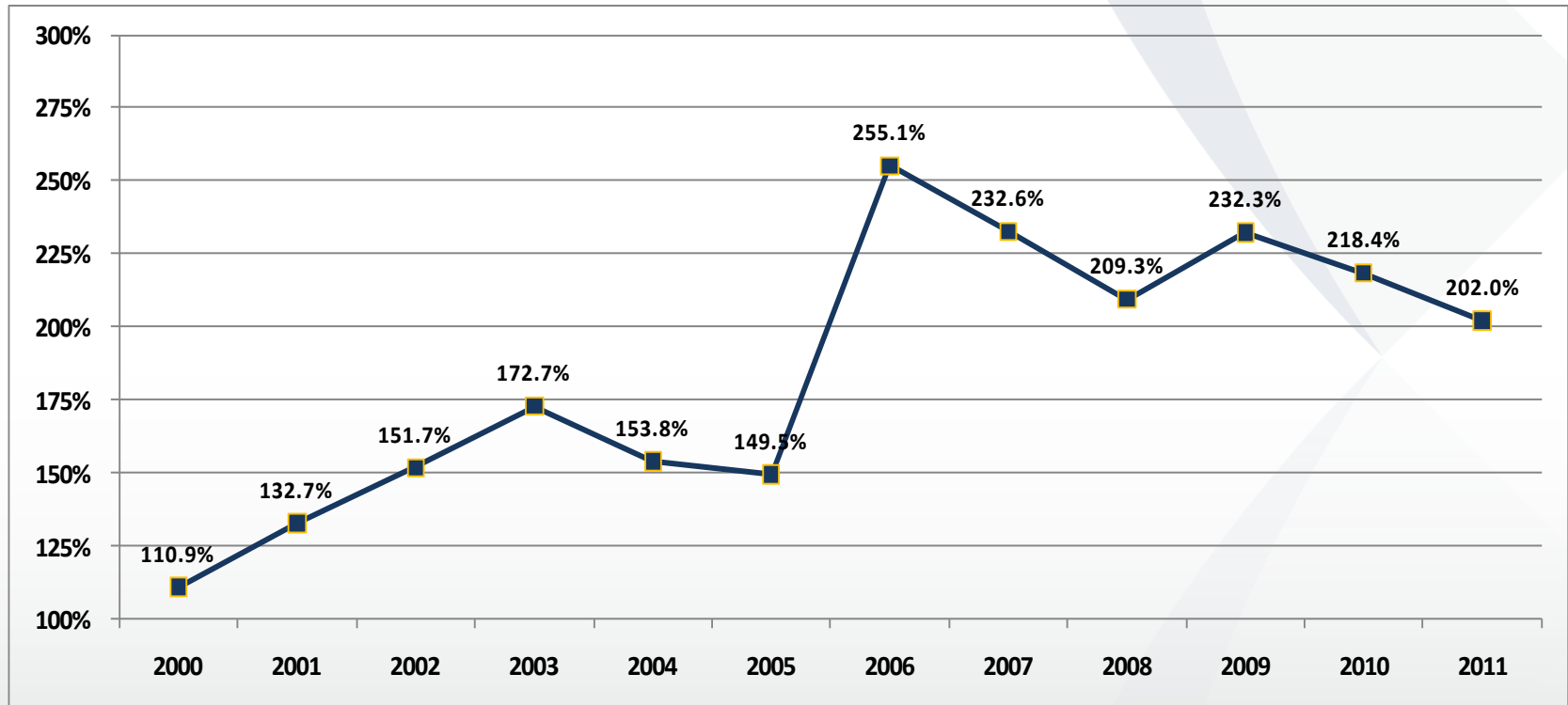


Source: SNL Financial and company reports

(a) Includes VR and companies reporting earnings through May 6, 2011.

Rate Environment – Validus Re

U.S. Catastrophe Rate on Line Index

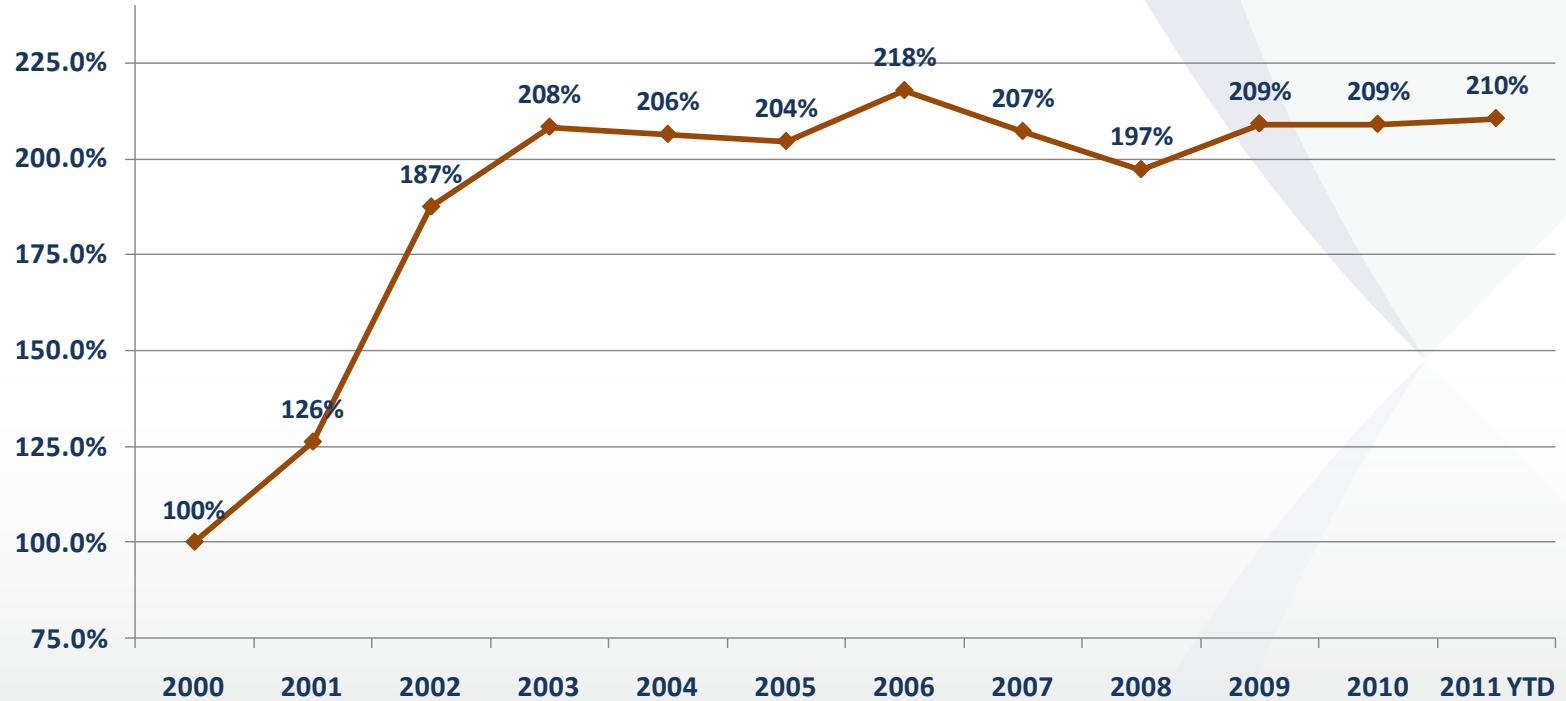


Source: Guy Carpenter & Company, LLC

(a) Index value of 100 in 1990.

Rate Environment - Talbot

Talbot Composite Rate Index



(a) Rate index reflects the whole account rate change, as adjusted for changes in exposure, inflation, attachment point and terms and conditions.

Global Operating Platform Based on Lloyd's Infrastructure



Worldwide Operating Platform

- Latin American operations
- Onshore energy team
- Aviation team
- Singapore branch office
- European representative office
- Dubai

(a) Certain subsidiaries have been excluded for the purposes of presentation. For a complete organizational description see the company's most recent Annual Report on Form 10-K.

First Quarter 2011 Financial Results

Quarterly Highlights

2.4% decline in gross premiums written

(4.5% at Validus Re and 2.8% at Talbot)

Net loss of **\$(172.4) million** and diluted EPS of **\$(1.78)**

(20.2)% ROAE and **(19.4)%** net operating ROAE

143.0% combined ratio

(144.5% at Validus Re and 132.2% at Talbot)

Net operating loss of **\$(165.4) million** and diluted operating EPS of **\$(1.71)**

Diluted book value per share of **\$31.32**

4.3% decline (including dividend) in Q1'11

(a) VR diluted book value per share, operating income and operating ROAE are non-GAAP financial measures.

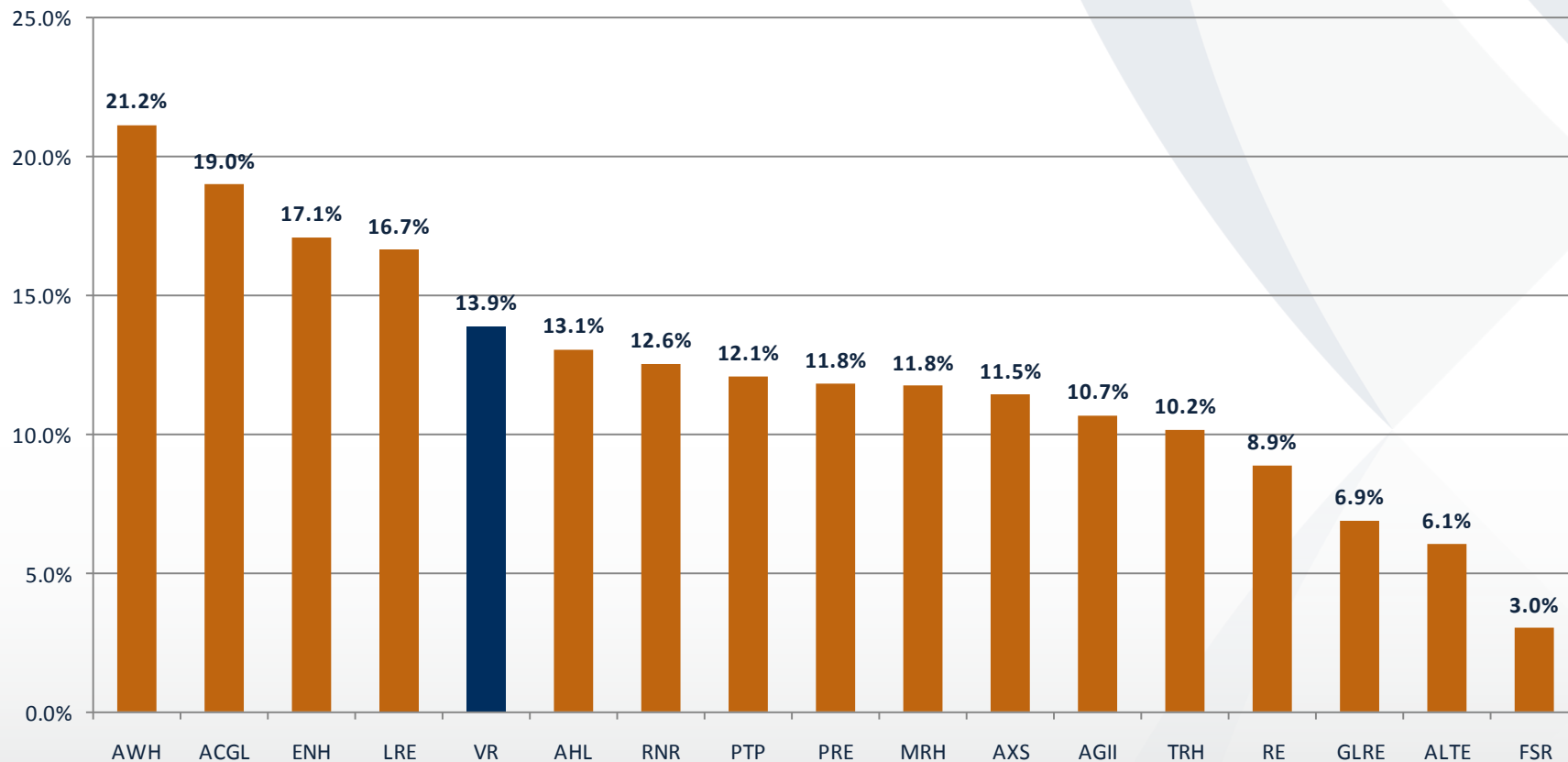
(b) ROAE and operating ROAE are presented on an annualized basis.

Growth in Diluted Book Value Per Share Plus Accumulated Dividends

14.2% Compound Annual Growth in Dividend Adjusted Diluted BVPS Through March 31, 2011



Compound Growth in Diluted Book Value per Share – Since Validus IPO



Source: SNL Financial and company reports.

(a) Includes VR and companies reporting earnings through May 5, 2011.

(b) VR starting point is Pro Forma diluted BVPS at June 30, 2007 of \$20.89 as reported in the IPO Prospectus.

(c) Diluted book value per share calculation includes impact of quarterly dividends.

(d) GLRE is basic book value per share including dividends.

Validus Holdings, Ltd. – Quarterly Comparison

- Gross premiums written decreased 2.4% to \$849.9 million
 - 2.8% decrease in Talbot, 4.5% decrease in Validus Re
- Net premiums written decreased 5.1% to \$740.1 million
 - 10.0% decrease in Validus Re, 14.8% increase in Talbot
- Underwriting loss increased 17.4% to \$(184.5) million
 - Reduced identified loss events largely offset by reduction in net premiums earned
- Net investment income decreased from fourth quarter 2010 by \$1.0 million to \$30.0 million
 - Annualized effective investment yield declined 6bps to 2.06%

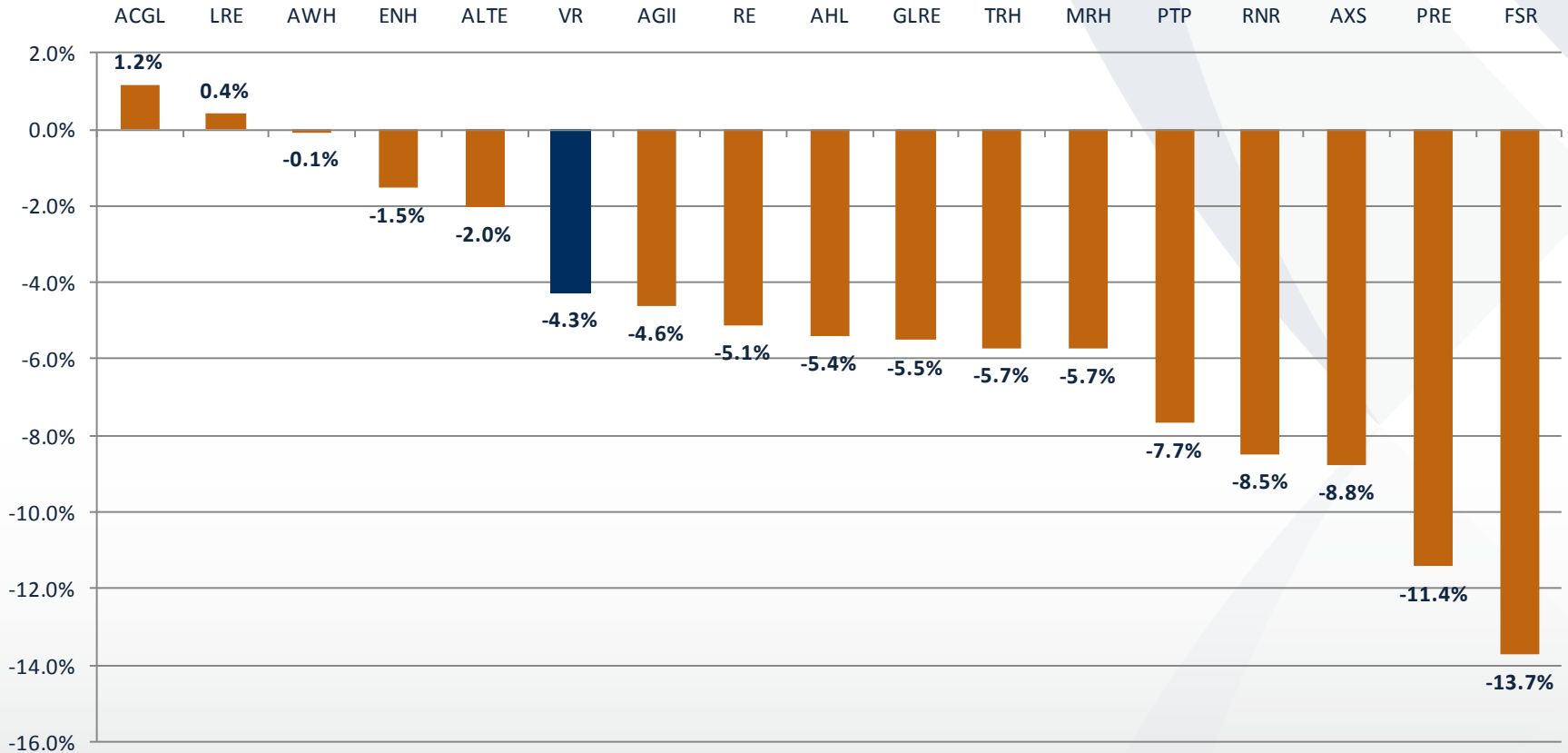
Validus Holdings, Ltd.

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

	March 31, 2011	March 31, 2010
Gross premiums written	\$ 849,896	\$ 870,934
Net premiums written	740,076	780,195
Net premiums earned	429,533	457,694
Net underwriting (loss)	(184,487)	(157,158)
Net investment income	29,975	34,299
Net operating (loss)	(165,448)	(136,425)
Net (loss)	(172,364)	(118,378)
Diluted net (loss) per share	\$ (1.78)	\$ (0.95)
Diluted net operating (loss) per share	\$ (1.71)	\$ (1.09)
Selected Ratios		
Losses and loss expenses	110.9%	104.6%
Policy acquisition costs	18.0%	16.6%
General and administrative expenses	14.1%	13.1%
Expense ratio	32.1%	29.7%
Combined ratio	143.0%	134.3%
Impact of identified loss events (a)	68.4%	70.8%
Impact of prior period development (favorable)/unfavourable	-6.2%	-5.8%

(a) Q1 2011 impacted by \$148.9 million Tohoku earthquake, \$52.4 million Gryphon Alpha mooring failure, \$41.9 million Christchurch earthquake, \$31.0 million Brisbane floods and \$19.5 million CNRL Horizon explosion. Q1 2010 impacted by \$293.1 million Chilean earthquake, \$18.2 million Melbourne hailstorm and \$12.6 million Windstorm Xynthia.

2011 Q1 Growth (Decline) in Adjusted Diluted Book Value per Share

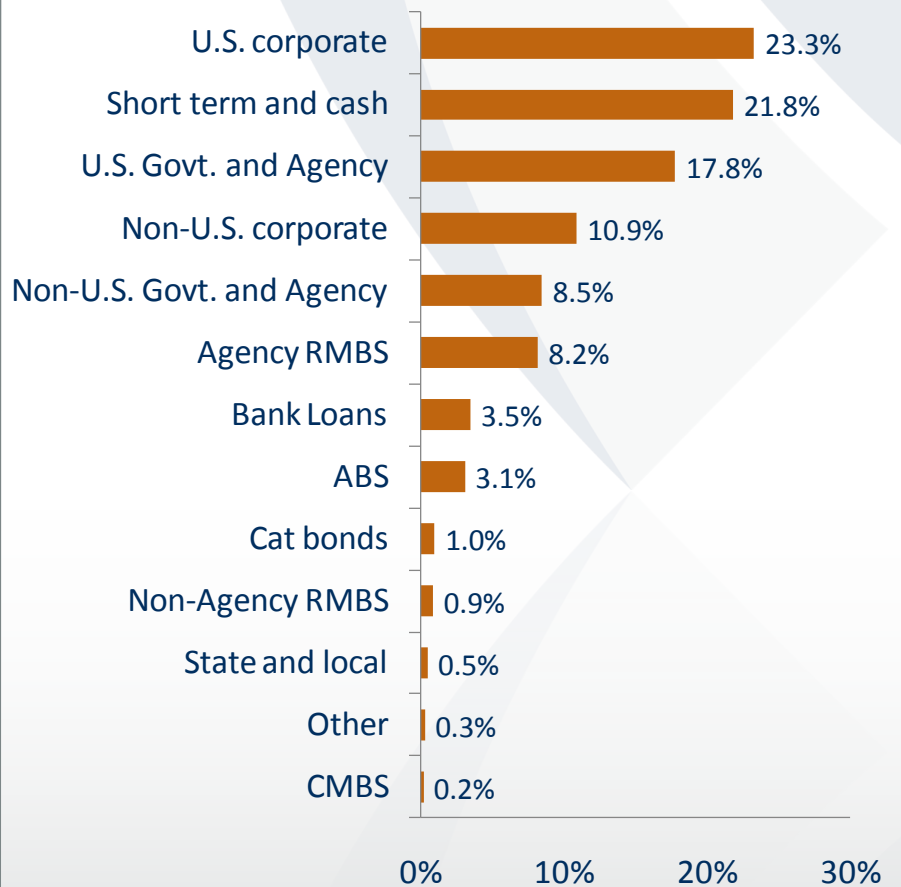


Source: SNL Financial and company reports.

- (a) Adjusted for dividends paid in the quarter.
- (b) Companies reporting through May 6, 2011.

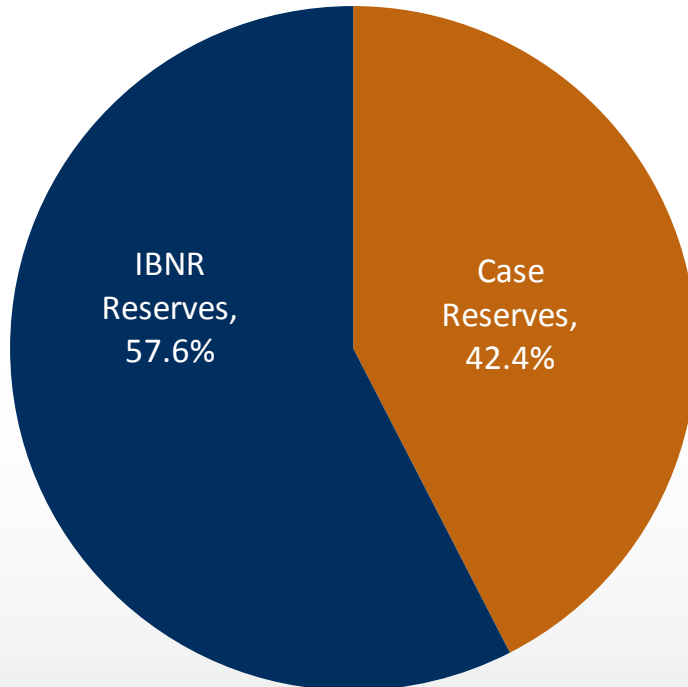
Investment Portfolio at March 31, 2011

- Total cash and invested assets of \$5.89 billion
- Conservative investment strategy
 - Emphasis on the preservation of invested assets
 - Provision of sufficient liquidity for prompt payment of claims
 - Minimal exposure to equity and alternative asset classes
 - Comprehensive portfolio disclosure
- Average portfolio rating of AA
- Minimum average credit quality of AA-
- Duration of 1.83 years
- Quarterly average investment yield: 2.06%



Loss Reserves at March 31, 2011

Validus Gross Reserve Mix



Observations

- Gross reserves for losses and loss expenses of \$2.53 billion:
 - \$2.08 billion net of reinsurance
- IBNR represents 57.6% of reserves
 - \$293.8 million of event losses in the quarter
- Talbot has a history of favorable reserve development:
 - \$255.6 million since acquisition
- Favorable reserve development in the quarter of \$26.5 million:
 - Talbot favorable development of \$15.2 million
 - Validus Re favorable development of \$11.3 million

Active Capital Management

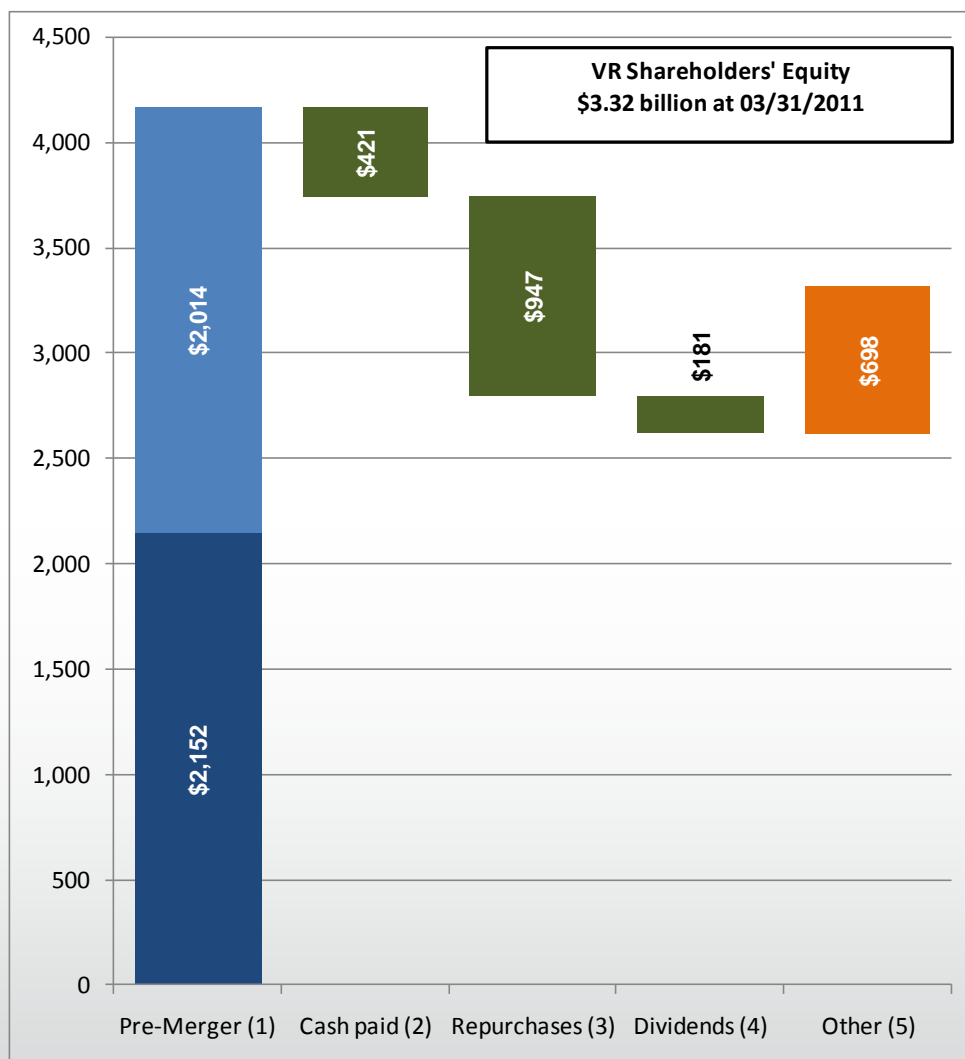
Cumulative Repurchase Details

- From repurchase program inception at November 11, 2009 through May 6, 2011, Validus has repurchased 35.0 million common shares at an average price of \$27.04:
 - This represents a total value of \$947.2 million
 - This amount is equal to 26.7% of outstanding common shares at the repurchase starting point of September 30, 2009
- Remaining repurchase authorization of \$382.0 million

Quarterly Repurchase Activity

- During the three months ending March 31, 2011 Validus repurchased 195,100 shares for \$6.0 million at an average price of \$30.77
- Validus' principal objective is to use our capital efficiently underwriting primarily short-tail insurance and reinsurance
 - Repurchase and capital return activity will be dictated by market opportunities and prudent risk constraints

Rationalizing Capacity and Returning Capital



In total, VR has reduced underwriting capital by \$1.55 billion since the IPC acquisition, or 77% of IPC's pre-transaction equity

1. Combined proforma shareholders' equity of \$4.17 billion at June 30, 2009
2. Cash consideration to IPC shareholders of \$420.8 million
3. Post-closing share repurchases of \$947.2 million through March 31, 2011
4. Post-closing dividends of \$181.0 million
5. Shareholders' equity of \$3.32 billion at March 31, 2011

Transparent Risk Disclosure – April 1, 2011 Portfolio

Probable Maximum Losses by Zone and Peril

(Expressed in thousands of U.S. Dollars)

		Consolidated (Validus Re and Talbot) Estimated Net Loss					
Zones	Perils	20 year return period	50 year return period	100 year return period	250 year return period	Validus Re Net Maximum Zonal Aggregate	
United States	Hurricane	\$ 336,755	\$ 581,305	\$ 812,579	\$ 1,064,440	\$ 1,885,638	
California	Earthquake	73,283	253,496	391,781	567,348	1,842,272	
Europe	Windstorm	144,666	314,873	487,250	663,665	1,401,291	
Japan	Earthquake	36,166	117,565	153,743	222,949	706,104	
Japan	Typhoon	55,181	130,437	190,700	261,936	663,830	

1:100 year PML equal to 21.1% of quarter end capital, 24.5% of shareholders' equity

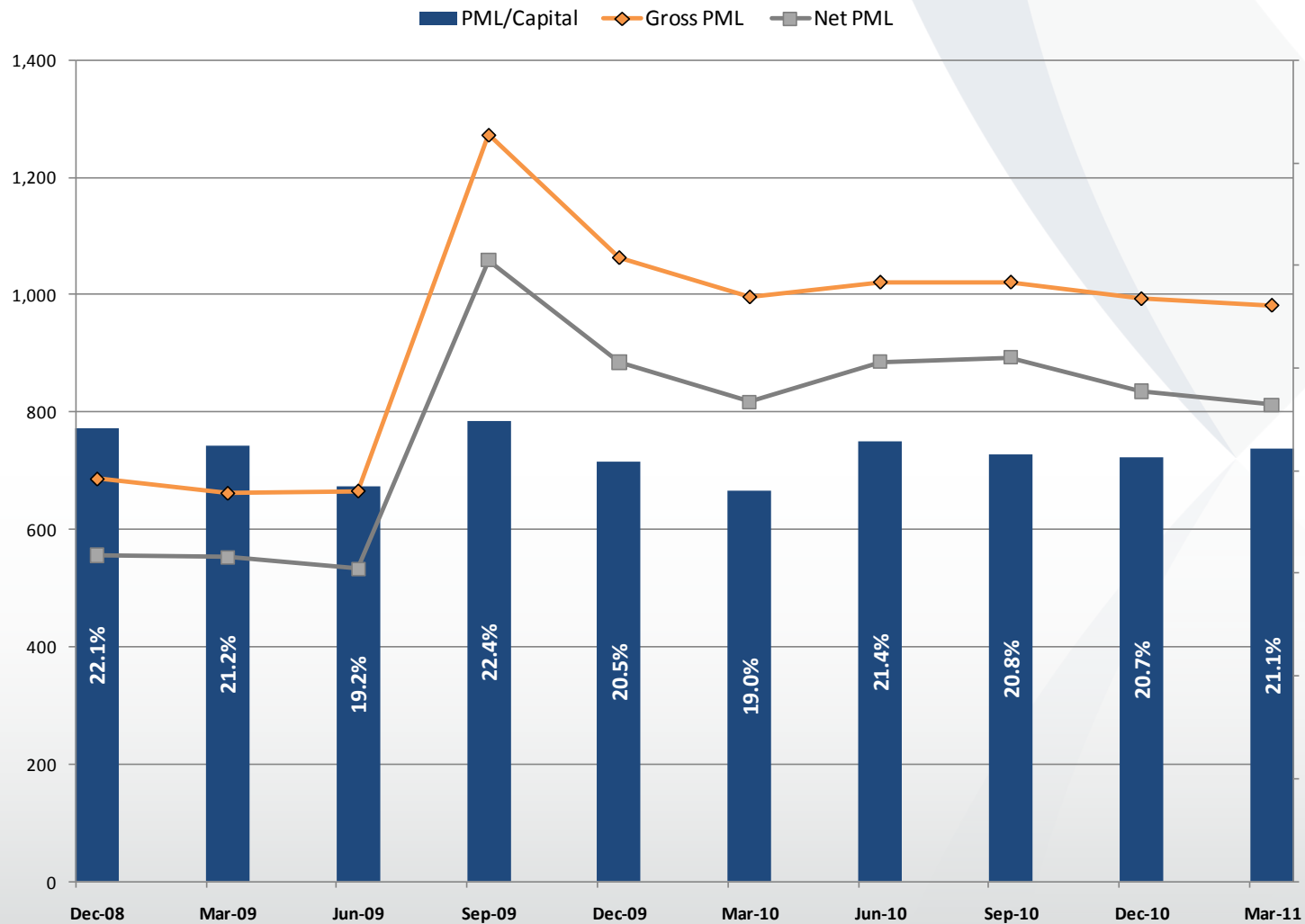
Net loss estimates and zonal aggregates are before income tax, net of reinstatement premiums, and net of reinsurance and retrocessional recoveries. The estimates set forth above are based on an Occurrence basis on assumptions that are inherently subject to significant uncertainties and contingencies. 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.

Ratio of 1:100 U.S. Windstorm Risk to Capital Over Time



Realistic Disaster Scenarios

Consolidated (Validus Re and Talbot) Realistic Disaster Scenarios (RDS) Estimates as of January 1, 2011, in millions of U.S. Dollars

Type	Catastrophe Scenarios	Description	Estimated Consolidated (Validus Re and Talbot) Net Loss	% of latest 12 Months Consolidated Net Premiums Earned
Terrorism	Rockefeller Center	Midtown Manhattan suffers a 2-tonne conventional bomb blast	219.9	12.7%
Terrorism	Exchange Place	Lower Manhattan suffers a 2-tonne conventional bomb blast	122.2	7.1%
Marine	Marine collision in Prince William Sound	Fully laden tanker collides with a cruise vessel in Prince William Sound	191.8	11.1%
Marine	Major cruise vessel incident	US-owned cruise vessel sunk or severely damaged	144.0	8.3%
Marine	Loss of major complex	Total loss to all platforms and bridge links of a major oil complex	228.2	13.2%
Aviation	Aviation collision	Collision of two aircraft over a major city	69.9	4.0%
Satellite	Proton flare	Large single or sequence of proton flares results in loss to all satellites in synchronous orb	21.8	1.3%
Satellite	Generic defect	Undetected defect in a number of operational satellites causing major loss	40.6	2.3%
Liability	Professional lines	Failure or collapse of a major corporation	33.3	1.9%
Liability	Professional lines	UK pensions mis-selling	19.2	1.1%
Political Risks	South East Asia	Chinese economy has a "hard landing" with sharp fall in growth rates; regional contagion	37.5	2.2%
Political Risks	South America	Severe economic crisis in Brazil due to political upheaval; regional contagion	63.6	3.7%
Political Risks	Middle East	US and Iran escalate into military confrontation; regional contagion	22.7	1.3%
Political Risks	Russia	The Russian corporate sector. 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 2011 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.



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FIRST QUARTER 2011

APPENDIX

Validus Re – Quarterly Segment Results

- Gross premiums written decreased by 4.5% to \$611.2 million
 - Reflects decreases in renewing business offset by increases in reinstatement premium
- Net premiums earned decreased 11.1% to \$252.3 million
 - Increased reinsurance premium ceded due to a new Jan 1, 2011 worldwide quota share and incremental excess of loss purchases reduced both net premiums written and earned
- Net underwriting income improved by 11.4%
 - Identified loss events of \$213.5 million versus \$274.4 million

Validus Re - Quarterly Segment Results (Expressed in thousands of U.S. Dollars)

	March 31, 2011	March 31, 2010
Underwriting revenues		
Gross premiums written	\$ 611,238	\$ 640,295
Reinsurance premiums ceded	(46,805)	(13,110)
Net premiums written	564,433	627,185
Change in unearned premiums	(312,124)	(343,264)
Net premiums earned	252,309	283,921
Underwriting deductions		
Losses and loss expenses	310,544	348,920
Policy acquisition costs	40,066	43,503
General and administrative expenses	10,657	16,312
Share compensation expenses	3,105	1,629
Subtotal underwriting deductions	364,372	410,364
Underwriting (loss)	(112,063)	(126,443)
Selected Ratios		
Losses and loss expenses	123.1%	122.9%
Policy acquisition costs	15.9%	15.3%
General and administrative expenses	5.5%	6.3%
Expense ratio	21.4%	21.6%
Combined ratio	144.5%	144.5%
Impact of identified loss events (a)	84.6%	96.7%
Impact of prior period development (favorable)/unfavourable	-4.5%	-4.0%

(a) Q1 2011 impacted by \$101.2 million Tohoku earthquake, \$42.9 million Gryphon Alpha mooring failure, \$32.4 million Christchurch earthquake, \$25.0 million Brisbane floods and \$12.0 million CNRL Horizon explosion. Q1 2010 impacted by \$243.7 million Chilean earthquake, \$18.2 million Melbourne hailstorm and \$12.6 million Windstorm Xynthia.

Talbot – Quarterly Segment Results

- Gross premiums written decreased by 2.8% to \$263.1 million
 - \$15.2 million decrease in Property, primarily property treaty, offset by \$5.6 million increase in Specialty, primarily war, political risk and violence
- Net premiums written increased by 14.8% to \$175.6 million
 - Ceded premiums decreased by \$30.1 million due to timing of purchases and change in mix of gross premiums
- Net underwriting income decreased by \$39.2 million
 - Identified loss events of \$80.3 million versus \$49.5 million

Talbot - Quarterly Segment Results

(Expressed in thousands of U.S. Dollars)

	March 31, 2011	March 31, 2010
Underwriting revenues		
Gross premiums written	\$ 263,057	\$ 270,541
Reinsurance premiums ceded	(87,414)	(117,531)
Net premiums written	175,643	153,010
Change in unearned premiums	1,581	20,763
Net premiums earned	177,224	173,773
Underwriting deductions		
Losses and loss expenses	165,654	129,611
Policy acquisition costs	37,216	34,945
General and administrative expenses	28,722	25,548
Share compensation expenses	2,719	1,559
Subtotal underwriting deductions	234,311	191,663
Underwriting (loss)	(57,087)	(17,890)
Selected ratios		
Losses and loss expenses	93.5%	74.6%
Policy acquisition costs	21.0%	20.1%
General and administrative expenses	17.7%	15.6%
Expense ratio	38.7%	35.7%
Combined ratio	132.2%	110.3%
Impact of identified loss events (a)	45.3%	28.5%
Impact of prior period development (favorable)/unfavourable	-8.6%	-8.8%

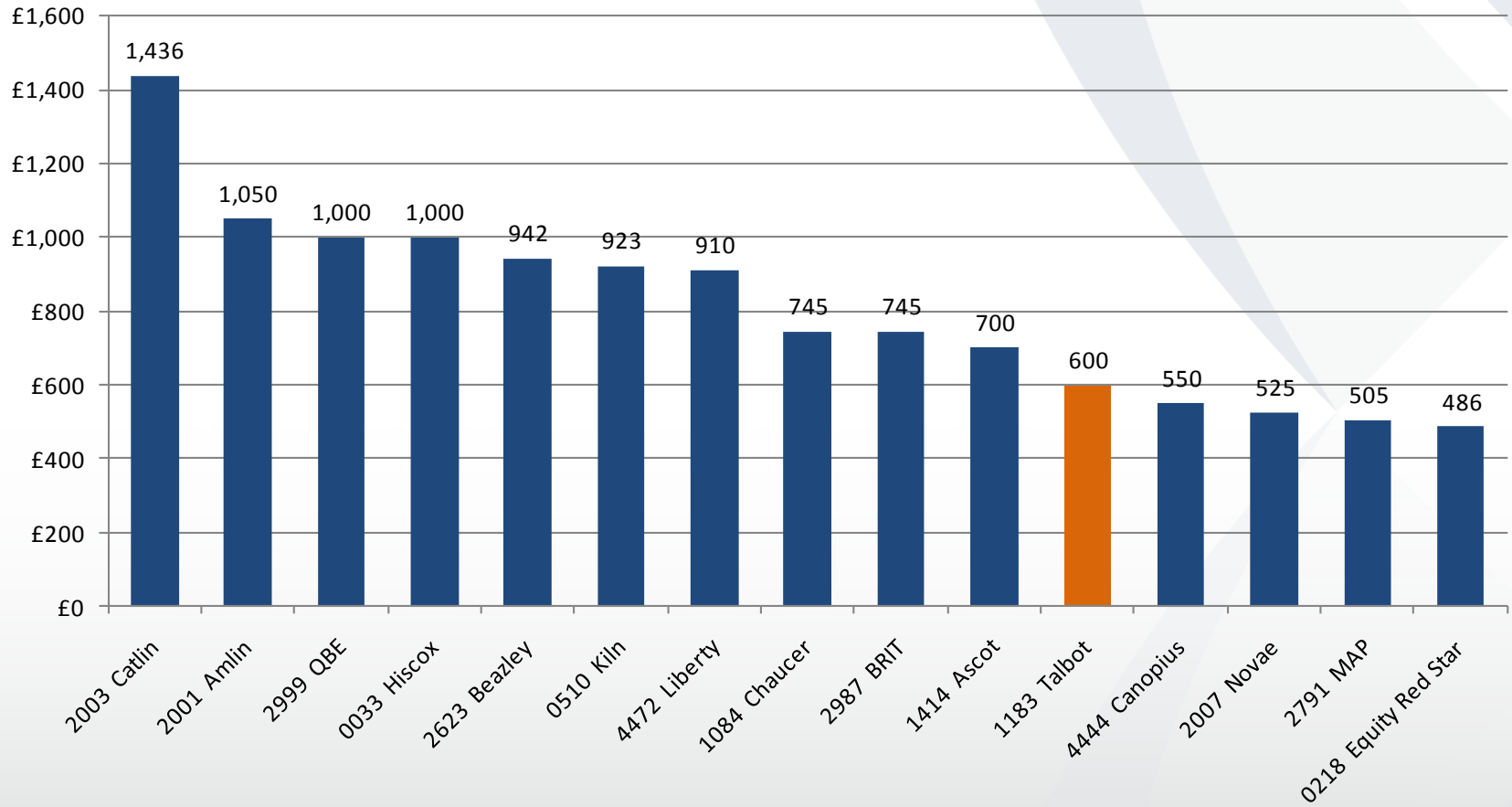
(a) Q1 2011 impacted by \$47.8 million Tohoku earthquake, \$9.5 million Gryphon Alpha mooring failure, \$9.5 million Christchurch earthquake, \$7.5 million CNRL Horizon explosion and \$6.0 million Brisbane floods. Q1 2010 impacted by \$49.5 million Chilean earthquake.

Impact of Notable Losses During the Quarter – 2011 Q1

Event In \$US (000)s	Description	Validus Re	Talbot	Total	Loss/LAE Net of Reinstatement Premium	Total (% of NPE) (a)
Tohoku earthquake	Earthquake	101,156	47,770	148,926	138,571	34.7%
Gryphon Alpha	Mooring failure	42,914	9,520	52,434	51,229	12.2%
Christchurch earthquake	Earthquake	32,381	9,500	41,881	34,374	9.8%
Brisbane floods	Floods	25,023	6,000	31,023	27,607	7.2%
CNRL Horizon	Explosion	12,000	7,500	19,500	19,254	4.5%
Total		213,474	80,290	293,764	271,035	68.4%

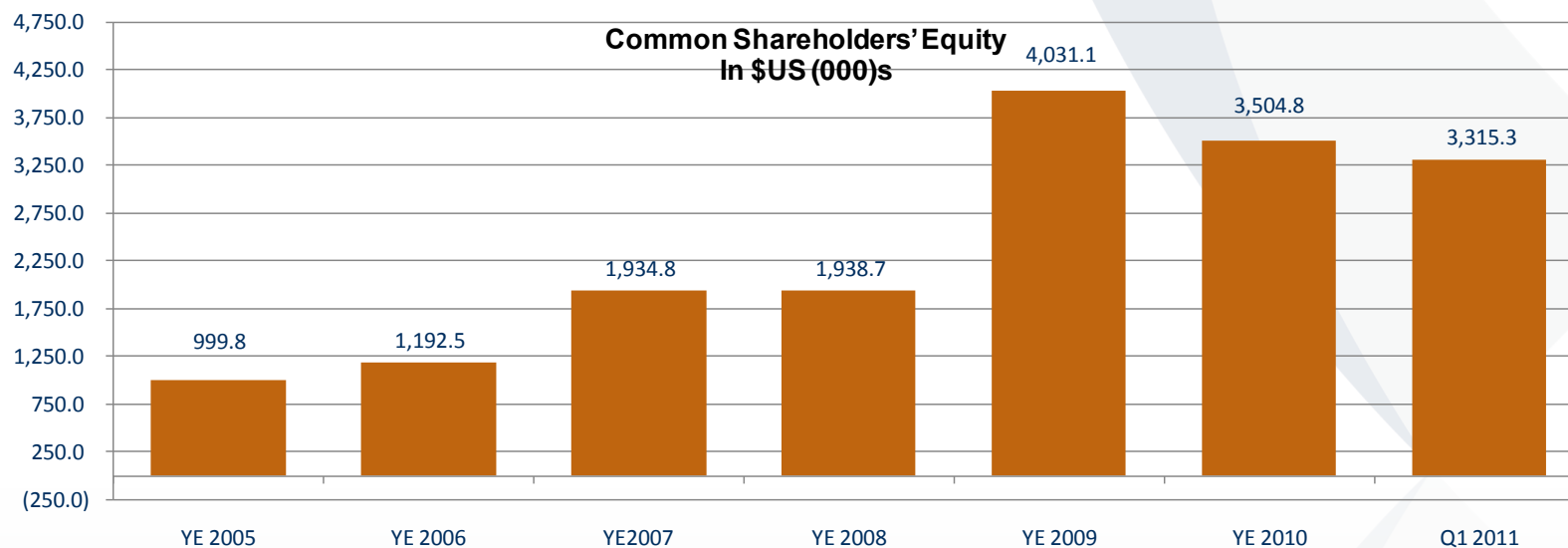
(a) Based on total notable losses excluding the effect of the reinstatement premium.

2010 Lloyd's Syndicate Capacity – In £GBP Millions



Source: Lloyd's of London, Moody's and Company Reports

Impact of Capital Management



Capital Management	YE 2008	YE 2009	YE 2010	YTD 2011
Dividends Paid	67,934	78,515	105,662	27,196
Shares Repurchased	-	84,243	256,927	6,000
Tender Offer	-	-	600,000	-
Gain on JSD Repurchase	8,752	4,444	-	-
Gain on IPC Amalgamation	-	287,099	-	-

Net Operating Income Reconciliation

Validus Holdings, Ltd.

Non-GAAP Financial Measure Reconciliation

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

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

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

Diluted Book Value Per Share Reconciliation

Validus Holdings, Ltd.

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

At March 31, 2011

	Equity amount	Shares	Exercise Price (a)	Book value per share
<u>Book value per common share, reported</u>				
Book value per common share				
Total shareholders' equity	\$ 3,315,321	98,288,177		<u>\$ 33.73</u>
Diluted book value per common share				
Total shareholders' equity	\$ 3,315,321	98,288,177		
Assumed exercise of outstanding warrants (b)	139,272	7,934,860	\$ 17.55	
Assumed exercise of outstanding stock options (b)	50,571	2,521,975	\$ 20.05	
Unvested restricted shares	<u>-</u>	<u>3,177,751</u>		
Diluted book value per common share	<u>\$ 3,505,164</u>	<u>111,922,763</u>		<u>\$ 31.32</u>

(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.