IPC HOLDINGS LTD
Form PRRN14A
May 26, 2009

PRELIMINARY COPY DATED MAY 26, 2009 SUBJECT TO COMPLETION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Amendment No. 1
to
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant o
Filed by a Party other than the Registrant þ
Check the appropriate box:

þ Preliminary Proxy Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to § 240.14a-12

IPC HOLDINGS, LTD.
(Name of Registrant as Specified in its Charter)

VALIDUS HOLDINGS, LTD.
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common Shares, $0.175 par value per share

(2) Aggregate number of securities to which transaction applies:

68,520,737

(3)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

N/A

(4) Proposed maximum aggregate value of transaction:

$1,482,329,499.84

(5) Total fee paid:

$82,713.99 (based upon the product of $1,482,329,499.84 and the fee rate of $55.80 per million dollars set forth in the Fee Rate Advisory #5 for Fiscal Year 2009)

o Fee paid previously with preliminary materials.

þ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid: $84,262.55

(2) Form, schedule or registration statement no.: Schedule 14A

(3) Filing party: Validus Holdings, Ltd.

(4) Date filed: April 16, 2009

PRELIMINARY COPY DATED MAY 26, 2009 SUBJECT TO COMPLETION

NOTICE OF COURT MEETING

IN THE SUPREME COURT OF BERMUDA No. [ ] of 2009

CIVIL JURISDICTION
(COMMERCIAL COURT)

IN THE MATTER OF IPC HOLDINGS, LTD
and
IN THE MATTER OF THE COMPANIES ACT 1981

NOTICE IS HEREBY GIVEN that by an Order dated [ ] 2009 made in the above matters the Court has directed a meeting (including any adjournments or postponements thereof, the court-ordered IPC meeting) to be convened of the holders of the common shares, par value $0.01 per share (the IPC Shares), of IPC Holdings, Ltd., a Bermuda exempted company (IPC) (other than any IPC Shares that are registered in the name of, or beneficially owned by, Validus, IPC or any of their respective subsidiaries or which Validus, IPC or any of their respective subsidiaries acquires or becomes the beneficial owner of) for the purpose of considering and, if the IPC shareholders so determine, approving a scheme of arrangement (the Scheme of Arrangement) to be made between IPC and the holders of such IPC Shares, in the form attached as Annex A hereto, and that the court-ordered IPC meeting will be held at [ ] on [ ] 2009, at [10:00] a.m., Atlantic time.

The proxy statement that accompanies this notice constitutes the explanatory statement required to be furnished pursuant to Part VII of The Companies Act of 1981 of Bermuda, as amended.

If you are a shareholder of record, please complete, sign, date and return the enclosed proxy in the return envelope furnished for that purpose, as promptly as possible, whether or not you plan to attend the meeting. If you own your IPC Shares through a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or other nominee when voting your IPC Shares.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of IPC in respect of the joint holding.

Entitlement to attend and vote at the court-ordered IPC meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of IPC as of [ ], 2009.

Voting at the court-ordered IPC meeting will be conducted on a poll rather than a show of hands.

By the said Order, the Court has appointed [ ] or, failing him, [ ] or, failing him, [ ] to act as Chairman of the court-ordered IPC meeting and has directed the Chairman to report the result thereof to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Supreme Court of Bermuda and the satisfaction or, where relevant, waiver of the other conditions thereto.

Dated [ ] 2009

COURT-ORDERED MEETING OF THE SHAREHOLDERS
OF
IPC HOLDINGS, LTD.

TO BE HELD ON [ ], 2009

PROXY STATEMENT
OF
VALIDUS HOLDINGS, LTD.

This proxy statement (the proxy statement) and the enclosed BLUE proxy card are furnished by Validus Holdings, Ltd., a Bermuda exempted company (Validus), in connection with Validus solicitation of proxies to be used at the court-ordered meeting (including any adjournments or postponements thereof, the court-ordered IPC meeting) of holders of common shares, par value $0.01 per share (the IPC Shares), of IPC Holdings, Ltd., a Bermuda exempted company (IPC) (other than any IPC shares owned by Validus, IPC or their respective subsidiaries) to be held on [ ], 2009, at [ ] at [ ] Atlantic Time, for the purpose of giving such holders of IPC Shares the opportunity to consider and, if the IPC shareholders so determine, approve a scheme of arrangement (the Scheme of Arrangement) under Bermuda law to effect the acquisition of IPC by Validus (the Acquisition) pursuant to the Scheme of Arrangement set forth in Annex A attached hereto.

On March 1, 2009, IPC entered into an Agreement and Plan of Amalgamation, as amended on March 5, 2009, among Max Capital Group Ltd. (Max), IPC and IPC Limited (the Max Amalgamation Agreement) which would result in the amalgamation of Max with IPC Limited, a wholly-owned subsidiary of IPC that was formed for the purpose of the amalgamation (the Proposed Max Amalgamation).

On March 31, 2009, Validus publicly announced that it had delivered to IPC an offer (the Initial Validus Offer) to acquire each outstanding IPC Share in exchange for 1.2037 Validus voting common shares, par value $0.175 per share (the Validus Shares). IPC announced on April 7, 2009 that its board of directors had determined that the Initial Validus Offer did not constitute a superior proposal to the Proposed Max Amalgamation and reaffirmed its support of the Proposed Max Amalgamation. On May 18, 2009, Validus publicly announced that it had delivered to IPC an increased offer (the Validus Amalgamation Offer) to acquire each outstanding IPC Share in exchange for (i) 1.1234 Validus Shares and (ii) $3.00 in cash (less any applicable withholding taxes and without interest). Validus has also delivered a proposed agreement and plan of amalgamation and an amendment thereto (as amended, the Validus Amalgamation Agreement) signed by Validus so that, upon a termination of the Max Amalgamation Agreement, IPC would have the certainty of Validus transaction and would be able to sign the Validus Amalgamation Agreement. IPC announced on May 21, 2009 that its board of directors had determined that the Validus Amalgamation Offer did not constitute a superior proposal to the Proposed Max Amalgamation and reaffirmed its support of the Proposed Max Amalgamation. Additionally, Max has not released IPC from the prohibition in the Max Amalgamation Agreement that prevents IPC from even discussing the Validus Amalgamation Offer with Validus. Based upon closing market prices as of May 15, 2009, the day prior to the announcement of the increased offer, the Validus Amalgamation Offer represented a 13.2% premium to IPC s closing price that day and a 21.9% premium based on IPC s and Validus closing prices on March 30, 2009, the last trading day before the announcement of the Initial Validus Offer.

In order to implement the Scheme of Arrangement, the IPC shareholders must approve the Scheme of Arrangement at the court-ordered IPC meeting, IPC must separately approve the Scheme of Arrangement and the Scheme of Arrangement must be sanctioned by the Supreme Court of Bermuda. If the IPC shareholders approve the Scheme of Arrangement at the court-ordered IPC meeting, the separate approval of IPC of the Scheme of Arrangement can be provided by either (i) the IPC board of directors voluntarily complying with the will of the IPC shareholders as expressed at the court-ordered IPC meeting, or (ii) the shareholders of IPC approving resolutions at a subsequent requisitioned special general meeting of IPC shareholders (the IPC special general meeting), including resolutions for IPC to approve and to be bound by the Scheme of Arrangement and to terminate the Max Amalgamation Agreement. On May 12, 2009, Validus filed with the Securities and Exchange Commission (the SEC) a preliminary proxy statement which, when filed in its definitive form, will be used to solicit written requisitions from the IPC shareholders to compel the IPC board of directors to call the IPC special general meeting. Following IPC shareholder approval at both the court-ordered IPC meeting and the IPC special general meeting, the satisfaction or, where relevant, waiver of the other conditions to the effectiveness of the Scheme of Arrangement, and the granting of a court order from the Supreme Court of Bermuda sanctioning the Scheme of Arrangement, a copy of the court order sanctioning the Scheme of Arrangement will be delivered to the Bermuda Registrar of Companies, at which time (the closing or the effective time) the Scheme of Arrangement will be effective.

VALIDUS IS DISTRIBUTING THIS PROXY STATEMENT IN ORDER TO URGE IPC S SHAREHOLDERS TO VOTE FOR THE SCHEME OF ARRANGEMENT AT THE COURT-ORDERED IPC MEETING. WE BELIEVE THAT THE ACQUISITION OF IPC BY VALIDUS OFFERS GREATER VALUE TO THE IPC SHAREHOLDERS THAN THE PROPOSED MAX AMALGAMATION.

The court-ordered IPC meeting is being held in accordance with an order of the Supreme Court of Bermuda issued on [ ], 2009, at the request of Validus in accordance with Bermuda law. The record date for determining the IPC shareholders who will be entitled to vote at the court-ordered IPC meeting is [ ], 2009. The Scheme of Arrangement must be approved by a majority in number of the holders of IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy, representing 75% or more in value of the IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy. The presence at the court-ordered IPC meeting of two or more shareholders, in person or by proxy, is required to constitute a quorum thereat.

Based on Validus and IPC s respective capitalizations as of March 31, 2009 and the exchange ratio of 1.1234, Validus estimates that former IPC shareholders would own, in the aggregate, approximately 41.3% of the issued and outstanding Validus Shares on a fully-diluted basis following closing of the Acquisition.

Validus Shares are quoted on the New York Stock Exchange (the NYSE) under the symbol VR. The closing price of a Validus common share on the NYSE on May 22, 2009, the last practicable date prior to the filing of this proxy statement, was $22.01. IPC Shares, which are currently quoted on the NASDAQ Global Select Market (NASDAQ) under the symbol IPCR and the Bermuda Stock Exchange under the symbol IPCR BH, would be delisted upon completion of the Acquisition. The closing price of an IPC Share on NASDAQ on May 22, 2009, the last practicable date prior to the filing of this proxy statement, was $25.07. All references to dollars and $ in this proxy statement refer to U.S. dollars.

This proxy statement provides IPC shareholders with detailed information about the court-ordered IPC meeting and the Scheme of Arrangement and is intended to satisfy the requirement, under Section 100 of The Companies Act of 1981 of Bermuda, as amended (the Companies Act), of a statement explaining the effect of the proposed Scheme of Arrangement. You can also obtain information from publicly available documents filed by Validus and IPC with the SEC. **Validus encourages you to read this entire document carefully, including the section entitled *Risk Factors* beginning on page [ ].**

Your vote is very important. Whether or not you plan to attend the court-ordered IPC meeting, please take time to vote by completing and mailing your enclosed BLUE proxy card or by following the voting instructions provided to you if you own your shares through a bank, broker or other nominee. If you do not receive such instructions, you may request them from that firm. If you have any questions or need additional copies of the proxy materials, please call Georgeson Inc. at the phone numbers listed below.

199 Water Street
26th Floor
New York, New York 10038
Banks and Brokers should call: (212) 440-9800
or
Toll Free: at (888) 274-5119
Email: validusIPC@georgeson.com

Neither the SEC nor any state securities regulatory agency has approved or disapproved the Scheme of Arrangement, passed upon the merits or fairness thereof or passed upon the adequacy or accuracy of the

disclosure in this proxy statement. Any representation to the contrary is a criminal offense.

This proxy statement is dated [ ], 2009
and is first being mailed to IPC shareholders on or about [ ], 2009

Important Notice Regarding the Availability of Proxy Materials for the court-ordered IPC meeting to be held on [ ]**, 2009.**

This proxy statement and the related proxy materials are available free of charge on Validus website at www.validusre.bm.

SOURCES OF ADDITIONAL INFORMATION

This proxy statement includes information, including important business and financial information, also set forth in documents filed by Validus and IPC with the SEC, and those documents include information about Validus and IPC that is not included in or delivered with this proxy statement. You can obtain any of the documents filed by Validus or IPC, as the case may be, with the SEC from the SEC or, without charge, from the SEC s website at http://www.sec.gov. IPC shareholders also may obtain documents filed by IPC or Validus with the SEC or documents incorporated by reference in this proxy statement free of cost, by directing a written or oral request to Validus at:

Validus Holdings, Ltd.
19 Par-La-Ville Road
Hamilton HM11
Bermuda
Attention: Jon Levenson
(441) 278-9000

If you would like to request documents, in order to ensure timely delivery, you must do so at least five business days before the date of the meeting. This means you must request this information no later than [ ], 2009. Validus will mail properly requested documents to requesting shareholders by first class mail, or another equally prompt means, within one business day after receipt of such request.

The information concerning IPC, its business, management and operations presented or incorporated by reference in this proxy statement has been taken from, or is based upon, publicly available information on file with the SEC and other publicly available information. Although Validus has no knowledge that would indicate that statements and information relating to IPC contained or incorporated by reference in this proxy statement, in reliance upon publicly available information, are inaccurate or incomplete, to date it has not had access to the full books and records of IPC, was not involved in the preparation of such information and statements and is not in a position to verify any such information or statements.

The consolidated financial statements of IPC appearing in its annual report on Form 10-K for the year ended December 31, 2008 (including schedules appearing therein), and IPC management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2008 included therein, have been audited by an independent registered public accounting firm, as set forth in their reports thereon, included therein, and included and/or incorporated herein by reference. Validus has not obtained the authorization of IPC s independent auditors to incorporate by reference the audit reports relating to this information.

Pursuant to Rule 12b-21 under the Securities Exchange Act of 1934, as amended (the Exchange Act), Validus requested that IPC provide Validus with information required for complete disclosure regarding the businesses, operations, financial condition and management of IPC. Validus will amend or supplement this proxy statement to provide any and all information Validus receives from IPC, if Validus receives the information before the court-ordered IPC meeting and Validus considers it to be material, reliable and appropriate.

See *Where You Can Find More Information* on page [ ].

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QUESTIONS AND ANSWERS ABOUT THE ACQUISITION AND THE COURT-ORDERED IPC MEETING

The following questions and answers highlight selected information from this proxy statement and may not contain all the information that is important to you. Validus encourages you to read this entire document carefully.

Q: When and where is the court-ordered IPC meeting?

A: The court-ordered IPC meeting is scheduled to take place at [ ], Atlantic Time, on [ ], 2009, at [ ].

Q: What is the purpose of the court-ordered IPC meeting?

A: The purpose of the meeting is to seek IPC shareholder approval of the Scheme of Arrangement. IPC shareholder approval is a necessary step toward consummation of the Acquisition without the cooperation of the IPC board of directors.

Q: What am I being asked to vote on at the court-ordered IPC meeting?

A: At the court-ordered IPC meeting, IPC shareholders will be asked to consider and vote upon a proposal to approve the Scheme of Arrangement.

Q: What would happen under the Scheme of Arrangement?

A: If the Scheme of Arrangement becomes effective, Validus will effect the Acquisition of IPC by the transfer of all outstanding IPC Shares (excluding any IPC Shares owned by Validus, IPC or their respective subsidiaries) to Validus in exchange for Validus Shares at a ratio of 1.1234 (the exchange ratio) Validus Shares and $3.00 in cash (less any applicable withholding taxes and without interest) for each IPC Share. IPC would thereby become a wholly-owned subsidiary of Validus.

Q: Why is Validus proposing the Acquisition?

A: Based on a number of factors described below under *The Acquisition Reasons to Vote FOR the Scheme of Arrangement*, Validus believes that the Acquisition represents a compelling combination and excellent strategic fit that will enable Validus to capitalize on opportunities in the global reinsurance market. Successful completion of the Acquisition would allow IPC shareholders to benefit from the superior growth potential of a combined company that would be a leading carrier in Bermuda s short-tail reinsurance and insurance markets, with a strong balance sheet and quality diversification in profitable business lines.

Q: Why is the Scheme of Arrangement better than the Proposed Max Amalgamation?

A: Validus believes that the combination of Validus and IPC offers a number of benefits to holders of IPC Shares, including the following:

The Scheme of Arrangement provides a premium to IPC shareholders.

The Validus Shares to be issued to IPC shareholders as a portion of the Acquisition Consideration (as defined below) pursuant to the Scheme of Arrangement represent what we believe is an attractive investment.

A Validus/IPC combination will have a strong balance sheet with minimal exposure to risky asset classes.

Validus offers IPC a highly experienced, first class management team.

The Scheme of Arrangement provides IPC shareholders with an opportunity for stable, profitable diversification into attractive business lines and further growth.

See *The Acquisition Reasons to vote FOR the Scheme of Arrangement* below.

Q: Is Validus pursuing multiple acquisition strategies?

A: Yes, in addition to proposing the Scheme of Arrangement, Validus is soliciting votes against the Proposed Max Amalgamation, has made an offer to amalgamate with IPC and has launched an exchange offer (the Exchange Offer) for all of the issued and outstanding IPC Shares. The Validus Amalgamation Offer, the Scheme of Arrangement and the Exchange Offer are alternative methods for Validus to acquire all of the issued and

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outstanding IPC Shares on the same economic terms. Ultimately, only one of these transaction structures can be pursued to completion. Validus intends to seek to acquire all IPC Shares by whichever method Validus determines is most effective and efficient.

Q: How will the Scheme of Arrangement become effective?

A: A Scheme of Arrangement under Bermuda law is an arrangement between a company and its shareholders. In order to implement the Scheme of Arrangement, the IPC shareholders must approve the Scheme of Arrangement at the court-ordered IPC meeting, IPC must separately approve the Scheme of Arrangement and the Scheme of Arrangement must be sanctioned by the Supreme Court of Bermuda. If the IPC shareholders approve the Scheme of Arrangement at the court-ordered IPC meeting, the separate approval of IPC of the Scheme of Arrangement can be provided by either (i) the IPC board of directors voluntarily complying with the will of the IPC shareholders as expressed at the court-ordered IPC meeting, or (ii) the shareholders of IPC approving resolutions at the IPC special general meeting, including resolutions for IPC to approve and to be bound by the Scheme of Arrangement and to terminate the Max Amalgamation Agreement. On May 12, 2009, Validus filed with the SEC a preliminary proxy statement which, when filed in its definitive form, will be used to solicit written requisitions from the IPC shareholders to compel the IPC board of directors to call the IPC special general meeting. In order to compel the IPC board of directors to call the IPC special general meeting, written requisitions from the holders of 10% of the IPC Shares must be deposited with IPC. Following IPC shareholder approval at both the court-ordered IPC meeting and the IPC special general meeting, the satisfaction or, where relevant, waiver of the other conditions to the effectiveness of the Scheme of Arrangement, and the granting of a court order from the Supreme Court of Bermuda sanctioning the Scheme of Arrangement, a copy of the court order sanctioning the Scheme of Arrangement will be delivered to the Bermuda Registrar of Companies, at which time the Scheme of Arrangement will be effective.

Q: How would the Scheme of Arrangement work?

A: Procedurally, the Scheme of Arrangement can be divided into the following stages:

(1) Applying to the Supreme Court of Bermuda for an order giving directions for the holding and conduct of the court-ordered IPC meeting.

(2) Requisitioning the IPC special general meeting. On May 12, 2009, Validus filed with the SEC a preliminary proxy statement which, when filed in its definitive form, will be used to solicit written requisitions from the IPC shareholders to compel the IPC board of directors to call the IPC special general meeting.

(3) Holding the court-ordered IPC meeting to which this proxy statement relates to consider and, if the IPC shareholders so determine, approve the Scheme of Arrangement. The Scheme of Arrangement must be approved by a majority in number of the holders of IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy, representing 75% or more in value of the IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy.

(4) Holding the IPC special general meeting to approve resolutions determined by Validus to be reasonably necessary in connection with implementation of the Scheme of Arrangement, including resolutions for IPC to approve and to be bound by the Scheme of Arrangement and to terminate the Max Amalgamation Agreement. Approval of each resolution at the IPC special general meeting requires the affirmative vote of the holders of a majority of the IPC Shares voting at the meeting, whether in person or by proxy.

(5) Applying to the Supreme Court of Bermuda to sanction the Scheme of Arrangement.

(6) Delivering a copy of the order of the Supreme Court of Bermuda sanctioning the Scheme of Arrangement to the Bermuda Registrar of Companies.

Q: When do you expect the Scheme of Arrangement to become effective?

A: Assuming the Scheme of Arrangement is approved by the requisite vote of IPC s shareholders at the court-ordered IPC meeting, the Scheme of Arrangement could become effective as early as mid-July 2009. However, it is possible that the IPC board of directors will seek to take measures which would extend this time frame. Even if the Scheme of Arrangement has been approved by the IPC shareholders, Validus may terminate the

Scheme of Arrangement at any time prior to the commencement of the hearing of the Supreme Court of Bermuda to sanction the Scheme of Arrangement without obtaining the approval of the IPC shareholders, if any event or condition occurs which would cause any of the conditions to the effectiveness of the Scheme of Arrangement not to be satisfied by November 30, 2009 (or such later date, if any, as Validus may agree and the Supreme Court of Bermuda may allow).

Q: What would IPC shareholders receive in the Scheme of Arrangement?

A: Under the terms of the Scheme of Arrangement, each outstanding IPC Share (excluding any IPC Shares owned by Validus, IPC or their respective subsidiaries), would be transferred to Validus in exchange for (i) 1.1234 Validus Shares and (ii) $3.00 in cash (less any applicable withholding taxes and without interest) upon the effectiveness of the Scheme of Arrangement. IPC shareholders would not receive any fractional Validus Shares in the Scheme of Arrangement. Instead, IPC shareholders would be paid cash in lieu of the fractional share interest to which such shareholders would otherwise be entitled (together with the Validus Shares and other cash payable, the Acquisition Consideration) as described under *Summary The Scheme of Arrangement Acquisition Consideration* on page [ ].

Q: How does the Scheme of Arrangement relate to the amalgamation agreement contained in the Validus Amalgamation Offer?

A: On March 31, 2009, Validus publicly announced that it had delivered to IPC an offer to consummate the Acquisition on the terms and subject to the conditions set forth in the Initial Validus Offer. IPC announced on April 7, 2009 that its board of directors had determined that the Initial Validus Offer did not constitute a superior proposal to the Proposed Max Amalgamation and reaffirmed its support of the Proposed Max Amalgamation. On May 18, 2009, Validus publicly announced that it had delivered to IPC an increased offer to acquire each outstanding IPC Share for (i) 1.1234 Validus Shares and (ii) $3.00 in cash (less any applicable withholding taxes and without interest). In addition, IPC shareholders will receive cash in lieu of any fractional Validus Share to which they may be entitled. Validus has also delivered the Validus Amalgamation Agreement signed by Validus so that, upon a termination of the Max Amalgamation Agreement, IPC would have the certainty of Validus transaction and would be able to sign the Validus Amalgamation Agreement. IPC announced on May 21, 2009 that its board of directors had determined that the Validus Amalgamation Offer did not constitute a superior proposal to the Proposed Max Amalgamation and reaffirmed its support of the Proposed Max Amalgamation. Additionally, Max has not released IPC from the prohibition in the Max Amalgamation Agreement that prevents IPC from even discussing the Validus Amalgamation Offer with Validus.

Q: How does the Scheme of Arrangement relate to the Exchange Offer commenced by Validus for all IPC Shares?

A: On May 12, 2009, Validus commenced the Exchange Offer whereby Validus is offering to exchange (i) 1.1234 Validus Shares and (ii) $3.00 in cash (less any applicable withholding taxes and without interest) for each IPC Share tendered by participating IPC shareholders. Validus commenced the Exchange Offer as an alternative method to acquire all the issued and outstanding IPC Shares. The Exchange Offer is intended to be pursued in parallel with the Scheme of Arrangement, since it may provide a means to acquire all the issued and outstanding IPC Shares on the same economic terms as the Validus Amalgamation Offer. We intend to effect the Acquisition by whichever method we determine is most effective and efficient. The Exchange Offer is subject to the condition, among others, that a minimum of 90% of the then-outstanding IPC Shares on a fully-diluted basis (excluding any IPC Shares owned by Validus, its subsidiaries or IPC) be tendered. If this condition is satisfied and the Exchange Offer completed, we intend, promptly after completion of the Exchange Offer, to acquire the IPC Shares of those shareholders who choose not to tender their IPC Shares pursuant to the Exchange Offer in a second-step acquisition pursuant to the Companies Act.

Q: What percentage of Validus Shares will the former holders of IPC Shares own after the Acquisition?

A: Based on Validus and IPC s respective capitalizations as of March 31, 2009 and the exchange ratio of 1.1234, Validus estimates that former IPC shareholders would own, in the aggregate, approximately 41.3% of the issued and outstanding Validus Shares on a fully-diluted basis following closing of the Acquisition.

Q: If the Scheme of Arrangement becomes effective, do I have to take any action to exchange my IPC Shares for Acquisition Consideration?

A: Validus will appoint BNY Mellon Shareowner Services as exchange agent to transfer and pay the Acquisition Consideration to persons holding IPC Shares outstanding immediately prior to the effective time (other than Validus, IPC or their respective subsidiaries) in exchange for share certificates representing IPC Shares or for non-certificated shares represented by book-entry (book-entry shares). At or about the effective time, Validus will deposit with the exchange agent the cash payable and the Validus Shares issuable as Acquisition Consideration and will provide for the cash issuable in lieu of fractional shares. Promptly after the effective time, the exchange agent will mail each holder of IPC Shares outstanding immediately prior to the effective time (other than Validus, IPC or their respective subsidiaries) instructions for surrendering share certificates and book-entry shares. The exchange agent will transfer and pay the Acquisition Consideration, less any applicable withholding taxes, to the persons holding IPC Shares outstanding immediately prior to the effective time (other than Validus, IPC or their respective subsidiaries) promptly following the exchange agent s receipt of the share certificates (or book-entry shares). No interest will be paid or accrued on the cash payable upon the surrender of any share certificate (or book-entry shares). Until so surrendered, each such IPC Share certificate (or book-entry share) will represent after the effective time for all purposes only evidence of the right to receive such Acquisition Consideration.

Q: What is the market value of my IPC Shares as of a recent date?

A: On March 30, 2009, the last trading day before Validus made the Validus Amalgamation Offer, the closing price of an IPC Share was $25.41. On May 22, 2009, the last practicable date prior to the filing of this proxy statement, the closing price of an IPC Share was $25.07. IPC shareholders are encouraged to obtain a recent quotation for IPC Shares before deciding how to vote at the court-ordered IPC meeting.

Q: Are IPC shareholders able to dissent?

A: IPC shareholders will be entitled to be present and be heard at the Supreme Court of Bermuda hearing to sanction the Scheme of Arrangement. Any IPC shareholder who wishes to may oppose the sanctioning of the Scheme of Arrangement and may make presentations to the court on the hearing of the petition. IPC shareholders may also vote against the Scheme of Arrangement at the court-ordered IPC meeting.

Q: Are IPC shareholders able to exercise appraisal rights?

A: No. If the Scheme of Arrangement becomes effective, it will be binding on all IPC shareholders whether or not they voted in favor of the Scheme of Arrangement at the court-ordered IPC meeting or of the resolutions proposed at the IPC special general meeting, and IPC shareholders will not be entitled to exercise any appraisal rights. Please see *The Scheme of Arrangement Dissenters and Appraisal Rights of IPC Shareholders* on page [ ].

Q: What are the closing conditions set forth in the Scheme of Arrangement?

A: In addition to the requisite approval by IPC shareholders at the court-ordered IPC meeting, the approval by IPC shareholders at the IPC special general meeting of resolutions determined by Validus to be reasonably necessary in connection with implementation of the Scheme of Arrangement, including resolutions for IPC to approve and to be bound by the Scheme of Arrangement and to terminate the Max Amalgamation Agreement, the sanction of the Scheme of Arrangement by the Supreme Court of Bermuda and the filing of a copy of the court sanction order with the Bermuda Registrar of Companies (collectively, the Procedural Conditions), the effectiveness of the

Scheme of Arrangement is subject to the satisfaction or, where relevant, waiver of certain other conditions, including the following:

The Max Amalgamation Agreement shall have been validly terminated, and Validus shall reasonably believe that IPC could not have any liability, and Max shall not have asserted any claim of liability or breach against IPC in connection with the Max Amalgamation Agreement other than with respect to the possible payment of the $50 million termination fee thereunder (the Max Termination Fee).

The shareholders of Validus shall have approved the issuance of the Validus Shares pursuant to the Scheme of Arrangement as required under the rules of the NYSE. All of the Validus officers, directors and those shareholders which Validus refers to as its qualified sponsors (as defined in this proxy statement), in each case who own Validus Shares, have indicated that they intend to vote the Validus Shares beneficially owned by them in favor of such approval. As of April 30, 2009, these persons and entities beneficially owned 42.4% of the voting interests relating to the Validus Shares.

The Validus Shares to be issued to IPC shareholders pursuant to the Scheme of Arrangement shall have been authorized for listing on the NYSE, subject to official notice of issuance.

There shall be no threatened or pending litigation, suit, claim, action, proceeding or investigation before any governmental authority that, in the judgment of Validus, is reasonably likely to, directly or indirectly, restrain or prohibit (or which alleges a violation of law in connection with) the Scheme of Arrangement or is reasonably likely to prohibit or limit the full rights of ownership of IPC Shares by Validus or any of its affiliates.

Since December 31, 2008, there shall not have been any material adverse effect on IPC and its subsidiaries, taken as a whole. A more than 50% decline in IPC s book value or a more than 20% decline in IPC s book value relative to Validus book value shall be deemed to have a material adverse effect on IPC.

Each of IPC and its subsidiaries shall have carried on their respective businesses in the ordinary course consistent with past practice at all times on or after the date of this proxy statement and prior to the commencement of the hearing of the Supreme Court of Bermuda to sanction the Scheme of Arrangement.

All amendments or waivers under Validus credit facilities necessary to consummate the Scheme of Arrangement and the other transactions contemplated by this proxy statement shall be in full force and effect.

The Scheme of Arrangement is subject to additional conditions referred to below in *The Scheme of Arrangement Conditions to the Scheme of Arrangement*, including that IPC shareholders shall not have approved the Max Amalgamation Agreement and that there shall have been no business combination consummated between IPC and Max. The Scheme of Arrangement is not conditioned on the receipt of regulatory approvals or the elimination of the Max Termination Fee. The conditions to the effectiveness of the Scheme of Arrangement are for the sole benefit of Validus and, other than the Procedural Conditions, the Registration Condition, the Shareholder Approval Condition and the NYSE Listing Condition described below in *The Scheme of Arrangement Conditions to the Scheme of Arrangement*, may be waived by Validus prior to the commencement of the hearing of the Supreme Court of Bermuda to sanction the Scheme of Arrangement in its discretion.

Q: What will be the composition of the board of directors of Validus following the effectiveness of the Scheme of Arrangement?

A: Upon the effectiveness of the Scheme of Arrangement, Validus board of directors would consist of the directors serving on the board of directors of Validus before the Acquisition; however, Validus has publicly expressed to the IPC directors that if they desire to participate in the leadership of Validus after the Acquisition, Validus would consider that.

Q: How will Validus be managed following the effectiveness of the Scheme of Arrangement?

A:

Upon the effectiveness of the Scheme of Arrangement, the officers of Validus will be the officers serving Validus before the Acquisition.

Q: What shareholder vote is required to approve the Scheme of Arrangement at the court-ordered IPC meeting and how many votes must be present to hold the meeting?

A: The Scheme of Arrangement must be approved by a majority in number of the holders of IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy, representing 75% or more in value of the IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy. Therefore, abstentions and broker non-votes will not have the effect of a vote for or against the Scheme of Arrangement, but will reduce the number of votes cast and therefore increase the relative influence of those shareholders voting. The presence at the court-ordered IPC meeting of two or more shareholders, in person or by proxy, is required to constitute a quorum thereat.

Q: What is the record date for the court-ordered IPC meeting?

A: Only shareholders of record, as shown by the transfer books of IPC at the close of business on [ ], 2009 (the record date) are entitled to receive notice of and to vote at the court-ordered IPC meeting.

Q: How many votes do I have and how many votes can be cast by all IPC shareholders?

A: As of [ ], 2009, there were [ ] outstanding IPC Shares entitled to vote. Each IPC Share (other than any IPC Shares owned by Validus, IPC or their respective subsidiaries) entitles the holder of record thereof to one vote at the court-ordered IPC meeting.

Q: What do I need to do now?

A: Validus urges you to read carefully this proxy statement, including its annexes and the documents incorporated by reference herein. You also may want to review the documents referenced under *Where You Can Find More Information* on page [ ] and consult with your accounting, legal and tax advisors. Once you have considered all relevant information, Validus encourages you to fill in and return the attached proxy card (if you are a shareholder of record) or voting instruction form you receive from your bank, broker or other nominee (if you hold your IPC Shares in street name).

Q: How can I vote my shares in person at the court-ordered IPC meeting?

A: If your IPC Shares are registered directly in your name as of the record date with the transfer agent, Computershare Investor Services, you are considered the shareholder of record with respect to those shares, and the proxy materials and proxy card are being sent directly to you. As the shareholder of record, you have the right to vote in person at the meeting. If you choose to do so, you can bring the enclosed proxy card. Most shareholders of IPC hold their shares through a bank, broker or other nominee (that is, in street name) rather than directly in their own name. If you hold your shares in street name, you are a beneficial holder, and the proxy materials are being forwarded to you by your bank, broker or other nominee together with a voting instruction form. Because a beneficial holder is not the shareholder of record, you may not vote these shares in person at the meeting unless you have previously either arranged for the IPC Shares beneficially owned by you to be transferred of record into your name by the record date for the court-ordered IPC meeting or secured a valid proxy or power of attorney from the bank, broker or other nominee that holds your shares as of the record date for the court-ordered IPC meeting (and who has received a valid proxy or power of attorney from the shareholder of record pursuant to a legal proxy with a power of subdelegation from the shareholder of record as of the record date). Even if you plan to attend the court-ordered IPC meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the court-ordered IPC meeting.

Q: How can I vote my shares without attending the court-ordered IPC meeting?

A: If you are the shareholder of record, you may direct your vote without attending the court-ordered IPC meeting by completing and mailing your proxy card in the enclosed pre-paid envelope. If you hold your IPC Shares in street name, you should complete and return the voting instruction form you receive from your bank, broker or other nominee in accordance with the instructions you receive from your bank, broker or other nominee. Your voting instruction form may contain instructions from your bank, broker or other nominee that allow you to vote your shares using the Internet or by telephone. Please consult with your bank, broker or other nominee if you have any questions regarding the voting of shares held in street name.

Q: What do I need for admission to the court-ordered IPC meeting?

A: You are entitled to attend the court-ordered IPC meeting only if you are (i) a shareholder of record or (ii) a beneficial owner or other person holding a valid proxy or power of attorney from the bank, broker or other nominee that holds your shares (and who has received a valid proxy or power of attorney from the shareholder of record pursuant to a legal proxy with power of subdelegation from the shareholder of record as of the record date). If you are the shareholder of record, your name will be verified against the list of shareholders of record prior to your admittance to the court-ordered IPC meeting. You should be prepared to present photo identification for admission. If you hold your shares in street name and would like to be admitted to the meeting, you will need to provide a valid proxy or power of attorney from the bank, broker or other nominee that holds your shares (and who has received a valid proxy or power of attorney from the shareholder of record pursuant to a legal proxy with power of subdelegation from the shareholder of record as of the record date) and proof of beneficial ownership on the record date, such as a brokerage account statement showing that you owned IPC Shares as of the record date, a copy of the voting instruction form provided by your bank, broker or other nominee, or other similar evidence of ownership as of the record date, as well as your photo identification. If you do not comply with the procedures outlined above, you may not be admitted to the court-ordered IPC meeting.

Q: If my IPC Shares are held in a brokerage account or in street name, will my broker vote my shares for me?

A: If you own your shares through a bank, broker or other nominee, you will receive instructions from that institution on how to instruct them to vote your shares. If you do not receive such instructions, you may contact that institution to request them. In accordance with NYSE rules, brokers and nominees who hold IPC Shares in street name for customers may not exercise their voting discretion with respect to the Scheme of Arrangement. Accordingly, if you do not provide your bank, broker or other nominee with instructions on how to vote your street name shares, your bank, broker or other nominee will not be permitted to vote them at the court-ordered IPC meeting, possibly resulting in a broker non-vote.

A broker non-vote with respect to the court-ordered IPC meeting will not be considered as a vote cast with respect to any matter presented at the court-ordered IPC meeting, but will be counted for purposes of establishing a quorum, *provided* that your bank, broker or other nominee is in attendance in person or by proxy. A broker non-vote with respect to any proposal to be voted on at the court-ordered IPC meeting will not have the effect of a vote for or against the proposal, but will reduce the number of votes cast and therefore increase the relative influence of those shareholders voting.

Q: What effect do abstentions and broker non-votes have on the Scheme of Arrangement?

A: Abstentions and broker non-votes will be counted toward the presence of a quorum at, but will not be considered votes cast on any proposal brought before the court-ordered IPC meeting. Because the vote required to approve the Scheme of Arrangement is the affirmative vote of a majority in number of the holders of IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy, representing 75% or more in value of the IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy, a broker non-vote with respect to any proposal to be voted on at the court-ordered IPC meeting will not have the effect of a vote for or against the relevant proposal, but will reduce the number of votes cast and therefore increase the relative influence of those shareholders voting. See also *The Court-Ordered IPC Meeting Record Date and Shares Entitled to Vote*.

Q: How will my shares be voted if I sign and return a proxy card or voting instruction form without specifying how to vote my shares?

A. If you sign and return a proxy card or voting instruction form without giving specific voting instructions, your shares will be voted FOR the Scheme of Arrangement and as the persons named as proxies may determine in their discretion with respect to any other matters properly presented for a vote before the court-ordered IPC meeting.

Q: What do I do if I want to change my vote or revoke my proxy?

A: You may change your vote or revoke your proxy at any time before your proxy is voted at the court-ordered IPC meeting. If you are a shareholder of record, you may change your vote or revoke your proxy by: (1) delivering to IPC (Attention: General Counsel) at American International Building, 29 Richmond Road, Pembroke HM 08, Bermuda a written notice of revocation of your proxy; (2) delivering to IPC an authorized proxy bearing a later date; or (3) attending the court-ordered IPC meeting and voting in person as described above under *How can I* *vote my shares in person at the court-ordered IPC meeting?* Attendance at the court-ordered IPC meeting in and of itself, without voting in person at the court-ordered IPC meeting, will not cause your previously granted proxy to be revoked. For shares you hold in street name, you should follow the instructions of your bank, broker or other nominee or, if you have obtained a valid proxy or power of attorney from the bank, broker or other nominee that holds your shares (and who has received a valid proxy or power of attorney from the shareholder of record pursuant to a legal proxy with power of subdelegation from the shareholder of record as of the record date) giving you the right to vote your shares at the court-ordered IPC meeting, by attending the court-ordered IPC meeting and voting in person.

Q: What are the U.S. federal income tax consequences of the Scheme of Arrangement?

A: Following the Scheme of Arrangement, as part of an overall plan, Validus intends to complete a short-form amalgamation between IPC and another wholly-owned subsidiary of Validus pursuant to Section 107 of the Companies Act. The Scheme of Arrangement and subsequent short-form amalgamation are intended to constitute a single integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code). Assuming it does so qualify, U.S. holders of IPC Shares will generally recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of the cash received by such U.S. holder (excluding any cash received in lieu of a fractional share) and (ii) the excess, if any, of (a) the sum of the cash and the fair market value of the Validus Shares received by such U.S. holder (including any fractional shares deemed received by such U.S. holder), over (b) the U.S. holder s tax basis in the IPC Shares exchanged pursuant to the Scheme of Arrangement. Subject to the passive foreign investment company rules or the potential application of Section 1248 of the Code, any gain recognized upon the Scheme of Arrangement generally will be capital gain, unless the receipt of cash by a U.S. holder has the effect of a distribution of a dividend for U.S. federal income tax purposes. For more information, please see the section of this proxy statement under the caption Material U.S. Federal Income Tax Consequences.

Tax matters are complicated and the tax consequences of the transaction to you will depend upon the facts of your particular circumstances. Because individual circumstances may differ, Validus urges you to consult with your own tax advisor as to the specific tax consequences of the Scheme of Arrangement and short-form amalgamation to you, including the applicability of U.S. federal, state, local, non-U.S. and other tax laws.

Q: Who can I contact with any additional questions?

If you have additional questions about the Acquisition, if you would like additional copies of this proxy statement, or if you need assistance voting your IPC Shares, you should contact Georgeson Inc. at:

Georgeson Inc.
199 Water Street
26th Floor
New York, New York 10038
Banks and Brokers should call: (212) 440-9800
All Others Call Toll Free: at (888) 274-5119
Email: validusIPC@georgeson.com

Q: Where can I find more information about the companies?

A: You can find more information about Validus and IPC in the documents described under *Where You Can Find More Information* on page [ ].

SUMMARY

This summary highlights the material information in this proxy statement. To fully understand the Scheme of Arrangement, and for a more complete description of the terms of the Acquisition, you should read carefully this entire document, including the annexes and documents incorporated by reference herein, and the other documents referred to herein. For information on how to obtain the documents that are on file with the SEC, see Where You Can Find More Information *on page [ ].*

Validus (page [ ])

Validus is a Bermuda exempted company, with its principal executive offices located at 19 Par-La-Ville Road, Hamilton HM11, Bermuda. The telephone number of Validus is (441) 278-9000. Validus is a provider of reinsurance and insurance, conducting its operations worldwide through two wholly-owned subsidiaries, Validus Reinsurance, Ltd. (Validus Re) and Talbot Holdings Ltd. (Talbot). Validus Re is a Bermuda-based reinsurer focused on short-tail lines of reinsurance. Talbot is the Bermuda parent of the specialty insurance group primarily operating within the Lloyd s Insurance market through Syndicate 1183. At March 31, 2009, Validus had total shareholders equity of $2.023 billion and total assets of $4.763 billion. Validus Shares are traded on the NYSE under the symbol VR and, as of May 22, 2009, the last practicable date prior to the filing of this proxy statement, Validus had a market capitalization of approximately $1.68 billion. Validus has approximately 280 employees.

As of the date this proxy statement was first mailed to IPC shareholders, Validus was the registered holder of 100 IPC Shares, or less than 1% of the outstanding IPC Shares, and Validus was entitled to vote as to all of the IPC Shares it owns.

Information for the director and executive officers of Validus who are considered to be participants in this proxy solicitation and certain other information is set forth in Schedule I hereto. Other than as set forth herein, none of Validus, or any of the participants set forth on Schedule I hereto have any interest, direct or indirect, by security holdings or otherwise, in the Acquisition.

IPC (page [ ])

The following description of IPC is taken from the Registration Statement on Form S-4 filed by IPC with the SEC in connection with the Proposed Max Amalgamation (as amended from time to time, the IPC/Max S-4). See *Sources of Additional Information* above.

IPC, a Bermuda exempted company, provides property catastrophe reinsurance and, to a limited extent, property-per-risk excess, aviation (including satellite) and other short-tail reinsurance on a worldwide basis. During 2008, approximately 93% of its gross premiums written, excluding reinstatement premiums, covered property catastrophe reinsurance risks. Property catastrophe reinsurance covers against unpredictable events such as hurricanes, windstorms, hailstorms, earthquakes, volcanic eruptions, fires, industrial explosions, freezes, riots, floods and other man-made or natural disasters. The substantial majority of the reinsurance written by IPCRe, IPC s Bermuda-based property catastrophe reinsurance subsidiary, has been, and continues to be, written on an excess of loss basis for primary insurers rather than reinsurers, and is subject to aggregate limits on exposure to losses. During 2008, IPC had approximately 258 clients from whom it received either annual/deposit or adjustment premiums, including many of the leading insurance companies around the world. In 2008, approximately 36% of those clients were based in the United States, and approximately 53% of gross premiums written, excluding reinstatement premiums, related primarily to U.S. risks. IPC s non-U.S. clients and its non-U.S. covered risks are located principally in Europe, Japan, Australia and New Zealand. During 2008, no single ceding insurer accounted for more than 3.7% of its gross premiums written, excluding reinstatement premiums. IPC did not disclose gross premiums written by class of business in its Quarterly Report on Form 10-Q for the three months ended March 31, 2009. Therefore, comparable disclosure of property catastrophe premiums cannot be presented. At March 31, 2009, IPC had total shareholders equity of $1.849 billion and total assets of $2.453 billion.

IPC Shares are quoted on NASDAQ under the ticker symbol IPCR and the Bermuda Stock Exchange under the symbol IPCR BH. IPC s principal executive offices are located at American International Building, 29 Richmond Road, Pembroke HM 08, Bermuda and its telephone number is (441) 298-5100.

The Court-Ordered IPC Meeting (page [ ])

The court-ordered IPC meeting is being held in accordance with an order of the Supreme Court of Bermuda issued on [ ], 2009, to give the IPC shareholders the opportunity to consider and, if they so determine, approve the Scheme of Arrangement. The record date for determining the IPC shareholders who will be entitled to vote at the court-ordered IPC meeting is [ ], 2009. The Scheme of Arrangement must be approved by a majority in number of the holders of IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy, representing 75% or more in value of the IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy. The court-ordered IPC meeting will be held on [ ], 2009, at [ ], Atlantic time, at [ ]. The holders of any IPC Shares owned by Validus, IPC or their respective subsidiaries will not be entitled to vote those shares at the court-ordered IPC meeting.

The Acquisition (page [ ])

General Description (page [ ])

If the Scheme of Arrangement becomes effective, Validus will effect the Acquisition of IPC by the transfer of all outstanding IPC Shares (excluding any IPC Shares owned by Validus, IPC or their respective subsidiaries) to Validus in exchange for Validus Shares at a ratio of 1.1234 Validus Shares (together with cash in lieu of the fractional Validus Share interest to which such shareholders would otherwise be entitled) and $3.00 in cash (less any applicable withholding taxes and without interest) for each IPC Share. IPC would thereby become a wholly-owned subsidiary of Validus.

Based on Validus and IPC s respective capitalizations as of March 31, 2009 and the exchange ratio of 1.1234, Validus estimates that former IPC shareholders would own, in the aggregate, approximately 41.3% of the issued and outstanding Validus Shares on a fully-diluted basis following closing of the Acquisition. The Scheme of Arrangement is attached as Annex A to this proxy statement. You should read the Scheme of Arrangement in its entirety because it, and not this proxy statement or Validus proxy statement for the IPC special general meeting, is the legal document that would govern the Acquisition.

Following the Acquisition, as part of an overall plan, Validus intends to complete a short-form amalgamation between IPC and another wholly-owned subsidiary of Validus pursuant to Section 107 of the Companies Act. Following the short-form amalgamation, IPC and the Validus subsidiary would continue as one amalgamated company in accordance with the Companies Act.

Completing the Acquisition (page [ ])

On March 31, 2009, Validus publicly announced that it had delivered to IPC an offer to consummate the Acquisition on the terms and subject to the conditions set forth in the Initial Validus Offer. IPC announced on April 7, 2009 that its board of directors had determined that the Initial Validus Offer did not constitute a superior proposal to the Proposed Max Amalgamation and reaffirmed its support of the Proposed Max Amalgamation. On May 18, 2009, Validus publicly announced that it had delivered to IPC an increased offer to acquire each outstanding IPC Share for (i) 1.1234 Validus Shares and (ii) $3.00 in cash (less any applicable withholding taxes and without interest). In addition, IPC shareholders will receive cash in lieu of any fractional Validus Share to which they may be entitled. Validus has also delivered the Validus Amalgamation Agreement signed by Validus so that, upon a termination of the Max Amalgamation Agreement, IPC would have the certainty of Validus transaction and would be able to sign the

Validus Amalgamation Agreement. IPC announced on May 21, 2009 that its board of directors had determined that the Validus Amalgamation Offer did not constitute a superior proposal to the Proposed Max Amalgamation and reaffirmed its support of the Proposed Max Amalgamation. Additionally, Max has not released IPC from the prohibition in the Max Amalgamation Agreement that prevents IPC from even discussing the Validus Amalgamation Offer with Validus.

In order to consummate the Acquisition without the cooperation of the IPC board of directors, Validus is pursuing a three-part plan.

First, Validus is soliciting proxies from IPC shareholders to vote against the Proposed Max Amalgamation. If the Proposed Max Amalgamation is voted down by IPC shareholders, IPC s board of directors will be able to terminate the Max Amalgamation Agreement and enter into the Validus Amalgamation Agreement. If IPC s board of directors were to enter into the Validus Amalgamation Agreement following the termination of the Max Amalgamation Agreement, Validus believes the amalgamation contemplated by the Validus Amalgamation Offer could be completed in mid-to-late July 2009 based on the assumption that IPC terminates the Max Amalgamation Agreement promptly following its June 12, 2009 annual general meeting, allowing approximately one month to hold a special general meeting of IPC shareholders to obtain the required shareholder approval and to satisfy the other conditions in the Validus Amalgamation Agreement.

Second, Validus has commenced the Exchange Offer. The Exchange Offer is subject to the terms and conditions described in the Offer to Exchange relating thereto. Under Bermuda law, if Validus acquires at least 90% of the IPC Shares which it is seeking to acquire in the Exchange Offer, Validus will have the right to acquire the remaining IPC Shares on the same terms in a second-step acquisition. Validus believes that it would be able to complete the Exchange Offer in June 2009, promptly following termination of the Max Amalgamation Agreement (and subject to the satisfaction or waiver of the other conditions to the Exchange Offer), based on the following. The expiration time of the exchange offer will be June 26, 2009, unless extended. As a result, if the conditions of the Exchange Offer are satisfied or waived at the expiration time of the Exchange Offer, Validus would be able to acquire all of the IPC Shares that are validly tendered pursuant to the Exchange Offer.

Third, Validus is pursuing the Scheme of Arrangement. In order to implement the Scheme of Arrangement, the IPC shareholders must approve the Scheme of Arrangement at the court-ordered IPC meeting, IPC must separately approve the Scheme of Arrangement and the Scheme of Arrangement must be sanctioned by the Supreme Court of Bermuda. If the IPC shareholders approve the Scheme of Arrangement at the court-ordered IPC meeting, the separate approval of IPC of the Scheme of Arrangement can be provided by either (i) the IPC board of directors voluntarily complying with the will of the IPC shareholders as expressed at the court-ordered IPC meeting, or (ii) the shareholders of IPC approving resolutions at the IPC special general meeting, including resolutions for IPC to approve and to be bound by the Scheme of Arrangement and to terminate the Max Amalgamation Agreement. On May 12, 2009, Validus filed with the SEC a preliminary proxy statement which, when filed in its definitive form, will be used to solicit written requisitions from the IPC shareholders to compel the IPC board of directors to call the IPC special general meeting. Following IPC shareholder approval at both the court-ordered IPC meeting and the IPC special general meeting, the satisfaction or, where relevant, waiver of the other conditions to the effectiveness of the Scheme of Arrangement, and the granting of a court order from the Supreme Court of Bermuda sanctioning the Scheme of Arrangement, a copy of the court order sanctioning the Scheme of Arrangement will be delivered to the Bermuda Registrar of Companies, at which time the Scheme of Arrangement will be effective. Validus believes that, under the Scheme of Arrangement, it would be able to close the Acquisition as early as mid-July 2009 based on the assumptions that: (1) the Supreme Court of Bermuda will be able to accommodate the preferred hearings schedule and meeting dates and other procedural matters; (2) IPC shareholders holding at least one-tenth of the issued IPC Shares have requisitioned the IPC special general meeting to be held in late June or early July; and (3) the IPC directors, following the rejection of the Max Amalgamation Agreement, or IPC shareholders, convene the IPC special general meeting, allowing it to be held by mid-July.

The Validus Amalgamation Offer, the Exchange Offer and the Scheme of Arrangement are alternative methods for Validus to acquire all of the issued and outstanding IPC Shares on the same economic terms. Ultimately, only one of these transaction structures can be pursued to completion. Validus intends to seek to acquire all IPC Shares by whichever method Validus determines is most effective and efficient.

Reasons to Vote FOR the Scheme of Arrangement (page [ ])

Validus recommends approval of the Scheme of Arrangement in order to enable the consummation of the Acquisition. Validus believes that the Acquisition represents a compelling combination and excellent strategic fit that will enable Validus to capitalize on opportunities in the global reinsurance market. Successful completion of the

Acquisition would allow IPC shareholders to benefit from the superior growth potential of a combined company that would be a leading carrier in Bermuda s short-tail reinsurance and insurance markets, with a strong balance sheet and quality diversification in profitable business lines. The Validus Shares to be issued and cash to be paid to IPC shareholders pursuant to the Scheme of Arrangement will provide IPC shareholders with an immediate premium for their shares, and will allow IPC shareholders to participate in the growth and opportunities of Validus following the Acquisition.

In reaching these conclusions Validus board of directors consulted with Validus management as well as legal and financial advisors and considered a number of factors. Those factors included, but were not limited to, those set forth under *The Acquisition Reasons to Vote FOR the Scheme of Arrangement* below.

Interests of Validus Directors and Executive Officers in the Scheme of Arrangement (page [ ])

The consummation of the Acquisition would not be deemed to be a change in control impacting grants under any of Validus long-term incentive or stock option plans, or a change in control under any employment agreement between Validus and any of its employees. As a result, no options or other equity grants held by such persons will vest as a result of the Acquisition. Pursuant to the Scheme of Arrangement, upon the effective time all of Validus current directors and officers will continue as the directors and officers of Validus. For more information, see *The Scheme of Arrangement Structure of the Acquisition* below.

Interests of IPC Directors and Executive Officers in the Scheme of Arrangement (page [ ])

The consummation of the Acquisition would likely be deemed to be a change in control under the existing employment agreements of certain executive officers of IPC. In addition, IPC shareholders should be aware that James P. Bryce, John R. Weale, Peter J. A. Cozens, and Stephen F. Fallon, individually, and all the members of IPC s board of directors as a group, have interests in the Acquisition that are different from, and/or in addition to, the interests of IPC shareholders generally. For more information, see *The Acquisition Interests of IPC Directors and Executive Officers in the Acquisition* below.

Anticipated U.S. Federal Income Tax Consequences (page [ ])

Following the Scheme of Arrangement, as part of an overall plan, Validus intends to complete a short-form amalgamation between IPC and another wholly-owned subsidiary of Validus pursuant to Section 107 of the Companies Act. The Scheme of Arrangement and subsequent short-form amalgamation are intended to constitute a single integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Code. Assuming it does so qualify, U.S. holders of IPC Shares will generally recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of the cash received by such U.S. holder (excluding any cash received in lieu of a fractional share) and (ii) the excess, if any, of (a) the sum of the cash and the fair market value of the Validus Shares received by such U.S. holder (including any fractional shares deemed received by such U.S. holder), over (b) the U.S. holder s tax basis in the IPC Shares exchanged pursuant to the Scheme of Arrangement. Subject to the passive foreign investment company rules or the potential application of Section 1248 of the Code, any gain recognized upon the Scheme of Arrangement generally will be capital gain, unless the receipt of cash by a U.S. holder has the effect of a distribution of a dividend for U.S. federal income tax purposes. For more information, please see the section of this proxy statement under the caption Material U.S. Federal Income Tax consequences.

Tax matters are complicated and the tax consequences of the transaction to you will depend upon the facts of your particular circumstances. Because individual circumstances may differ, Validus urges you to consult with your own tax advisor as to the specific tax consequences of the Scheme of Arrangement and short-form amalgamation to you, including the applicability of U.S. federal, state, local, non-U.S. and other tax laws.

Anticipated Accounting Treatment (page [ ])

The Acquisition will be accounted for under the purchase method of accounting in accordance with Statement of Financial Accounting Standards (FAS) No. 141R, Business Combinations, (FAS 141(R)) under which the total consideration paid in the Acquisition will be allocated among acquired tangible and intangible assets and assumed liabilities based on the fair values of the tangible and intangible assets acquired and liabilities assumed. In the event there is an excess of the total consideration paid in the Acquisition over the fair values, the excess will be accounted for as goodwill. Intangible assets with definite lives will be amortized over their estimated useful lives. Goodwill resulting from the Acquisition will not be amortized but instead will be tested for impairment at least annually (more frequently if certain indicators are present). In the event that management of Validus determines that the value of goodwill has become impaired, an accounting charge will be taken in the fiscal quarter in which such determination is made. In the event there is an excess of the fair values of the acquired assets and liabilities assumed over the total consideration paid in the Acquisition, the excess will be accounted for as a gain to be recognized through the income statement at the consummation of the Acquisition in accordance with FAS 141(R). Validus anticipates the Scheme of Arrangement will result in an excess of the fair values of the acquired assets and liabilities assumed over the total consideration paid.

The Scheme of Arrangement (page [ ])

The form of Scheme of Arrangement is attached as Annex A to this proxy statement. You should read that document in its entirety because it, and not this proxy statement or Validus proxy statement for the IPC special general meeting, is the legal document that would govern the Scheme of Arrangement.

Purpose; Effective Time (page [ ])

The Supreme Court of Bermuda ordered the court-ordered IPC meeting to be held to give the IPC shareholders (other than the holders of any IPC Shares owned by Validus, IPC or their respective subsidiaries) the opportunity to consider and, if they so determine, approve the Scheme of Arrangement. Assuming the Scheme of Arrangement receives the approval of the IPC shareholders and the sanction of the Supreme Court of Bermuda, and all the other conditions to the effectiveness of the Scheme of Arrangement are satisfied or, where relevant, waived, including approval of the Scheme of Arrangement by IPC either by vote of the IPC board of directors or a vote of IPC shareholders at the IPC special general meeting, an office copy of the court order sanctioning the Scheme of Arrangement will be delivered to the Bermuda Registrar of Companies, at which time the Scheme of Arrangement will be effective.

Implementing the Scheme of Arrangement (page [ ])

The steps involved in the Scheme of Arrangement are as follows:

(1) Applying to the Supreme Court of Bermuda for an order giving directions for the holding and conduct of the court-ordered IPC meeting.

(2) Requisitioning the IPC special general meeting. On May 12, 2009, Validus filed with the SEC a preliminary proxy statement which, when filed in its definitive form, will be used to solicit written requisitions from the IPC shareholders to compel the IPC board of directors to call the IPC special general meeting.

(3) Holding the court-ordered IPC meeting to which this proxy statement relates to consider and, if the IPC shareholders so determine, approve the Scheme of Arrangement. The Scheme of Arrangement must be approved by a majority in number of the holders of IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy, representing 75% or more in value of the IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy.

(4) Holding the IPC special general meeting to approve resolutions determined by Validus to be reasonably necessary in connection with implementation of the Scheme of Arrangement, including resolutions for IPC to approve and to be bound by the Scheme of Arrangement and to terminate the Max Amalgamation Agreement. Approval of each

resolution at the IPC special general meeting requires the affirmative vote of the holders of a majority of the IPC Shares voting at the meeting, whether in person or by proxy.

(5) Applying to the Supreme Court of Bermuda to sanction the Scheme of Arrangement.

(6) Delivering a copy of the order of the Supreme Court of Bermuda sanctioning the Scheme of Arrangement to the Bermuda Registrar of Companies.

Acquisition Consideration (page [ ])

Under the Scheme of Arrangement, at the closing, each IPC Share issued and outstanding immediately prior to the closing (excluding any IPC Shares owned by Validus, IPC or their respective subsidiaries) will be transferred to Validus in exchange for (i) 1.1234 Validus Shares and (ii) $3.00 in cash (less any applicable withholding taxes and without interest).

Validus will not issue any fractional Validus Shares in connection with the Acquisition. Instead, any IPC shareholder who would otherwise have been entitled to a fraction of a Validus Share in connection with the Acquisition will receive cash (rounded to the nearest whole cent) in an amount (without interest) equal to the product obtained by multiplying (i) the fractional share interest to which such shareholder would otherwise be entitled (after aggregating all fractional Validus Shares that would otherwise be received by such shareholder) by (ii) the closing price of Validus Shares as reported on the NYSE on the last trading day immediately prior to the closing of the Acquisition.

Amendment and Termination of the Scheme of Arrangement (page [ ])

The Scheme of Arrangement contains a provision for Validus to consent, on behalf of all persons concerned, to any modification of or addition to the Scheme of Arrangement or any condition to the effectiveness of the Scheme of Arrangement that the Supreme Court of Bermuda may approve or impose. If there is any modification of or addition to the Scheme of Arrangement or any condition to the effectiveness of the Scheme of Arrangement that is material to the interests of IPC shareholders, Validus will amend this proxy statement and advise the IPC shareholders of such modification, addition or condition in advance of the court-ordered IPC meeting, in accordance with applicable law.

Prior to approval by the IPC shareholders at the court-ordered IPC meeting, Validus may terminate the Scheme of Arrangement at any time. Following approval by the IPC shareholders at the court-ordered IPC meeting, Validus may terminate the Scheme of Arrangement at any time prior to commencement of the hearing of the Supreme Court of Bermuda to sanction the Scheme of Arrangement without obtaining the approval of the IPC shareholders if any event or condition occurs which would cause any of the conditions to its effectiveness not to be satisfied by November 30, 2009 (or such later date, if any, as Validus may agree and the Supreme Court of Bermuda may allow).

Conditions to the Scheme of Arrangement (page [ ])

In addition to the requisite approval by IPC shareholders at the court-ordered IPC meeting, the approval by IPC shareholders at the IPC special general meeting of resolutions determined by Validus to be reasonably necessary in connection with implementation of the Scheme of Arrangement, including resolutions for IPC to approve and to be bound by the Scheme of Arrangement and to terminate the Max Amalgamation Agreement, the sanction of the Scheme of Arrangement by the Supreme Court of Bermuda and the filing of a copy of the court sanction order with the Bermuda Registrar of Companies, the effectiveness of the Scheme of Arrangement is subject to the satisfaction or, where relevant, waiver of certain other conditions, including the following:

The Max Amalgamation Agreement shall have been validly terminated, and Validus shall reasonably believe that IPC could not have any liability, and Max shall not have asserted any claim of liability or breach against IPC in connection with the Max Amalgamation Agreement other than with respect to the possible payment of the Max Termination Fee.

The shareholders of Validus shall have approved the issuance of the Validus Shares pursuant to the Scheme of Arrangement as required under the rules of the NYSE. All of the Validus officers, directors and those shareholders which Validus refers to as its qualified sponsors (as defined in this proxy statement), in each case who own Validus Shares, have indicated that they intend to vote the Validus Shares beneficially owned by them in favor of such approval. As of April 30, 2009, these persons and entities beneficially owned 42.4% of the voting interests relating to the Validus Shares.

The Validus Shares to be issued to IPC shareholders pursuant to the Scheme of Arrangement shall have been authorized for listing on the NYSE, subject to official notice of issuance.

There shall be no threatened or pending litigation, suit, claim, action, proceeding or investigation before any governmental authority that, in the judgment of Validus, is reasonably likely to, directly or indirectly, restrain or prohibit (or which alleges a violation of law in connection with) the Scheme of Arrangement or is reasonably likely to prohibit or limit the full rights of ownership of IPC Shares by Validus or any of its affiliates.

Since December 31, 2008, there shall not have been any material adverse effect on IPC and its subsidiaries, taken as a whole. A more than 50% decline in IPC s book value or a more than 20% decline in IPC s book value relative to Validus book value shall be deemed to have a material adverse effect on IPC.

Each of IPC and its subsidiaries shall have carried on their respective businesses in the ordinary course consistent with past practice at all times on or after the date of this proxy statement and prior to the commencement of the hearing of the Supreme Court of Bermuda to sanction the Scheme of Arrangement.

All amendments or waivers under Validus credit facilities necessary to consummate the Scheme of Arrangement and the other transactions contemplated by this proxy statement shall be in full force and effect.

The Scheme of Arrangement is subject to additional conditions referred to below in *The Scheme of Arrangement Conditions to the Scheme of Arrangement*, including that IPC shareholders shall not have approved the Max Amalgamation Agreement and that there shall have been no business combination consummated between IPC and Max. The Scheme of Arrangement is not conditioned on the receipt of regulatory approvals or the elimination of the Max Termination Fee. The conditions to the effectiveness of the Scheme of Arrangement are for the sole benefit of Validus and, other than the Procedural Conditions, the Registration Condition, the Shareholder Approval Condition and the NYSE Listing Condition described below in *The Scheme of Arrangement Conditions to the Scheme of Arrangement*, may be waived by Validus prior to the commencement of the hearing of the Supreme Court of Bermuda to sanction the Scheme of Arrangement in its discretion.

Dividends and Distributions (page [ ])

Each of Validus and IPC regularly pays a quarterly cash dividend, *i.e.*, $0.20 per common share in Validus case and $0.22 per common share in IPC s case. Validus expects to continue to pay its regular quarterly dividends consistent with past practice. It is a condition to the effectiveness of the Scheme of Arrangement that IPC shall not have declared, paid or proposed to declare or pay any dividend or other distribution on any share capital of IPC other than (i) any quarterly cash dividends paid in the ordinary course of business consistent with past practice to holders of IPC Shares and (ii) a one-time dividend to the holders of IPC Shares in an aggregate amount not to exceed any reduction in the Max Termination Fee. All mandates and other instructions in force at the effective time in relation to the IPC Shares (including elections for payment of dividends (if any)) will, immediately after the effective time, be deemed to be valid as effective mandates or instructions in respect of the Validus Shares received in consideration of such IPC Shares.

Dissenters and Appraisal Rights (page [ ])

If the Scheme of Arrangement becomes effective, it will be binding on all IPC shareholders whether or not they voted in favor of the Scheme of Arrangement at the court-ordered IPC meeting or of the resolutions proposed at the IPC special general meeting, and IPC shareholders will not be entitled to exercise any appraisal rights. IPC shareholders will be entitled to be present and be heard at the Supreme Court of Bermuda hearing to sanction the Scheme of Arrangement. Any IPC shareholder who wishes to may oppose the sanctioning of the Scheme of Arrangement and may make presentations to the court on the hearing of the petition. IPC shareholders may also vote against the Scheme of Arrangement at the court-ordered IPC meeting.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF VALIDUS

Set forth below is certain selected historical consolidated financial data relating to Validus. The financial data has been derived from Validus quarterly report on Form 10-Q for the three months ended March 31, 2009 (the Validus 10-Q) and Validus annual report on Form 10-K for the year ended December 31, 2008 (the Validus 10-K). You should not take historical results as necessarily indicative of the results that may be expected for any future period.

This financial data should be read in conjunction with the financial statements and the related notes and other financial information contained in the Validus 10-K and the Validus 10-Q, each of which is incorporated by reference into this proxy statement. More comprehensive financial information, including Management s Discussion and Analysis of Financial Condition and Results of Operations, is contained in the Validus 10-K and the Validus 10-Q, and the following summary is qualified in its entirety by reference to the Validus 10-K and the Validus 10-Q and all of the financial information and notes contained therein. See *Where You Can Find More Information* on page [ ].

	Three Months Ended March 31, 2009	**Three Months Ended March 31, 2008**	**Year Ended December 31, 2008**	**Year Ended December 31, 2007**	**Year Ended December 31, 2006**	**Period Ended December 31, 2005**
	(Dollars in thousands, except share and per share amounts)					
Revenues						
Gross premiums written	$ 609,892	$ 521,594	$ 1,362,484	$ 988,637	$ 540,789	$
Reinsurance premiums ceded	(72,512)	(84,900)	(124,160)	(70,210)	(63,696)	
Net premiums written	537,380	436,694	1,238,324	918,427	477,093	
Change in unearned premiums	(218,621)	(144,830)	18,194	(60,348)	(170,579)	
Net premiums earned	318,759	291,864	1,256,518	858,079	306,514	
Net investment income	26,772	36,043	139,528	112,324	58,021	2,032
Realized gain on repurchase of debentures			8,752			
Net realized gains (losses) on investments	(23,421)	7,744	(1,591)	1,608	(1,102)	39
Net unrealized gains on investments(2)	22,153	(14,977)	(79,707)	12,364		
Other income	757	935	5,264	3,301		

Foreign exchange gains (losses)	(4,200)	8,179	(49,397)	6,696	2,157	
Total revenues	340,820	329,788	1,279,367	994,372	365,590	2,071
Expenses						
Losses and loss expenses	131,834	140,024	772,154	283,993	91,323	
Policy acquisition costs	61,449	56,701	234,951	134,277	36,072	
General and administrative expenses(1)	38,079	37,107	123,948	100,765	38,354	2,367
Share compensation expenses	7,354	6,535	27,097	16,189	7,878	290
Finance expenses	7,723	21,517	57,318	51,754	8,789	
Fair value of warrants issued				2,893	77	49,122
Total expenses	246,439	261,884	1,215,468	589,871	182,493	51,779
Net income before taxes	94,381	67,904	63,899	404,501	183,097	(49,708)
Taxes	526	(1,429)	(10,788)	(1,505)		
Net income (loss)	94,907	66,475	53,111	402,996	183,097	(49,708)
Comprehensive income (loss)						
Unrealized gains arising during the period(2)					(332)	144
Foreign currency translation adjustments	(196)	67	(7,809)	(49)		
Adjustment for reclassification of losses realized in income					1,102	(39)
Comprehensive income (loss)	$ 94,711	$ 66,542	$ 45,302	$ 402,947	$ 183,867	$ (49,603)
Earnings per share(3)						
Weighted average number of common shares and common share equivalents outstanding						

Basic	75,744,577	74,209,371	74,677,903	65,068,093	58,477,130	58,423,174
Diluted	79,102,643	78,329,727	75,819,413	67,786,673	58,874,567	58,423,174
Basic earnings per share	$ 1.23	$ 0.87	$ 0.62	$ 6.19	$ 3.13	$ (0.85)
Diluted earnings per share	$ 1.20	$ 0.85	$ 0.61	$ 5.95	$ 3.11	$ (0.85)
Cash dividends per share	$ 0.20	$ 0.20	$ 0.80	$	$	$

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006	Period Ended December 31, 2005
	(Dollars in thousands, except share and per share amounts)					
Selected financial ratios						
Losses and loss expenses ratio(4)	41.4%	48.0%	61.5%	33.1%	29.8%	
Policy acquisition cost ratio(5)	19.3%	19.4%	18.7%	15.6%	11.8%	
General and administrative expense ratio(6)	14.3%	15.0%	12.0%	13.3%	15.1%	
Expense ratio(7)	33.6%	34.4%	30.7%	28.9%	26.9%	
Combined ratio(8)	75.0%	82.4%	92.2%	62.0%	56.7%	
Annualized return on average equity(9)	19.2%	13.5%	2.7%	26.9%	17.0%	NM

The following table sets forth summarized balance sheet data as of March 31, 2009 and 2008, and as of December 31, 2008, 2007 and 2006:

	As of March 31, 2009	As of March 31, 2008	As of December 31, 2008	As of December 31, 2007	As of December 31, 2006
	(Dollars in thousands, except share and per share amounts)				
Summary Balance Sheet Data:					
Investments at fair value	$ 2,926,859	$ 2,893,595	$ 2,831,537	$ 2,662,021	$ 1,376,387
Cash and cash equivalents	535,798	347,347	449,848	444,698	63,643
Total assets	4,762,798	4,535,638	4,322,480	4,144,224	1,646,423
Reserve for losses and loss expenses	1,318,732	977,236	1,305,303	926,117	77,363
Unearned premiums	795,233	750,257	539,450	557,344	178,824
Junior subordinated deferrable debentures	304,300	350,000	304,300	350,000	150,000
Total liabilities	2,739,812	2,544,980	2,383,746	2,209,424	453,900
Total shareholders equity	2,022,986	1,990,658	1,938,734	1,934,800	1,192,523
Book value per common share(10)	26.68	26.82	25.64	26.08	20.39
Diluted book value per common share(11)	24.65	24.43	23.78	24.00	19.73

NM Not meaningful

(1) General and administrative expenses for the years ended December 31, 2007 and 2006 include $4,000,000 and $1,000,000 respectively, related to our advisory agreement with Aquiline Capital Partners LLC, which, together with its related companies, we refer to as Aquiline. Our advisory agreement with Aquiline terminated upon completion of our initial public offering, in connection with which Validus recorded general and administrative expense of $3,000,000 in the year ended December 31, 2007.

(2) Validus adopted FAS 157 and FAS 159 as of January 1, 2007 and elected the fair value option on all securities previously accounted for as available-for-sale. Unrealized gains and losses on available-for-sale investments at December 31, 2006 of $875,000, previously included in accumulated other comprehensive income, were treated as a cumulative-effect adjustment as of January 1, 2007. The cumulative-effect adjustment transferred the balance of unrealized gains and losses from accumulated other comprehensive income to retained earnings and had no impact on the results of operations for the annual or interim periods beginning January 1, 2007. Validus investments were accounted for as trading for the annual or interim periods beginning January 1, 2007 and as such all unrealized gains and losses are included in net income.

(3) FAS 123(R) 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. On March 1, 2007 we effected a 1.75 for 1 reverse stock split of our outstanding common shares. The stock split does not affect our financial statements other than to the extent it decreases the number of outstanding shares and correspondingly increases per share information for all periods presented. The share consolidation has been reflected retroactively in these financial statements.

(4) The losses and loss expense ratio is calculated by dividing losses and loss expenses by net premiums earned.

(5) The policy acquisition cost ratio is calculated by dividing policy acquisition costs by net premiums earned.

(6) The general and administrative expense ratio is calculated by dividing the sum of general and administrative expenses and share compensation expenses by net premiums earned. The general and administrative expense ratio for the year ended December 31, 2007 is calculated by dividing the total of general and administrative expenses plus share compensation expenses less the $3,000,000 termination fee payable to Aquiline by net premiums earned.

(7) The expense ratio is calculated by combining the policy acquisition cost ratio and the general and administrative expense ratio.

(8) The combined ratio is calculated by combining the losses and loss expense ratio, the policy acquisition cost ratio and the general and administrative expense ratio.

(9) Annualized return on average equity is calculated by dividing the net income for the period by the average shareholders equity during the period. Annual average shareholders equity is the average of the beginning, ending and intervening quarter-end shareholders equity balances.

(10) Book value per common share is defined as total shareholders equity divided by the number of common shares outstanding as at the end of the period, giving no effect to dilutive securities.

(11) Diluted book value per common share is calculated based on total shareholders equity plus the assumed proceeds from the exercise of outstanding options and warrants, divided by the sum of common shares, unvested restricted shares, options and warrants outstanding (assuming their exercise). Diluted book value per common share is a Non-GAAP financial measure as described under Item 7, Management s Discussion and Analysis of Financial condition and Results of Operations Financial Measures, in the Validus Form 10-K.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF IPC

The following disclosure is taken from IPC s quarterly report on Form 10-Q for the three months ended March 31, 2009 (the IPC 10-Q) and IPC s annual report on Form 10-K for the year ended December 31, 2008 (the IPC 10-K), except in respect of diluted book value per common share (as discussed in footnote 5 below). See *Sources of Additional Information* above.

Set forth below is certain selected historical consolidated financial data relating to IPC. The financial data has been derived from the IPC 10-Q, which is incorporated by reference into this proxy statement, and the IPC 10-K, which is incorporated by reference into this proxy statement. You should not take historical results as necessarily indicative of the results that may be expected for any future period.

This financial data should be read in conjunction with the financial statements and the related notes and other financial information contained in the IPC 10-K and the IPC 10-Q, each of which is incorporated by reference into this proxy statement. More comprehensive financial information, including Management s Discussion and Analysis of Financial Condition and Results of Operations , is contained in other documents filed by IPC with the SEC, and the following summary is qualified in its entirety by reference to such other documents and all of the financial information and notes contained in those documents. See *Where You Can Find More Information* on page [ ].

	Three months ended March 31,		Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	200
	(Dollars in thousands, except share and per share amounts)						
nt of (Loss)							
emiums	$ 234,610	$ 197,875	$ 403,395	$ 404,096	$ 429,851	$ 472,387	$ 37
iums	98,708	89,697	387,367	391,385	397,132	452,522	35
stment	21,866	23,874	94,105	121,842	109,659	71,757	5
es) gains on nts	(35,572)	(6,020)	(168,208)	67,555	12,085	(10,556)	
come	7	26	65	1,086	3,557	5,234	
and loss nt expenses	39,109	5,324	155,632	124,923	58,505	1,072,662	21
isition costs	9,838	8,674	36,429	39,856	37,542	39,249	3
and rative	24,281	7,079	26,314	30,510	34,436	27,466	2
xpense	383		2,659				
gn e loss (gain)	3,146	(303)	1,848	1,167	(2,635)	2,979	

me (loss)	$ 8,252	$ 86,803	$ 90,447	$ 385,412	$ 394,585	$ (623,399)	$ 13
l dividend		4,234	14,939	17,128	17,176	2,664	
me (loss), to common ders	$ 8,252	$ 82,569	$ 75,508	$ 368,284	$ 377,409	$ (626,063)	$ 13
me (loss) non share(1)	$ 0.15	$ 1.31	$ 1.45	$ 5.53	$ 5.54	$ (12.30)	$
d average ng(1)	55,916,256	66,182,883	59,301,939	69,728,229	71,212,287	50,901,296	48,37
idend per share	$ 0.22	$ 0.22	$ 0.88	$ 0.80	$ 0.64	$ 0.88	$
ata:							
loss nt expense	39.6%	5.8%	40.2%	31.9%	14.7%	237.0%	
ratio(2)	34.6%	17.1%	16.2%	18.0%	18.1%	14.8%	
d ratio(2)	74.2%	22.9%	56.4%	49.9%	32.8%	251.8%	
n average	1.8%	15.5%	4.2%	20.1%	24.0%	(38.0)%	
Sheet Data f period):							
h and nts	$ 2,189,966	$ 2,475,860	$ 2,235,187	$ 2,473,244	$ 2,485,525	$ 2,560,146	$ 1,90
nce s receivable	199,241	161,474	108,033	91,393	113,811	180,798	8
ets	2,453,085	2,712,037	2,388,688	2,627,691	2,645,429	2,778,281	2,02
for losses adjustment	354,467	355,276	355,893	395,245	548,627	1,072,056	27
d premiums	219,641	181,889	85,473	75,980	80,043	66,311	6
bilities	603,611	563,904	537,741	501,946	654,474	1,161,881	35
reholders	$ 1,849,474	$ 2,148,133	$ 1,850,947	$ 2,125,745	$ 1,990,955	$ 1,616,400	$ 1,66
ook value non share(4)	$ NA	$ NA	$ 32.85(5)	$ 32.42	$ 27.94	$ 22.26	$

NA Not available

(1) Net income per common share is calculated upon the weighted average number of common shares outstanding during the relevant year. The weighted average number of shares includes common shares and the dilutive effect of employee stock options and stock grants, using the treasury stock method and convertible preferred shares. The net loss per common share for the year ended December 31, 2005 is calculated on the weighted average number of shares outstanding during the year, excluding the anti-dilutive effect of employee stock options, stock grants and convertible preferred shares. The net income per common share for the year ended December 31, 2008 is calculated on the weighted average number of shares outstanding during the year, excluding the anti-dilutive effect of stock-based compensation and convertible preferred shares.

(2) The loss and loss adjustment expense ratio is calculated by dividing the net losses and loss expenses incurred by the net premiums earned. The expense ratio is calculated by dividing the sum of acquisition costs and general and administrative expenses by net premiums earned. The combined ratio is the sum of the loss and loss expense ratio and the expense ratio.

(3) Return on average equity is calculated as the annual net income (loss), available to common shareholders divided by the average of the common shareholders equity, which is total shareholders equity, excluding convertible preferred shares, on the first and last day of the respective year.

(4) Diluted book value per common share is calculated as shareholders equity divided by the number of common shares outstanding on the balance sheet date, after considering the dilutive effects of stock-based compensation, calculated using the treasury stock method. At December 31, 2008 the average weighted number of shares outstanding, including the dilutive effect of employee stock-based compensation and convertible preferred shares (which were converted on November 15, 2008) using the treasury stock method was 59,301,939.

(5) IPC reported diluted book value per common share as $33.07 in IPC s annual report on Form 10-K for the year ended December 31, 2008 and amended it to $32.85 in an amendment to the IPC/Max S-4 filed with the SEC on April 13, 2009.

UNAUDITED CONDENSED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

The following unaudited condensed consolidated pro forma financial information is intended to provide you with information about how the acquisition of IPC might have affected the historical financial statements of Validus if it had been consummated at an earlier time. The unaudited condensed consolidated pro forma information has been prepared using IPC s publicly available financial statements and disclosures, without the benefit of inspection of IPC s books and records. Therefore, certain pro forma adjustments, such as recording fair value of assets and liabilities and adjustments for consistency of accounting policy, are not reflected in these unaudited condensed consolidated pro forma financial statements. The following unaudited condensed consolidated pro forma financial information does not necessarily reflect the financial position or results of operations that would have actually resulted had the acquisition occurred as of the dates indicated, nor should they be taken as necessarily indicative of the future financial position or results of operations of Validus.

The unaudited condensed consolidated pro forma financial information should be read in conjunction with the Validus 10-Q, the Validus 10-K, the IPC 10-Q and the IPC 10-K, each as filed with the SEC. The unaudited condensed consolidated pro forma financial information gives effect to the proposed acquisition as if it had occurred at March 31, 2009 for the purposes of the unaudited consolidated pro forma balance sheet and at January 1, 2008 for the purposes of the unaudited condensed consolidated pro forma statements of operations for the year ended December 31, 2008 and the three months ended March 31, 2009. For a summary of the proposed business combination contemplated by the Acquisition, see the section of this proxy statement entitled The Acquisition.

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The following table presents unaudited condensed consolidated pro forma balance sheet data at March 31, 2009 (expressed in thousands of U.S. dollars, except share and per share data) giving effect to the proposed acquisition of IPC Shares as if it had occurred at March 31, 2009.

	Historical		Pro Forma		
	Validus Holdings Ltd.	**Historical IPC Holdings Ltd.**	**Purchase adjustments**	**Notes**	**Pro Forma Consolidated**
Assets					
Fixed maturities, at fair value	$ 2,644,496	$ 1,772,805	$		$ 4,417,301
Short-term investments, at fair value	282,363				282,363
Equity investments, at fair value		295,091			295,091
Cash and cash equivalents	535,798	122,070	(245,706)	3(a), 3(b), 4	412,162
Total investments and cash	3,462,657	2,189,966	(245,706)		5,406,917
Premiums receivable	600,943	199,241	(160)	3(e)	800,024
Deferred acquisition costs	143,510	23,302			166,812
Prepaid reinsurance premiums	59,510	3,585	(199)	3(e)	62,896
Securities lending collateral	99,727				99,727
Loss reserves recoverable	204,197	4,274			208,471
Paid losses recoverable	4,438				4,438
Accrued investment income	20,511	27,907			48,418
Current taxes recoverable	1,244				1,244
Intangible assets	126,177				126,177
Goodwill	20,393				20,393
Other assets	19,491	4,810			24,301
Total assets	$ 4,762,798	$ 2,453,085	$ (246,065)		$ 6,969,818
Liabilities					
Unearned premiums	$ 795,233	$ 219,641	$ (199)	3(e)	$ 1,014,675
Reserve for losses and loss expense	1,318,732	354,467			1,673,199
Reinsurance balances payable	66,180	4,483	(160)	3(e)	70,503
Deferred taxation	20,914				20,914
Securities lending payable	105,369				105,369
Net payable for investments purchased	57,434				57,434
Accounts payable and accrued expenses	71,650	25,020			96,670
Debentures payable	304,300				304,300
Total liabilities	2,739,812	603,611	(359)		3,343,064

Shareholders equity					
Ordinary shares	13,271	561	10,547	3(a), 3(c), 3(d)	24,379
Additional paid-in capital	1,419,602	1,091,491	430,938	3(a), 3(c), 3(d)	2,942,031
Accumulated other comprehensive loss	(8,054)	(876)	876	3(d)	(8,054)
Retained earnings	598,167	758,298	(688,067)	3(b), 3(d), 3(f)	668,398
Total shareholders equity	2,022,986	1,849,474	(245,706)		3,626,754
Total liabilities and shareholders equity	$ 4,762,798	$ 2,453,085	$ (246,065)		$ 6,969,818
Common shares outstanding	75,828,922	55,948,821	62,852,906		138,681,828
Common shares and common share equivalents outstanding	90,317,793	56,501,900	63,474,234		153,792,027
Book value per share	$ 26.68	$ 33.06		8	$ 26.15
Diluted book value per share	$ 24.65	$ 32.73		8	$ 24.90
Diluted tangible book value per share	$ 23.03	$ 32.73			$ 23.95

The following table sets forth unaudited condensed consolidated pro forma results of operations for the year ended December 31, 2008 (expressed in thousands of U.S. dollars, except share and per share data) giving effect to the proposed acquisition of IPC Shares as if it had occurred at January 1, 2008:

	Historical Validus Holdings, Ltd.	Historical IPC Holdings, Ltd.	Pro Forma Purchase adjustments	Notes	Pro Forma Consolidated
Revenues					
Gross premiums written	$ 1,362,484	$ 403,395	$ (251)	3(e), 5	$ 1,765,628
Reinsurance premiums ceded	(124,160)	(6,122)	251	3(e)	(130,031)
Net premiums written	1,238,324	397,273			1,635,597
Change in unearned premiums	18,194	(9,906)			8,288
Net premiums earned	1,256,518	387,367			1,643,885
Net investment income	139,528	94,105	(9,731)	3(b)	223,902
Realized gain on repurchase of debentures	8,752				8,752
Net realized (losses) gains on investments	(1,591)	(168,208)			(169,799)
Net unrealized (losses) gains on investments	(79,707)				(79,707)
Other income	5,264	65			5,329
Foreign exchange losses	(49,397)	(1,848)			(51,245)
Total revenues	1,279,367	311,481	(9,731)		1,581,117
Expenses					
Losses and loss expense	772,154	155,632		6	927,786
Policy acquisition costs	234,951	36,429			271,380
General and administrative expenses	123,948	20,689			144,637
Share compensation expense	27,097	5,625			32,722
Finance expenses	57,318	2,659			59,977
Total expenses	(1,215,468)	(221,034)			(1,436,502)
Income before taxes	63,899	90,447	(9,731)		144,615
Income tax expense	(10,788)				(10,788)
Income before taxes	**$ 53,111**	**$ 90,447**	**$ (9,731)**		**$ 133,827**
Preferred dividend and warrant dividend	6,947	14,939	(14,939)	3(g)	6,947
	$ 46,164	**$ 75,508**	**$ 5,208**		**$ 126,880**

Net income available to common shareholders								
Earnings per share								
Weighted average number of common shares and common share equivalents outstanding								
Basic		74,677,903		52,124,034	62,852,906			137,530,809
Diluted		75,819,413		59,301,939	63,474,234			139,293,647
Basic earnings per share	$	0.62	$	1.45		7	$	0.92
Diluted earnings per share	$	0.61	$	1.45		7	$	0.91

The following table sets forth unaudited condensed consolidated pro forma results of operations for the three months ended March 31, 2009 (expressed in thousands of U.S. dollars, except share and per share data) giving effect to the proposed acquisition of IPC Shares as if it had occurred at January 1, 2008:

	Historical Validus Holdings Ltd.	Historical IPC Holdings Ltd.	Pro Forma Purchase adjustments	Notes	Pro Forma Consolidated
Revenues					
Gross premiums written	$ 609,892	$ 234,610	$ (265)	3(e), 5	$ 844,237
Reinsurance premiums ceded	(72,512)	(3,154)	265	3(e)	(75,401)
Net premiums written	537,380	231,456			768,836
Change in unearned premiums	(218,621)	(132,748)			(351,369)
Net premiums earned	318,759	98,708			417,467
Net investment income	26,772	21,866	(1,953)	3(b)	46,685
Net realized (losses) gains on investments	(23,421)	(35,572)			(58,993)
Net unrealized (losses) gains on investments	22,153				22,153
Other income	757	7			764
Foreign exchange gains (losses)	(4,200)	(3,146)			(7,346)
Total revenues	340,820	81,863	(1,953)		420,730
Expenses					
Losses and loss expense	131,834	39,109		6	170,943
Policy acquisition costs	61,449	9,838			71,287
General and administrative expenses	38,079	21,792	(13,800)	3(b)	46,071
Share compensation expense	7,354	2,489			9,843
Finance expenses	7,723	383			8,106
Total expenses	(246,439)	(73,611)	13,800		(306,250)
Income before taxes	94,381	8,252	11,847		114,480
Income tax credit	526				526
Income after taxes	**$ 94,907**	**$ 8,252**	**$ 11,847**		**$ 115,006**
Preferred dividend and warrant dividend	1,736				1,736
Net income available to common shareholders	**$ 93,171**	**$ 8,252**	**$ 11,847**		**$ 113,270**

Earnings per share								
Weighted average number of common shares and common share equivalents outstanding								
Basic		75,744,577		55,903,740	62,852,906			138,597,483
Diluted		79,102,643		55,916,256	63,474,234			142,576,877
Basic earnings per share	$	1.23	$	0.15		7	$	0.82
Diluted earnings per share	$	1.20	$	0.15		7	$	0.81

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited)
(Expressed in thousands of U.S. dollars, except share and per share data)

1. Basis of Presentation

The unaudited condensed consolidated pro forma financial information gives effect to the Acquisition as if it had occurred at March 31, 2009 for the purposes of the unaudited condensed consolidated pro forma balance sheet and at January 1, 2008 for the purposes of the unaudited condensed consolidated pro forma statements of operations for the year ended December 31, 2008 and three months ended March 31, 2009. The unaudited condensed consolidated pro forma financial information has been prepared by Validus management and is based on Validus historical consolidated financial statements and IPC s historical consolidated financial statements. Certain amounts from IPC s historical consolidated financial statements have been reclassified to conform to the Validus presentation. The unaudited condensed consolidated pro forma financial statements have been prepared using IPC s publicly available financial statements and disclosures, without the benefit of inspection of IPC s books and records or discussion with the IPC management team. Therefore, certain pro forma adjustments, such as recording fair value of assets and liabilities and adjustments for consistency of accounting policy, are not reflected in these unaudited condensed consolidated pro forma financial statements. Additional reclassifications of IPC data to conform to the Validus presentation may also be required.

This unaudited condensed consolidated pro forma financial information is prepared in conformity with US GAAP. The unaudited condensed consolidated pro forma balance sheet as of March 31, 2009 and the unaudited condensed consolidated pro forma statements of operations for the year ended December 31, 2008 and the three months ended March 31, 2009 have been prepared using the following information:

(a) Audited historical consolidated financial statements of Validus as of December 31, 2008 and for the year ended December 31, 2008;

(b) Audited historical consolidated financial statements of IPC as of December 31, 2008 and for the year ended December 31, 2008;

(c) Unaudited historical consolidated financial statements of Validus as of March 31, 2009 and for the three months ended March 31, 2009;

(d) Unaudited historical consolidated financial statements of IPC as of March 31, 2009 and for the three months ended March 31, 2009;

(e) Such other known supplementary information as considered necessary to reflect the Acquisition in the unaudited condensed consolidated pro forma financial information.

The pro forma adjustments reflecting the Acquisition of IPC under the purchase method of accounting are based on certain estimates and assumptions. The unaudited condensed consolidated pro forma adjustments may be revised as additional information becomes available. The actual adjustments upon consummation of the Acquisition and the allocation of the final purchase price of IPC will depend on a number of factors, including additional financial information available at such time, changes in values and changes in IPC s operating results between the date of preparation of this unaudited condensed consolidated pro forma financial information and the effective date of the Acquisition. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible the differences may be material. Validus management believes that its assumptions provide a reasonable basis for presenting all of the significant effects of the transactions contemplated based on information available to Validus at the time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited condensed consolidated pro forma financial information.

The unaudited condensed consolidated pro forma financial information does not include any financial benefits, revenue enhancements or operating expense efficiencies arising from the Acquisition. In addition, the unaudited condensed consolidated pro forma financial information does not include any additional expenses that may result

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)
(Expressed in thousands of U.S. dollars, except share and per share data)

from the Acquisition. Estimated costs of the transaction as well as the benefit of the negative goodwill have been reflected in the unaudited condensed consolidated pro forma balance sheets, but have not been included on the pro forma income statement due to their non-recurring nature.

The unaudited condensed consolidated pro forma financial information is not intended to reflect the results of operations or the financial position that would have resulted had the Acquisition been effected on the dates indicated and if the companies had been managed as one entity. The unaudited condensed consolidated pro forma financial information should be read in conjunction with the Validus 10-Q, the Validus 10-K, the IPC 10-Q and the IPC 10-K, as filed with the SEC. See *Where You Can Find More Information* on page [ ].

2. Recent Accounting Pronouncements

In December 2007, the FASB issued Statement No. 141(R), Business Combinations (FAS 141(R)) and No. 160, Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51 (FAS 160) which are effective for business combinations for which the Acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. On April 1, 2009 the FASB finalized and issued FSP FAS 141(R)-1 which amended and clarified FAS 141 (R) and is effective for business combinations whose Acquisition date is on or after January 1, 2009.

FSP FAS 141(R)-1 has amended FAS 141(R) s guidance on the initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets acquired and liabilities assumed in a business combination that arise from contingencies.

Significant changes arising from FAS 141 (R) and FSP FAS 141(R)-1 which will impact any future acquisitions include the determination of the purchase price and treatment of transaction expenses, restructuring charges and negative goodwill as follows:

Purchase Price Under FAS 141(R), the purchase price is determined as of the acquisition date, which is the date that the acquirer obtains control. Previously, the date the business combination was announced was used as the effective date in determining the purchase price;

Transactions Expenses Under FAS 141(R), all costs associated with purchase transactions must be expensed as incurred. Previously, all such costs could be capitalized and included as part of transaction purchase price, adding to the amount of goodwill recognized;

Restructuring Costs Under FAS 141(R), expected restructuring costs are not recorded at the closing date, but rather after the transaction. The only costs to be included as a liability at the closing date are those for which an acquirer is obligated at the time of the closing. Previously, restructuring costs that were planned to occur after the closing of the transaction were recognized and recorded at the closing date as a liability;

Negative Goodwill/Bargain Purchases Under FAS 141(R), where total fair value of net assets acquired exceeds consideration paid (creating negative goodwill), the acquirer will record a gain as a result of the bargain purchase, to be recognized through the income statement at the close of the transaction. Previously, negative goodwill was recognized as a pro rata reduction of the assets assumed to allow the net assets acquired to equal the consideration paid; and

Noncontrolling Interests Under FAS 141(R), in a partial or step acquisition where control is obtained, 100% of goodwill and identifiable net assets are recognized at fair value and the noncontrolling (sometimes called minority interest) interest is also recorded at fair value. Previously, in a partial acquisition only the controlling interest s share of goodwill was recognized, the controlling interest s share of identifiable net assets was recognized at fair value and the noncontrolling interest s share of identifiable net assets was

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)
(Expressed in thousands of U.S. dollars, except share and per share data)

recognized at carrying value. Under FAS 160, a noncontrolling interest is now recognized in the equity section, presented separately from the controlling interest s equity. Previously, noncontrolling interest in general was recorded in the mezzanine section.

3. Purchase Adjustments

On April 30, 2009, Validus announced a three-part plan to acquire IPC. The three-part plan, involves (1) soliciting IPC shareholders to vote against the Proposed Max Amalgamation, (2) commencing an Exchange Offer for all IPC Shares and (3) petitioning the Supreme Court of Bermuda to approve a Scheme of Arrangement under Bermuda law. If the Acquisition is consummated, former IPC shareholders will no longer have any ownership interest in IPC and will be shareholders of Validus. Validus intends, promptly following the Scheme of Arrangement, to amalgamate IPC with a newly-formed, wholly-owned subsidiary of Validus in accordance with Section 107 of the Companies Act.

In connection with the Acquisition, transaction costs currently estimated at $40,000 will be incurred and expensed. Of this amount, $20,000 relates to Validus expenses as set forth in The Acquisition Sources of Funds, Fees and Expenses and $20,000 is our estimate of IPC s expenses based on the IPC/Max S-4. In addition, upon termination of the Max Amalgamation Agreement, the Max Termination Fee will be incurred and expensed. The data in the following sentence is taken from Management s Discussion and Analysis of Financial Condition and Results of Operations contained in the IPC 10-Q, where such disclosure was not made in thousands of U.S. dollars, and the data has been reproduced here as it was originally presented. Approximately $13.8 million of expenses, including legal and financial advisory services, were associated with IPC s strategic initiatives designed to increase shareholder value and which resulted in the agreement and plan of amalgamation with Max. Therefore, Validus is estimating that approximately $13,800 of the estimated $40,000 total transaction costs have been incurred and expensed by IPC in the three months ended March 31, 2009.

As discussed above, these pro forma purchase adjustments are based on certain estimates and assumptions made as of the date of the unaudited condensed consolidated pro forma financial information. The actual adjustments will depend on a number of factors, including changes in the estimated fair value of net balance sheet assets and operating results of IPC between March 31, 2009 and the effective date of the Acquisition. Validus expects to make such adjustments at the effective date of the Acquisition. These adjustments are likely to be different from the adjustments made to prepare the unaudited condensed consolidated pro forma financial information and such differences may be material.

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)
(Expressed in thousands of U.S. dollars, except share and per share data)

The share prices for both Validus and IPC used in determining the preliminary estimated purchase price are based on the closing share prices on May 15, 2009 (the most practicable date preceding the filing of this proxy statement). The preliminary total purchase price is calculated as follows:

Calculation of Total Purchase Price

IPC common shares outstanding as of May 8, 2009		55,948,821
IPC common shares issued pursuant to option exercises		3,804
IPC common shares issued following vesting of restricted shares, RSUs and PSUs		549,275
Total IPC common shares and share equivalents prior to transaction		56,501,900
Exchange ratio		1.1234
Total Validus common shares to be issued		63,474,234
Validus closing share price on May 15, 2009	$	24.16
Total value of Validus common shares to be issued	$	1,533,537
Total cash consideration paid at $3.00 per IPC share	$	169,506
Total Purchase Price	$	1,703,043

The allocation of the purchase price is as follows:

Allocation of Purchase Price

IPC shareholders equity(B)	$	1,849,474
Total purchase price(A)	$	1,703,043
Negative goodwill (A B)	$	146,431

(a) In connection with the Acquisition, 63,474,234 Validus Shares are expected to be issued as a portion of the Acquisition Consideration for all of IPC s Shares, IPC Shares issued pursuant to option exercises, and IPC Shares issued following vesting of restricted shares, restricted share units and performance share units resulting in additional share capital of $11,108 and Additional Paid-In Capital of $1,522,429. In addition, cash consideration of $3.00 per IPC Share, or $169,506 in total, is expected to be paid to IPC shareholders.

(b) It is expected that total transaction costs currently estimated at $40,000 and the Max Termination Fee of $50,000 will be incurred and expensed by the consolidated entity. Based on an expected investment return of 3.75% per annum, investment income of $9,731 would have been foregone during the year end December 31, 2008 had these payments of $259,506 been made.

The data in the following sentence is taken from Management s Discussion and Analysis of Financial Condition and Results of Operations contained in the IPC 10-Q, where such disclosure was not made in thousands of U.S. dollars, and the data has been reproduced here as it was originally presented. Approximately $13.8 million of expenses, including legal and financial advisory services, were associated with IPC s strategic initiatives, designed to increase shareholder value, and which resulted in the Agreement and Plan of Amalgamation with Max. Therefore, Validus is estimating that approximately $13,800 of the estimated $40,000 total transaction costs have been incurred and expensed by IPC in the three months ended March 31, 2009. These expenses have been eliminated from the unaudited condensed consolidated pro forma results of operations for the three months ended March 31, 2009. In addition, an adjustment of $76,200 was recorded to cash and to retained earnings as at March 31, 2009 to reflect the remaining transaction costs and Max Termination Fee. Based on an expected investment return of 3.18% per annum, investment income of $1,953 would have been foregone during the three months ended March 31, 2009 had these remaining payments of $245,706 been made.

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)
(Expressed in thousands of U.S. dollars, except share and per share data)

(c) Employees of IPC hold 427,000 options to purchase IPC Shares. These options would vest upon a change in control, and would be exercisable. The exercise price range of these options is from $13 to $49, with a weighted average of $34.68. It is expected that 3,804 net shares would be issued upon exercise of these options.

(d) Elimination of IPC Shares of $561, Additional Paid-in Capital of $1,091,491, Accumulated Other Comprehensive Loss of $876 and Retained Earnings of $758,298.

(e) A related party balance of $265 for the three months ended March 31, 2009 and $251 for the year ended December 31, 2008 representing reinsurance ceded to IPC by Validus was eliminated from gross premiums written and reinsurance ceded. Corresponding prepaid reinsurance premiums and unearned premiums of $199 and premiums receivable and reinsurance balances payable of $160 have been eliminated from the pro forma balance sheet.

(f) The unaudited condensed consolidated pro forma financial statements have been prepared using IPC s publicly available financial statements and disclosures, without the benefit of inspection of IPC s books and records. Therefore, the carrying value of assets and liabilities in IPC s financial statements are considered to be a proxy for fair value of those assets and liabilities, with the difference between the net assets and the total purchase price considered to be negative goodwill. In addition, certain pro forma adjustments, such as recording fair value of assets and liabilities and adjustments for consistency of accounting policy, are not reflected in these unaudited pro forma consolidated financial statements. In December 2007, the Financial Accounting Standards Board (FASB) issued Statement No. 141(R), Business Combinations (FAS 141(R)). This Statement defines a bargain purchase as a business combination in which the total fair value of the identifiable net assets acquired on the date of acquisition of IPC Shares exceeds the fair value of the consideration transferred plus any noncontrolling interest in the acquiree, and it requires the acquirer to recognize that excess in earnings as a gain attributable to the acquirer. Negative goodwill of $146,431 has been recorded as a credit to retained earnings as upon completion of the acquisition of IPC Shares negative goodwill will be treated as a gain in the consolidated statement of operations.

(g) On November 15, 2008, IPC s 9,000,000 Series A Mandatory Convertible preferred shares automatically converted pursuant to their terms into 9,129,600 common shares. Therefore, dividends of $14,939 on these preferred shares of IPC have been eliminated from the unaudited pro forma results of operations for the year ended December 31, 2008.

4. Adjustments to cash and cash equivalents

The Acquisition will result in the payment of cash and cash equivalents by IPC of $56,200 and by Validus of $189,506.

The unaudited condensed consolidated pro forma statements of operations reflect the impact of these reductions in cash and cash equivalents. Actual transaction costs may vary from such estimates which are based on the best information available at the time the unaudited condensed consolidated pro forma financial information was prepared.

For purposes of presentation in the unaudited condensed consolidated pro forma financial information, the sources and uses of funds of the acquisition are as follows:

Sources of funds

IPC cash and cash equivalents	$ 56,200
Validus cash and cash equivalents	189,506
Total	$ 245,706

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)
(Expressed in thousands of U.S. dollars, except share and per share data)

Uses of funds

Cash consideration for IPC shares	$ 169,506
IPC transaction costs	6,200
Validus transaction costs	20,000
Max termination fee	50,000
Total	$ 245,706

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)
(Expressed in thousands of U.S. dollars, except share and per share data)

5. Gross Premiums Written

IPC did not disclose gross premiums written by class of business in the IPC 10-Q. Therefore, a table of gross premiums written by Validus, IPC and pro forma combined cannot be presented.

The following table sets forth the gross premiums written for the year ended December 31, 2008 by Validus, IPC and pro forma combined:

Validus Re	**Validus**	**IPC(a)**	**Purchase Adjustments**	**Combined**
Property Cat XOL(b)	$ 328,216	$ 333,749	$	$ 661,965
Property Per Risk XOL	54,056	10,666		64,722
Property Proportional(c)	110,695			110,695
Marine	117,744			117,744
Aerospace	39,323	18,125	(151)	57,297
Life and A&H	1,009			1,009
Financial Institutions	4,125			4,125
Other		8,318	(100)	8,218
Terrorism	25,502			25,502
Workers Comp	7,101			7,101
Total Validus Re Segment	687,771	370,858	(251)	1,058,378
<u>Talbot</u>				
Property	152,143			152,143
Marine	287,694			287,694
Aviation & Other	40,028			40,028
Accident & Health	18,314			18,314
Financial Institutions	42,263			42,263
War	128,693			128,693
Contingency	22,924			22,924
Bloodstock	16,937			16,937
Total Talbot Segment	708,996			708,996
<u>Intersegment revenue</u>				
Property	(21,724)			(21,724)
Marine	(8,543)			(8,543)

Specialty	(4,016)			(4,016)
Total Intersegment Revenue Eliminated	(34,283)			(34,283)
Adjustments for reinstatement premium		32,537		32,537
Total	$ 1,362,484	$ 403,395	$ (251)	$ 1,765,628

(a) For IPC, this includes annual (deposit) and adjustment premiums. Excludes reinstatement premiums of $32,537 which are not classified by class of business by IPC.

(b) For Validus, Cat XOL is comprised of Catastrophe XOL, Aggregate XOL, RPP, Per Event XOL, Second Event and Third Event covers. For IPC, this includes Catastrophe XOL and Retrocessional.

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)
(Expressed in thousands of U.S. dollars, except share and per share data)

(c) Proportional is comprised of Quota Share and Surplus Share.

6. Selected Ratios

Selected ratios of Validus, IPC and pro forma combined are as follows:

	Year Ended December 31, 2008			Three Months Ended March 31, 2009		
	Validus	IPC	Pro forma combined	Validus	IPC	Pro forma combined
Losses and loss expenses ratios	61.5%	40.2%	56.4%	41.4%	39.6%	40.9%
Policy acquisition costs ratios	18.7	9.4	16.5	19.3	10.0	17.1
General and administrative cost ratios	12.0	6.8	10.8	14.3	24.6	13.4
Combined ratio	92.2%	56.4%	83.7%	75.0%	74.2%	71.4%

(a) Factors affecting the losses and loss expense ratio for the year ended December 31, 2008

Validus losses and loss expense ratio, which is defined as losses and loss expenses divided by net premiums earned, for the year ended December 31, 2008 was 61.5%. During the year ended December 31, 2008, the frequency and severity of worldwide losses that materially affected Validus losses and loss expense ratio increased. During the year ended December 31, 2008, Validus incurred $260,567 and $22,141 of loss expense attributable to Hurricanes Ike and Gustav, which represent 20.7 and 1.8 percentage points of the losses and loss expense ratio, respectively. Other notable loss events added $45,895 of 2008 loss expense or 3.7 percentage points of the losses and loss expense ratio bringing the total effect of aforementioned events on the 2008 losses and loss expense ratio to 26.2 percentage points. Favorable loss development on prior years totaled $69,702. Favorable loss reserve development benefited Validus losses and loss expense ratio for the year ended December 31, 2008 by 5.5 percentage points.

The data in the following paragraph is taken from Management s Discussion and Analysis of Financial Condition and Results of Operations contained in the IPC 10-K. Such disclosure was not made in thousands of U.S. dollars, and the data has been reproduced here as it was originally presented.

IPC s losses and loss expense ratio, which is defined as losses and loss expenses divided by net premiums earned, for the year ended December 31, 2008 was 40.2%. IPC incurred net losses and loss adjustment expenses of $155.6 million for the year ended December 31, 2008. Total net losses for the year ended December 31, 2008 relating to the current year were $206.6 million, while reductions to estimates of ultimate net loss for prior year events were $50.9 million. During 2008, IPC s incurred losses included: $23.0 million from the Alon Refinery explosion in Texas, a storm that affected Queensland, Australia, and Windstorm Emma that affected parts of Europe, which all occurred in the first quarter of 2008; $10.5 million from the flooding in Iowa in June and tornadoes that affected the mid-west United States in May 2008; together with $160.0 million from Hurricane Ike and $7.6 million from Hurricane Gustav, which both occurred in September 2008. The impact on IPC s 2008 losses and loss expense ratio from these events was 51.9 percentage points. The losses from these events were partly offset by reductions to IPC s estimates of ultimate loss for a number of prior year events, including $11.0 million for Hurricane Katrina, $18.6 million for the storm and flooding that affected New South Wales, Australia in 2007 and $22.8 million for the floods that affected parts of the U.K. in June and July 2007. The cumulative $52.4 million of favorable loss reserve development benefited the IPC s losses and loss expense ratio for the year ended December 31, 2008 by 13.5 percentage points.

(b) Factors affecting the losses and loss expense ratio for the three months ended March 31, 2009

Validus losses and loss expense ratio, which is defined as losses and loss expenses divided by net premiums earned, for the three months ended March 31, 2009, was 41.4%. During the three months ended March 31,

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)
(Expressed in thousands of U.S. dollars, except share and per share data)

2009, Validus incurred $6,889 and $6,625 of loss expense attributable to Windstorm Klaus and Australian wildfires, respectively, which represent 2.2 and 2.1 percentage points of the losses and loss expense ratio, respectively. Favorable loss development on prior years totaled $8,079. Favorable loss reserve development benefited Validus losses and loss expense ratio for the months ended March 31, 2009 by 2.5 percentage points.

The data in the following paragraph is taken from Management s Discussion and Analysis of Financial Condition and Results of Operations contained in the IPC 10-Q. Such disclosure was not made in thousands of U.S. dollars, and the data has been reproduced here as it was originally presented.

IPC s losses and loss expense ratio, which is defined as losses and loss expenses divided by net premiums earned, for the three months ended March 31, 2009, was 39.6%. In the quarter ended March 31, 2009, IPC incurred net losses and loss adjustment expenses of $39.1 million, compared to $5.3 million in the first quarter of 2008. Net losses incurred in the first quarter of 2009 included $15.0 million from Winter Storm Klaus that affected southern France and $13.3 million from the bushfires in south eastern Australia, as well as net adverse development to their estimates of ultimate losses for several prior year events. The impact on IPC s losses and loss expense ratio from these events was 28.7 percentage points.

7. Earnings per Common Share

(a) Pro forma earnings per common share for the year ended December 31, 2008 and the three months ended March 31, 2009 have been calculated based on the estimated weighted average number of common shares outstanding on a pro forma basis, as described in 7(b) below. The historical weighted average number of common shares outstanding of Validus was 74,677,903 and 75,819,413 basic and diluted, respectively, for the year ended December 31, 2008 and 75,744,577 and 79,102,643 basic and diluted, respectively, for the three months ended March 31, 2009.

(b) The pro forma weighted average number of common shares outstanding for the year ended December 31, 2008 and three months ended March 31, 2009, after giving effect to the exchange of shares as if the exchange offer had been issued and outstanding for the whole year, is 137,530,809 and 139,293,647, basic and diluted, and 138,597,483 and 142,576,877, basic and diluted, respectively.

(c) 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.

The following table sets forth the computation of basic and diluted earnings per share for the three months ended March 31, 2009:

	Historical Validus Holdings	Pro Forma Consolidated

Net income	$	94,907	$	115,006
Weighted average shares basic ordinary shares outstanding		75,744,577		138,597,483
Share Equivalents				
Warrants		2,307,094		2,307,094
Restricted Shares		683,468		1,300,523
Options		367,504		371,777
Weighted average shares diluted		79,102,643		142,576,877
Basic earnings per share	$	1.23	$	0.82
Diluted earnings per share	$	1.20	$	0.81

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)
(Expressed in thousands of U.S. dollars, except share and per share data)

The following table sets forth the computation of basic and diluted earnings per share for the year ended December 31, 2008:

	Historical Validus Holdings	Pro Forma Consolidated
Net income available to common shareholders	$ 46,164	$ 126,880
Weighted average shares basic ordinary shares outstanding	74,677,903	137,530,809
Share equivalents		
Warrants		
Restricted Shares	1,004,809	1,621,864
Options	136,701	140,974
Weighted average shares diluted	75,819,413	139,293,647
Basic earnings per share	$ 0.62	$ 0.92
Diluted earnings per share	$ 0.61	$ 0.91

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)
(Expressed in thousands of U.S. dollars, except share and per share data)

8. Book Value per Share

Validus calculates diluted book value per share using the as-if-converted method, where all proceeds received upon exercise of warrants and stock options would be retained by Validus and the resulting common shares from exercise remain outstanding. In its public records, IPC calculates diluted book value per share using the treasury stock method, where proceeds received upon exercise of warrants and stock options would be used by IPC to repurchase shares from the market, with the net common shares from exercise remaining outstanding. Accordingly, for the purposes of the Pro Forma Condensed Consolidated Financial Statements and notes thereto, IPC s diluted book value per share has been recalculated based on the as-if-converted method to be consistent with Validus calculation.

The following table sets forth the computation of book value and diluted book value per share adjusted for the Acquisition as of March 31, 2009:

	Historical Validus Holdings	Pro Forma Consolidated
Book value per common share calculation		
Total shareholders equity	$ 2,022,986	$ 3,626,754
Shares	75,828,922	138,681,828
Book value per common share	$ 26.68	$ 26.15
Diluted book value per common share calculation		
Total Shareholders equity	$ 2,022,986	$ 3,626,754
Proceeds of assumed exercise of outstanding warrants	$ 152,316	$ 152,316
Proceeds of assumed exercise of outstanding stock options	$ 50,969	$ 50,969
Unvested restricted shares		
	$ 2,226,271	$ 3,830,039
Shares	75,828,922	138,681,828
Warrants	8,680,149	8,680,149
Options	2,795,868	2,800,141
Unvested restricted shares	3,012,854	3,629,909
	90,317,793	153,792,027
Diluted book value per common share	$ 24.65	$ 24.90

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)
(Expressed in thousands of U.S. dollars, except share and per share data)

9. Capitalization

The following table sets forth the computation of debt to total capitalization and debt (excluding debentures payable) to total capitalization at March 31, 2009, adjusted for the Acquisition:

	Historical Validus Holdings	Pro Forma Consolidated
Total debt		
Borrowings drawn under credit facility	$	$
Debentures payable	304,300	304,300
Total debt	$ 304,300	$ 304,300
Total capitalization		
Total shareholders equity	$ 2,022,986	$ 3,626,754
Borrowings drawn under credit facility		
Debentures payable	304,300	304,300
Total capitalization	$ 2,327,286	$ 3,931,054
Total debt to total capitalization	13.1%	7.7%
Debt (excluding debentures payable) to total capitalization	0.0%	0.0%

COMPARATIVE PER-SHARE DATA

The IPC historical per share data is taken from the IPC/Max S-4. See *Sources of Additional Information* above. The pro forma combined data is taken from the *Unaudited Condensed Consolidated Pro Forma Financial Information* above.

The historical earnings per share, dividends, and book value of Validus and IPC shown in the table below are derived from their respective audited consolidated financial statements as of and for the year ended December 31, 2008 and as of and for the three months ended March 31, 2009. The unaudited pro forma comparative basic and diluted earnings per share data give effect to the Acquisition using the purchase method of accounting as if the Acquisition had been completed on January 1, 2008. The unaudited pro forma book value and diluted book value per share information was computed as if the Acquisition had been completed on December 31, 2008 and March 31, 2009.

The historical earnings per share, dividends, and book value of Validus and IPC shown in the table below are derived from their respective audited consolidated financial statements as of and for the year ended December 31, 2008 and as of and for the three months ended March 31, 2009. The unaudited pro forma comparative basic and diluted earnings per share data give effect to the Acquisition using the purchase method of accounting as if the Acquisition had been completed on January 1, 2008. The unaudited pro forma book value and diluted book value per share information was computed as if the Acquisition had been completed on December 31, 2008 and March 31, 2009. You should read this information in conjunction with the historical financial information of Validus and of IPC included or incorporated elsewhere in this proxy statement, including Validus and IPC s financial statements and related notes. The unaudited pro forma data is not necessarily indicative of actual results had the Acquisition occurred during the periods indicated. The unaudited pro forma data is not necessarily indicative of future operations of Validus.

This pro forma information is subject to risks and uncertainties, including those discussed in *Risk Factors* below.

	Per share data at or for the year ended December 31, 2008				
	Historical Validus	Historical IPC	Validus Pro Forma combined	Equivalent Per IPC Share(1)	IPC Max Pro Forma(3)
Basic earnings per common share	$ 0.62	$ 1.45	$ 0.92	$ 1.03	$ (0.63)
Diluted earnings per common share	$ 0.61	$ 1.45	$ 0.91	$ 1.02	$ (0.63)
Cash dividends declared per common share	$ 0.80	$ 0.88	$ 0.80	$ 0.90	$ 0.73
Book value per common share	$ 25.64	$ 33.00	$ 25.49	$ 31.64(2)	$ 32.30
Diluted book value per common share	$ 23.78	$ 32.85(4)	$ 24.31	$ 30.31(2)	NA

Per share data at or for the three months ended March 31, 2009
Validus

	Historical Validus	Historical IPC	Pro Forma combined	Equivalent Per IPC Share(1)
Basic earnings per common share	$ 1.23	$ 0.15	$ 0.82	$ 0.92
Diluted earnings per common share	$ 1.20	$ 0.15	$ 0.81	$ 0.91
Cash dividends declared per common share	$ 0.20	$ 0.22	$ 0.20	$ 0.22
Book value per common share (at period end)	$ 26.68	$ 33.06	$ 26.15	$ 32.38(3)
Diluted book value per common share	$ 24.65	$ 32.73	$ 24.90	$ 30.97(3)

(1) Equivalent per share amounts are calculated by multiplying Validus pro forma per share amounts by the Acquisition exchange ratio of 1.1234.

(2) For purposes of calculating equivalent per IPC share values for book value per common share and diluted book value per common share, the $3.00 per common share cash consideration is added to the equivalent per share amounts.

(3) Source: IPC/Max Joint Proxy Statement/Prospectus dated May 7, 2009 at p.22.

(4) IPC reported diluted book value per common share as $33.07 in the IPC 10-K and amended it to $32.85 in an amendment to the IPC/Max S-4 filed with the SEC on April 13, 2009.

COMPARATIVE MARKET PRICE AND DIVIDEND INFORMATION

Validus and IPC s Shares are quoted on the NYSE and NASDAQ, respectively, under the ticker symbol VR and IPCR, respectively. The following table sets forth the high and low closing prices per share of Validus Shares and IPC Shares for the periods indicated (commencing, in the case of Validus, from Validus initial public offering on July 25, 2007) as reported on the consolidated tape of the NYSE or NASDAQ Global Select Market, as applicable, as well as cash dividends per common share, as reported in the Validus 10-K and IPC s annual report on Form 10-K for the year ended December 31, 2008, respectively, with respect to the years 2007 and 2008, and thereafter as reported in publicly available sources. The IPC dividend information was taken from the IPC/Max S-4. See *Sources of Additional Information* above.

	Validus			IPC		
	High	**Low**	**Dividend**	**High**	**Low**	**Dividend**
Year ended December 31, 2009						
First Quarter	$ 26.30	$ 21.25	$ 0.20	$ 30.25	$ 20.89	$ 0.22
Second Quarter (through May 22, 2009)	$ 24.52	$ 22.01	N/A	$ 27.65	$ 24.55	N/A
December 31, 2008						
First Quarter	$ 26.22	$ 23.00	$ 0.20	$ 28.25	$ 24.82	$ 0.22
Second Quarter	$ 23.72	$ 20.11	$ 0.20	$ 30.38	$ 26.55	$ 0.22
Third Quarter	$ 24.70	$ 20.00	$ 0.20	$ 33.00	$ 26.58	$ 0.22
Fourth Quarter	$ 26.16	$ 14.84	$ 0.20	$ 29.90	$ 19.52	$ 0.22
Year ended December 31, 2007						
First Quarter	N/A	N/A	N/A	$ 31.53	$ 27.82	$ 0.20
Second Quarter	N/A	N/A	N/A	$ 32.53	$ 28.57	$ 0.20
Third Quarter	$ 25.28	$ 21.11	N/A	$ 33.01	$ 24.01	$ 0.20
Fourth Quarter	$ 26.59	$ 24.73	N/A	$ 30.13	$ 26.87	$ 0.20

The following table sets out the trading information for Validus Shares and IPC Shares on March 30, 2009, the last full trading day before Validus public announcement of delivery of the Initial Validus Offer to the board of directors of IPC, and May 22, 2009, the last practicable trading day for which information was available before first mailing of this proxy statement.

	Validus Common Share Close	**IPC Common Share Close**	**Equivalent Validus Per-Share Amount**
March 30, 2009	$ 24.91	$ 25.41	$ 30.98
May 22, 2009	$ 22.01	$ 25.07	$ 27.73

Equivalent per-share amounts are calculated by multiplying Validus per-share amounts by the Acquisition exchange ratio of 1.1234 and adding $3.00 in cash per IPC Share.

The value of the Scheme of Arrangement will change as the market prices of Validus Shares and IPC Shares fluctuate prior to the consummation of the Scheme of Arrangement, and may therefore be different from the prices set forth above at the effective time and at the time you receive the Acquisition Consideration. See *Risk Factors* above. IPC shareholders are encouraged to obtain current market quotations for Validus Shares and IPC Shares prior to making any decision with respect to the Scheme of Arrangement.

Please also see *The Acquisition Delisting of IPC Shares* for a discussion of the possibility that IPC Shares will cease to be listed on the NASDAQ Global Select Market and on the Bermuda Stock Exchange.

As of April 30, 2009, directors and executive officers of Validus (exclusive of those shareholders who Validus deems to be qualified sponsors (as defined in this proxy statement)) held and were entitled to vote approximately 1.76% of the outstanding Validus Shares. As of March 26, 2009, directors and executive officers of IPC held and were entitled to vote approximately 1.4% of the outstanding IPC Shares.

FORWARD-LOOKING STATEMENTS

This proxy statement 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 na identify forward-looking statements. All forward-looking statements address matters that involve risks and uncertainties, many of which are beyond our control. 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) uncertainty as to whether Validus will be able to enter into and to consummate the proposed acquisition on the terms set forth in the Validus amalgamation offer; 2) uncertainty as to the actual premium that will be realized by IPC shareholders in connection with the proposed acquisition; 3) uncertainty as to the long-term value of Validus Shares; 4) unpredictability and severity of catastrophic events; 5) rating agency actions; 6) adequacy of Validus or IPC s risk management and loss limitation methods; 7) cyclicality of demand and pricing in the insurance and reinsurance markets; 8) Validus limited operating history; 9) Validus ability to implement its business strategy during soft as well as hard markets; 10) adequacy of Validus or IPC s loss reserves; 11) continued availability of capital and financing; 12) retention of key personnel; 13) competition; 14) potential loss of business from one or more major insurance or reinsurance brokers; 15) Validus or IPC s 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; 16) general economic and market conditions (including inflation, volatility in the credit and capital markets, interest rates and foreign currency exchange rates); 17) the integration of Talbot or other businesses we may acquire or new business ventures we may start; 18) the effect on Validus or IPC s investment portfolios of changing financial market conditions including inflation, interest rates, liquidity and other factors; 19) acts of terrorism or outbreak of war; 20) availability of reinsurance and retrocessional coverage; 21) failure to realize the anticipated benefits of the proposed acquisition, including as a result of failure or delay in integrating the businesses of Validus and IPC; and 22) the outcome of litigation arising from Validus offer for IPC, 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 the risk factors included in IPC s most recent reports on Form 10-K and Form 10-Q and other documents of Validus and IPC on file with the SEC. Any forward-looking statements made in this proxy statement are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by Validus 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.

RISK FACTORS

In addition to the other information included or incorporated by reference in this proxy statement (including the matters addressed under Forward-Looking Statements *above), you should carefully consider the following risk factors before deciding whether to vote to approve the Scheme of Arrangement. In addition to the risk factors set forth below, you should read and consider other risk factors specific to each of the Validus and IPC businesses that will also affect Validus after the effectiveness of the Scheme of Arrangement, described in Part I, Item 1A of each company s annual report on Form 10-K for the year ended December 31, 2008, and the other documents that have been filed with the SEC and all of which are incorporated by reference into this proxy statement. If any of the risks described below or in the reports incorporated by reference into this proxy statement actually occurs, the respective businesses, financial results, financial conditions, operating results or share prices of Validus or IPC could be materially adversely affected.*

Risks Related to the Scheme of Arrangement

The value of the Validus Shares that the IPC shareholders receive in the Scheme of Arrangement will vary as a result of the fixed exchange ratio and possible fluctuations in the price of Validus Shares.

At the effective time, each IPC Share issued and outstanding immediately prior to the effective time (excluding any IPC Shares owned by Validus, IPC or their respective subsidiaries) will be exchanged for Validus Shares equal to the exchange ratio, $3.00 in cash (less any applicable withholding taxes and without interest) and cash in lieu of fractional shares. Because the exchange ratio is fixed at 1.1234 of a Validus Share for each IPC Share, the market value of the Validus Shares issued in the Scheme of Arrangement will depend upon the market price of a Validus Share at the effective time. If the price of Validus Shares declines, IPC shareholders could receive less value for their shares upon the consummation of the Scheme of Arrangement than the value calculated pursuant to the exchange ratio on the date the Scheme of Arrangement is approved by the IPC shareholders. Share price changes may result from a variety of factors that are beyond the companies control, including general market conditions, changes in business prospects, catastrophic events, both natural and man-made, and regulatory considerations. In addition, the ongoing business of Validus may be adversely affected by actions taken by Validus in connection with the Scheme of Arrangement, including as a result of (i) the attention of management of Validus having been diverted to the Scheme of Arrangement instead of being directed solely to Validus own operations and pursuit of other opportunities that could have been beneficial to Validus prior to and after the effectiveness of the Scheme of Arrangement and (ii) payment by Validus of certain costs relating to the Acquisition, including certain legal, accounting and financial and capital market advisory fees.

Because the Scheme of Arrangement will not be completed until certain conditions have been satisfied or, where relevant, waived (see *The Scheme of Arrangement Conditions to the Scheme of Arrangement* below), a period of time may pass which may be significant between the filing of this proxy statement and the effectiveness of the Scheme of Arrangement. Therefore, at the time when you vote with respect to the court-ordered IPC meeting, you will not know the exact market value of the Validus Shares that will be issued if the Scheme of Arrangement becomes effective. Please see *Comparative Market Price and Dividend Information* above for the historical high and low closing prices per share of Validus Shares and IPC Shares, as well as cash dividends per share of Validus Shares and IPC Shares respectively for each quarter of the period 2007 through 2009.

Furthermore, in connection with the Scheme of Arrangement, Validus estimates that it will need to issue approximately 63,474,234 Validus Shares. The increase in the number of Validus Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Validus Shares.

IPC shareholders are urged to obtain market quotations for Validus Shares and IPC Shares when they consider whether to tender their IPC Shares pursuant to the Exchange Offer.

The Scheme of Arrangement is subject to conditions that Validus cannot control which may result in the Scheme of Arrangement being terminated.

The Scheme of Arrangement is subject to conditions, including the termination of the Max Amalgamation Agreement, the approval by our shareholders of the issuance of Validus Shares pursuant to the Scheme of Arrangement, the sanctioning of the Scheme of Arrangement by the Supreme Court of Bermuda, no material adverse effect having occurred with respect to IPC and its subsidiaries, IPC and its subsidiaries continuing to operate in the ordinary course of business consistent with past practice and the consent of the lenders under Validus credit agreements. There are no assurances that all of such conditions will be satisfied, or where relevant, waived. In addition, the IPC board of directors may take actions that will delay, or frustrate, the satisfaction of one or more conditions. If the conditions are not met, then Validus may terminate the Scheme of Arrangement. Please see *The Scheme of Arrangement Conditions to the Scheme of Arrangement* on page [ ] for a complete description of the conditions to the effectiveness of the Scheme of Arrangement.

Validus may waive one or more of the conditions to the effectiveness of the Scheme of Arrangement or modify the Scheme of Arrangement without resoliciting or seeking additional shareholder approval.

Except for the unwaivable conditions described below in *The Scheme of Arrangement Conditions to the Scheme of Arrangement,* each of the conditions to the effectiveness of the Scheme of Arrangement may be waived, in whole or in part by Validus. Validus may consent on behalf of all persons concerned to any modification of or addition to the Scheme of Arrangement or any condition to the effectiveness of the Scheme of Arrangement which the Supreme Court of Bermuda may approve or impose. The board of directors of Validus will evaluate the materiality of any such modification, addition or condition to determine whether resolicitation of proxies is necessary, or if shareholder approval has been received, whether further shareholder approval is necessary. In the event that any such modification, addition or condition is not determined to be significant enough to require resolicitation or additional approval of shareholders, the Scheme of Arrangement may be consummated without seeking further shareholder approval.

The effectiveness of the Scheme of Arrangement is conditioned on termination of the Max Amalgamation Agreement, which could under certain circumstances result in the payment of the Max Termination Fee.

While Validus believes the provision of the Max Amalgamation Agreement providing for the possible payment of the Max Termination Fee is invalid and is seeking a ruling of the Supreme Court of Bermuda to that effect, if the proposals related to the Max Amalgamation Agreement are not approved by IPC shareholders, a court may determine that IPC is required, or IPC may otherwise be bound, to pay all, or a portion, of the Max Termination Fee, including in the circumstance where IPC subsequently agrees to enter into an agreement with a third party in respect of another business combination.

The Scheme of Arrangement and subsequent short-form amalgamation may fail to qualify as a reorganization within the meaning of Section 368(a) of the Code, resulting in your full recognition of taxable gain or loss in respect of your IPC Shares.

The Scheme of Arrangement and subsequent short-form amalgamation are intended to constitute a single integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Code. No legal opinion from U.S. legal counsel or ruling from the U.S. Internal Revenue Service (the IRS) has been requested, or is expected to be obtained, regarding the U.S. federal income tax consequences of the Scheme of Arrangement and short-form amalgamation. No assurance can be given that the IRS will not assert, or that a court would not sustain, that the transaction does not qualify as a reorganization. If the transaction fails to qualify as a reorganization, you generally would recognize gain or loss equal to the difference, if any, between the sum of the fair market value of the Validus

Shares received in the Scheme of Arrangement and the cash received and your adjusted tax basis in IPC Shares surrendered in exchange therefor. For more information, please see the section of this proxy statement under the caption Material U.S. Federal Income Tax Consequences. U.S. holders of IPC Shares should consult their own tax advisors as to the tax consequences to them of the Scheme of Arrangement and short-form amalgamation, including any U.S. federal, state, local, non-U.S. or other tax consequences, and any tax return filing or other reporting requirements.

Risks Related to IPC s Businesses

You should read and consider other risk factors specific to IPC s businesses that will also affect Validus after the effectiveness of the Scheme of Arrangement, described in Part I, Item 1A of the IPC 10-K and other documents that have been filed by IPC with the SEC and which are incorporated by reference into this proxy statement.

Risks Related to Validus Businesses

You should read and consider other risk factors specific to Validus businesses that will also affect Validus after the effectiveness of the Scheme of Arrangement, described in Part I, Item 1A of the Validus 10-K and other documents that have been filed by Validus with the SEC and which are incorporated by reference into this proxy statement.

Risks Related to Validus Following the Effectiveness of the Scheme of Arrangement

Validus may experience difficulties integrating IPC s businesses, which could cause Validus to fail to realize the anticipated benefits of the Scheme of Arrangement.

If the Scheme of Arrangement is consummated, achieving the anticipated benefits of the Acquisition will depend in part upon whether the two companies integrate their businesses in an effective and efficient manner. The companies may not be able to accomplish this integration process smoothly or successfully. The integration of certain operations following the Acquisition will take time and will require the dedication of significant management resources, which may temporarily distract management s attention from the routine business of Validus. Any delay or inability of management to successfully integrate the operations of the two companies could compromise Validus potential to achieve the anticipated long-term strategic benefits of the Acquisition and could have a material adverse effect on the business, financial condition, operating results and market value of Validus Shares after the effectiveness of the Scheme of Arrangement.

Validus has only conducted a review of IPC s publicly available information and has not had access to IPC s non-public information. Therefore, Validus may be subject to unknown liabilities of IPC which may have a material adverse effect on Validus profitability, financial condition and results of operations

To date, Validus has only conducted a due diligence review of IPC s publicly available information. The consummation of the Scheme of Arrangement may constitute a default, or an event that, with or without notice or lapse of time or both, would constitute a default, or result in the termination, cancellation, acceleration or other change of any right or obligation (including, without limitation, any payment obligation) under agreements of IPC that are not publicly available. As a result, after the consummation of the Scheme of Arrangement, Validus may be subject to unknown liabilities of IPC, which may have a material adverse effect on Validus profitability, financial condition and results of operations.

The Scheme of Arrangement may also permit a counter-party to an agreement with IPC to terminate that agreement because completion of the Scheme of Arrangement would cause a default or violate an anti-assignment, change of control or similar clause. If this happens, Validus may have to seek to replace that agreement with a new agreement. Validus cannot assure you that it will be able to replace a terminated agreement on comparable terms or at all. Depending on the importance of a terminated agreement to IPC s business, failure to replace that agreement on similar terms or at all may increase the costs to Validus of operating IPC s business or prevent Validus from operating part or all of IPC s business.

In respect of all information relating to IPC presented in, incorporated by reference into or omitted from, this proxy statement, Validus has relied upon publicly available information, including information publicly filed by IPC with the SEC. Although Validus has no knowledge that would indicate that any statements contained herein regarding IPC s condition, including its financial or operating condition (based upon such publicly filed reports and

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documents) are inaccurate, incomplete or untrue, Validus was not involved in the preparation of such information and statements. For example, Validus has made adjustments and assumptions in preparing the pro forma financial information presented in this proxy statement that have necessarily involved Validus estimates with respect to IPC s financial information. Any financial, operating or other information regarding IPC that may be detrimental to Validus following the effectiveness of the Scheme of Arrangement that has not been publicly disclosed by IPC, or errors in Validus estimates due to the lack of access to IPC, may have a material adverse effect on Validus financial condition or the benefits Validus expects to achieve through the consummation of the Scheme of Arrangement.

The Scheme of Arrangement may result in ratings downgrades of one or more of Validus insurance or reinsurance subsidiaries (including the newly acquired IPC insurance and reinsurance operating companies) which may adversely affect Validus business, financial condition and operating results, as well as the market price of Validus Shares.

Ratings with respect to claims paying ability and financial strength are important factors in maintaining customer confidence in Validus and its ability to market insurance and reinsurance products and compete with other insurance and reinsurance companies. Rating organizations regularly analyze the financial performance and condition of insurers and reinsurers and will likely reevaluate the ratings of Validus and its reinsurance subsidiaries following the effectiveness of the Scheme of Arrangement. While each of Standard & Poor s and A.M. Best have not taken any action with respect to Validus ratings following the announcement of the Initial Validus Offer or the Validus Amalgamation Offer, Moody s has changed the outlook to negative with respect to the A3 insurance financial strength rating of Validus reinsurance subsidiary, Validus Reinsurance, Ltd., and the Baa2 long-term issuer rating of Validus. Additionally, although A.M. Best has assigned the reinsurance subsidiaries of IPC (including IPCRe Limited and IPCRe Europe Limited) the financial strength rating of A (Excellent) and issuer credit ratings of a and IPC the issuer credit rating of bbb , A.M. Best has also indicated that each of these IPC ratings is under review with negative implications in connection with the Proposed Max Amalgamation. A.M. Best and the other ratings agencies would most likely provide similar scrutiny and analysis of the Scheme of Arrangement. Following the consummation of the Scheme of Arrangement, any ratings downgrades, or the potential for ratings downgrades, of Validus or its subsidiaries (including the newly acquired IPC operating companies) could adversely affect Validus ability to market and distribute products and services and successfully compete in the marketplace, which could have a material adverse effect on its business, financial condition and operating results, as well as the market price for Validus Shares.

The occurrence of severe catastrophic events after consummation of the Scheme of Arrangement could cause Validus net income to be more volatile than if the consummation of the Scheme of Arrangement did not take place.

For the year ended December 31, 2008, Validus gross premiums written (excluding reinstatement premiums) on property catastrophe business were $328.2 million or 24.1% of total gross premiums written. For the year ended December 31, 2008, 93% of IPC s gross premiums written covered property catastrophe reinsurance risks. For the year ended December 31, 2008, after giving effect to the Scheme of Arrangement as if it had been consummated on December 31, 2008, gross premiums written on property catastrophe business would have been $661.9 or 37.5% of total gross premiums of Validus on a pro forma basis. Because Validus after the Scheme of Arrangement will, among other things, have larger aggregate exposures to natural and man-made disasters than it does today, Validus aggregate loss experience could have a significant influence on Validus net income. See *Unaudited Condensed Consolidated Pro Forma Financial Information.*

THE ACQUISITION

General Description

In order to consummate the Acquisition, Validus is simultaneously pursuing the following alternative transaction structures:

(1) the Validus Amalgamation Offer;

(2) the Exchange Offer; and

(3) the Scheme of Arrangement to which this proxy statement relates.

The Validus Amalgamation Offer, the Exchange Offer and the Scheme of Arrangement are alternative methods for Validus to acquire all of the issued and outstanding IPC Shares on the same economic terms. Ultimately, only one of these transaction structures can be pursued to completion. Validus intends to seek to acquire all IPC Shares by whichever method Validus determines is most effective and efficient.

On March 31, 2009, Validus publicly announced that it had delivered to IPC an offer to consummate the Acquisition on the terms and subject to the conditions set forth in the Initial Validus Offer. IPC announced on April 7, 2009 that its board of directors had determined that the Initial Validus Offer did not constitute a superior proposal to the Proposed Max Amalgamation and reaffirmed its support of the Proposed Max Amalgamation. On May 18, 2009, Validus publicly announced that it had delivered to IPC an increased offer to acquire each outstanding IPC Share for (i) 1.1234 Validus Shares and (ii) $3.00 in cash (less any applicable withholding taxes and without interest). In addition, IPC shareholders will receive cash in lieu of any fractional Validus Share to which they may be entitled. Validus has also delivered the Validus Amalgamation Agreement signed by Validus so that, upon a termination of the Max Amalgamation Agreement, IPC would have the certainty of Validus transaction and would be able to sign the Validus Amalgamation Agreement. IPC announced on May 21, 2009 that its board of directors had determined that the Validus Amalgamation Offer did not constitute a superior proposal to the Proposed Max Amalgamation and reaffirmed its support of the Proposed Max Amalgamation. Additionally, Max has not released IPC from the prohibition in the Max Amalgamation Agreement that prevents IPC from even discussing the Validus Amalgamation Offer with Validus.

In order to consummate the Acquisition without the cooperation of the IPC board of directors, Validus is pursuing a three-part plan.

First, Validus is soliciting proxies from IPC shareholders to vote against the Proposed Max Amalgamation. If the Proposed Max Amalgamation is voted down by IPC shareholders, IPC s board of directors will be able to terminate the Max Amalgamation Agreement and enter into the Validus Amalgamation Agreement. If IPC s board of directors were to enter into the Validus Amalgamation Agreement following the termination of the Max Amalgamation Agreement, Validus believes the amalgamation contemplated by the Validus Amalgamation Offer could be completed in mid-to-late July 2009 based on the assumption that IPC terminates the Max Amalgamation Agreement promptly following its June 12, 2009 annual general meeting, allowing approximately one month to hold a special general meeting of IPC shareholders to obtain the required shareholder approval and to satisfy the other conditions in the Validus Amalgamation Agreement.

Second, Validus has commenced the Exchange Offer. The Exchange Offer is subject to the terms and conditions described in the Offer to Exchange relating thereto. Under Bermuda law, if Validus acquires at least 90% of the IPC Shares which it is seeking to acquire in the Exchange Offer, Validus will have the right to acquire the remaining IPC Shares on the same terms in a second-step acquisition. Validus believes that it would be able to complete the Exchange Offer in June 2009, promptly following termination of the Max Amalgamation Agreement (and subject to the satisfaction or waiver of the other conditions to the Exchange Offer), based on the following. The expiration time of the exchange offer will be June 26, 2009, unless extended. As a result, if the conditions of the Exchange Offer are satisfied or waived at the expiration time of the Exchange Offer, Validus would be able to acquire all of the IPC Shares that are validly tendered pursuant to the Exchange Offer.

Third, Validus is pursuing the Scheme of Arrangement. In order to implement the Scheme of Arrangement, the IPC shareholders must approve the Scheme of Arrangement at the court-ordered IPC meeting, IPC must separately approve the Scheme of Arrangement and the Scheme of Arrangement must be sanctioned by the Supreme Court of Bermuda. If the IPC shareholders approve the Scheme of Arrangement at the court-ordered IPC meeting, the separate approval of IPC of the Scheme of Arrangement can be provided by either (i) the IPC board of directors voluntarily complying with the will of the IPC shareholders as expressed at the court-ordered IPC meeting, or (ii) the shareholders of IPC approving resolutions at the IPC special general meeting, including resolutions for IPC to approve and to be bound by the Scheme of Arrangement and to terminate the Max Amalgamation Agreement. On May 12, 2009, Validus filed with the SEC a preliminary proxy statement which, when filed in its definitive form, will be used to solicit written requisitions from the IPC shareholders to compel the IPC board of directors to call the IPC special general meeting. Following IPC shareholder approval at both the court-ordered IPC meeting and the IPC special general meeting, the satisfaction or, where relevant, waiver of the other conditions to the effectiveness of the Scheme of Arrangement, and the granting of a court order from the Supreme Court of Bermuda sanctioning the Scheme of Arrangement, a copy of the court order sanctioning the Scheme of Arrangement will be delivered to the Bermuda Registrar of Companies, at which time the Scheme of Arrangement will be effective. Validus believes that, under the Scheme of Arrangement, it would be able to close the Acquisition as early as mid-July 2009 based on the assumptions that: (1) the Supreme Court of Bermuda will be able to accommodate the preferred hearings schedule and meeting dates and other procedural matters; (2) IPC shareholders holding at least one-tenth of the issued shares of IPC have requisitioned the special general meeting to be held in late June or early July; and (3) the IPC directors, following the rejection of the Max Amalgamation Agreement, or IPC shareholders, convene the IPC special general meeting, allowing it to be held by mid-July.

Based on Validus and IPC s respective capitalizations as of March 31, 2009 and the exchange ratio of 1.1234, Validus estimates that former IPC shareholders would own, in the aggregate, approximately 41.3% of the issued and outstanding Validus Shares on a fully-diluted basis following closing of the Acquisition.

Further details relating to the structure of the Scheme of Arrangement are described in The Scheme of Arrangement below.

Background of the Acquisition

On March 2, 2009, IPC and Max announced that they had entered into the Max Amalgamation Agreement. The IPC/Max S-4 provides a summary of the events leading to Max and IPC entering into the Max Amalgamation Agreement.

In the morning of March 31, 2009, Edward J. Noonan, the Chief Executive Officer and Chairman of the board of directors of Validus, placed a telephone call to James P. Bryce, the Chief Executive Officer and President of IPC. Mr. Noonan spoke with Mr. Bryce and explained that Validus intended to make an offer to exchange each outstanding IPC Share for 1.2037 Validus Shares, subject to the termination of the Max Amalgamation Agreement.

Following this telephone call, in the morning of March 31, 2009, Validus delivered a proposal letter containing the Initial Validus Offer to IPC s board of directors in care of Mr. Bryce and issued a press release announcing the Initial Validus Offer. The letter reads as follows:

March 31, 2009

The Board of Directors of IPC Holdings, Ltd.
c/o James P. Bryce, President and Chief Executive Officer
American International Bldg.
29 Richmond Road
Pembroke, HM 08
Bermuda

Re: Superior Amalgamation Proposal by Validus Holdings, Ltd. (Validus) to IPC Holdings, Ltd. (IPC)

Dear Sirs:

On behalf of Validus, I am writing to submit a binding offer[1] pursuant to which Validus and IPC would amalgamate in a share-for-share exchange valuing IPC shares at an 18.0% premium to yesterday s closing market price. We believe that an amalgamation of Validus and IPC would represent a compelling combination and excellent strategic fit and create superior value for our respective shareholders.

We unquestionably would have preferred to work cooperatively with you to complete a negotiated transaction. However, it was necessary to communicate our binding offer to you by letter because of the provisions of the Agreement and Plan of Amalgamation between IPC and Max Capital Group Ltd. (Max), dated as of March 1, 2009, as amended on March 5, 2009 (the Max Plan of Amalgamation). We have reviewed the Max Plan of Amalgamation and see that it contemplates your receipt of acquisition proposals. Given the importance of our binding offer to our respective shareholders, we have decided to make this letter public.

Our binding offer involves a share-for-share exchange valuing IPC shares at an 18.0% premium to yesterday s closing market price. Consistent with that, we are prepared to amalgamate with IPC at a fixed exchange ratio of 1.2037 Validus shares per IPC share.

Our board of directors has unanimously approved the submission of our binding offer and delivery of the enclosed signed amalgamation agreement, so that, upon termination of the Max Plan of Amalgamation, you will be able to sign the enclosed agreement with the certainty of an agreed transaction. Our offer is structured as a tax-free share-for-share transaction and does not require any external financing. It is not conditioned on due diligence. The only conditions to our offer are those contained in the enclosed executed amalgamation agreement.

[1] Throughout this letter we refer to our binding offer because, as of the date of this letter, we had indicated to IPC that our offer could not be withdrawn prior to April 15, 2009. As of the date of this proxy statement, we have revised our offer. The terms of our offer do not prevent us from withdrawing it.

Our binding offer is clearly superior to the Max transaction for your shareholders and is a Superior Proposal as defined in section 5.5(f) of the Max Plan of Amalgamation for the reasons set forth below.

Superior Current Value. Our proposed transaction will provide superior current value for your shareholders. Our fixed exchange ratio of 1.2037 represents a value of $29.98 per IPC share, which is a premium of 18.0% to the closing price of IPC s common shares on March 30, 2009[2].

Superior Trading Characteristics. Validus common shares have superior trading characteristics to those of Max as noted in the table below.

	Validus	**Max**
Share Price Change Since Validus IPO(1)	+13.2%	−36.5%
Mkt. Cap as of 3/30/09	$2.0 billion	$0.9 billion
Average Daily Trading Volume(2)	$11.3 million	$6.7 million
Price / Book(3)	1.05x	0.76x
Price / Tangible Book(3)	1.13x	0.77x

(1) Based on the closing prices on March 30, 2009 and July 24, 2007.

(2) Three months prior to March 2, 2009, date of announcement of Max and IPC amalgamation.

(3) Based on December 31, 2008 GAAP book value per diluted share and diluted tangible GAAP book value per share using closing prices on March 30, 2009.

Less Balance Sheet Risk.[3] The combined investment portfolio of IPC/Validus is more stable than that of IPC/Max[4]. Pro forma for the proposed IPC/Max combination, alternative investments represent 12% of investments and 29% of shareholders equity. In contrast, Validus does not invest in alternatives and pro forma for a Validus/IPC combination, alternative investments represent 3% of investments and 4% of shareholders equity, providing greater safety for shareholders and clients.

Superior Long-term Prospects. A combined Validus and IPC would be a superior company to IPC/Max with greater growth prospects and synergies with:

1. Superior size and scale, with pro forma December 31, 2008 shareholders equity of $3.7 billion and total GAAP capitalization of $4.1 billion;

[2] The Validus Amalgamation Offer, as increased on May 18, 2009, provides IPC shareholders with total consideration of $30.14 per IPC Share based on the closing price of Validus Shares on May 15, 2009, a 13.2% premium to the closing price of IPC Shares that day and a 21.9% premium based on the closing prices of IPC Shares and Validus Shares on March 30, 2009, the last trading day before the announcement of the Initial Validus Offer.
[3] The occurrence of severe catastrophic events after an amalgamation with IPC could cause Validus net income to be more volatile than if the amalgamation did not take place. For the year ended December 31, 2008, Validus gross premiums written (excluding reinstatement premiums) on property catastrophe business were $328.2 million or 24.1% of total gross premiums written. For the year ended December 31, 2008, 93% of IPC s gross premiums written

(excluding reinstatement premiums) covered property catastrophe reinsurance risks. For the year ended December 31, 2008, after giving effect to the amalgamation of Validus and IPC as if it had been consummated on December 31, 2008, gross premiums written on property catastrophe business would have been $661.9 million or 37.5% of total gross premiums of Validus on a pro forma basis. Because Validus after the amalgamation will, among other things, have larger aggregate exposures to natural and man-made disasters than it does today, Validus aggregate loss experience could have a significant influence on Validus net income. IPC did not disclose gross premiums written by class of business in the IPC 10-Q. Therefore, comparable disclosure of property catastrophe premiums cannot be presented.

[4] Despite Max s announced plan to reduce its exposure to alternative investments to 10-12% of its portfolio, according to recent Max disclosures, as a result of the Proposed Max Amalgamation, IPC s investment in alternative investments would increase from 7% of its total portfolio at December 31, 2008 to 12% of its total portfolio on a pro forma basis after giving effect to the Proposed Max Amalgamation, an increase of 5%.

2. Superior financial flexibility, with debt/total capitalization of only 1.8% and total leverage including hybrid securities of only 9.1%;

3. A global platform, with offices and underwriting facilities in Bermuda, at Lloyd s in London, Dublin, Singapore, New York and Miami;

4. Superior diversified business mix, with lines of business concentrated in short-tail lines where pricing momentum is strongest; and

5. An experienced, proven and stable management team with substantial expertise operating in IPC s core lines of business.

Our superior growth prospects are evidenced by our historical track record. Between December 31, 2005 and December 31, 2008, Validus grew its book value per share (including accumulated dividends) at a 13.2% compound annual rate vs. Max s 8.8% growth over the same period. In 2008, we grew our book value per share (including accumulated dividends) by 2.4% vs. Max s 10.8% decline over the same period.

Expedited Closing Process. We will be able to close an amalgamation with IPC more quickly than Max because we will not require the approval of U.S. insurance regulators.[5]

Substantially the Same Contractual Terms and Conditions. Our proposed amalgamation agreement contains substantially the same terms and conditions as those in the Max Plan of Amalgamation, and for your convenience we have included a markup of our amalgamation agreement against the Max Plan of Amalgamation.

Superior Outcome for Bermuda Community. The combination of Validus and IPC creates a larger, stronger entity than a combination of Max and IPC which will benefit the Bermuda community.[6]

Superior Outcome for IPC Clients. Validus has a greater commitment to the lines of business underwritten by IPC and has superior technical expertise and capacity to provide IPC customers with continuing reinsurance coverage. Max has consistently stated its intention to reduce its commitment to IPC s business. Therefore, a combination with Validus will be less disruptive to IPC s client base.

Our binding offer is clearly a Superior Proposal, within the meaning of the Max Plan of Amalgamation. We and our financial advisors, Greenhill & Co., LLC, and our legal advisors, Cahill Gordon & Reindel llp, are prepared to move forward immediately. We believe that our offer presents a compelling opportunity for both our companies and our respective shareholders, and look forward to your prompt response. We respectfully request that the Board of IPC reach a determination by 5:00 p.m., Bermuda time, on Wednesday, April 15, 2009, that (i) our binding offer constitutes a Superior Proposal, (ii) it is withdrawing its recommendation for the transaction contemplated by the Max Plan of Amalgamation and (iii) it is making a recommendation for the transaction contemplated by this binding offer.

We reserve the right to withdraw this offer if the Board of IPC has not reached a determination (i) that our binding offer constitutes a Superior Proposal, (ii) to withdraw its recommendation for the transaction contemplated by the Max Plan of Amalgamation and (iii) to make a recommendation for the transaction contemplated by this binding offer by 5:00 p.m., Bermuda time, on Wednesday, April 15, 2009. We further reserve the right to withdraw this binding offer if you subsequently withdraw your recommendation in favor of our offer or if you do not sign the enclosed amalgamation agreement within two business days after the termination of the Max Plan of Amalgamation.

[5] As of the date of this letter, our belief that we could close an amalgamation with IPC more quickly than Max was based on the observation that the Validus amalgamation with IPC would not require the approval of U.S. insurance regulators because neither IPC nor Validus operates a U.S.-regulated insurance business that would require any such approval while the Proposed Max Amalgamation requires such approvals.

[6] We believe that a larger, stronger entity will benefit the Bermuda community because it offers greater stability.

We look forward to your prompt response.

Sincerely,

/s/ Edward J. Noonan
Edward J. Noonan
Chairman and Chief Executive Officer

cc: Robert F. Greenhill
Greenhill & Co., LLC

John J. Schuster
Cahill Gordon & Reindel LLP

In the afternoon on March 31, 2009, IPC issued a press release acknowledging receipt of the letter from Validus outlining the Initial Validus Offer. The text of the press release reads as follows:

IPC Holdings, Ltd. (NASDAQ: IPCR) (IPC) acknowledges receipt of an unsolicited letter dated today, March 31, 2009, from Validus Holdings, Ltd. (NYSE: VR) (Validus) outlining a proposed transaction.

On March 2, 2009, IPC entered into an Agreement and Plan of Amalgamation (the Amalgamation Agreement) with its wholly-owned subsidiary IPC Limited and Max Capital Group Ltd. (Max) which provides that Max will amalgamate with IPC Limited. IPC continues to be bound by the terms of the Amalgamation Agreement and the parties have recently filed a joint proxy statement/prospectus with the Securities & Exchange Commission.

IPC s Board of Directors will review the terms of the proposal submitted by Validus in a manner consistent with its obligations under the Amalgamation Agreement and applicable Bermuda law.

IPC will have no further comment on this matter until IPC s Board of Directors makes a determination regarding Validus offer.

Also in the afternoon on March 31, 2009, Max issued a press release announcing that it had received from IPC a copy of the letter from Validus outlining the Initial Validus Offer. The text of the press release reads as follows:

Max Capital Group Ltd. (NASDAQ: MXGL; BSX: MXGL BH) today announced that it has received a copy of Validus Holdings, Ltd. s unsolicited, stock-for-stock, proposal for IPC Holdings, Ltd.

As previously announced on March 2, 2009, Max and IPC entered into an Agreement and Plan of Amalgamation pursuant to which Max will amalgamate with IPC Limited. The Boards of both companies have previously stated that the combination of Max with IPC would create a strong company with a balanced, diversified portfolio of risk across a mix of geographies and business lines with the opportunity to generate more stable and attractive returns on capital. Max s pending merger with IPC is expected to be completed late in the second quarter or early in the third quarter of this year.

W. Marston (Marty) Becker, Chairman and Chief Executive Officer of Max Capital, said: In today s unprecedented business environment and cycle, we believe that diversification, in terms of global presence and both short and long-tail exposures, significantly reduces risk and provides a more solid platform for building sustained long-term value. The merger of IPC and Max was founded on a shared vision of allowing the combined group of shareholders to enjoy the benefits of a strong, diversified operating platform with a proven track record. While we have not yet had the opportunity to review Validus proposal carefully, we believe that combining two short-tailed property catastrophe oriented companies would appear to do little for true shareholder diversification. By contrast, Max s track record of building a diversified platform without diluting shareholder value should lead to better long-term growth prospects and value creation following completion of the pending IPC-Max merger.

In the morning on April 2, 2009, Max sent a letter to IPC s board of directors purporting to outline the relative advantages of the pending Proposed Max Amalgamation as well as the business and financial issues raised by the Initial Validus Offer and issued a press release announcing the letter. The text of the letter reads as follows:

Dear Members of the Board:

We are writing regarding the many business and financial issues raised by the public proposal by Validus Holdings Ltd. (Validus) to acquire IPC Holdings, Ltd. (IPC) in lieu of the pending IPC amalgamation with Max Capital Group Ltd. (Max). The IPC/Max amalgamation was founded on a shared vision of allowing our combined group of shareholders to enjoy the benefits of a strong, diversified operating platform with a proven track record. The Validus proposal does not offer that.

Rather, in light of the Validus proposal, the IPC Board faces two starkly contrasting choices:

A. You can agree to be taken over by Validus at a price that is below IPC s book value. The result of this takeover for your shareholders would be a minority equity stake in an entity that offers substantially similar product lines to those offered by IPC today, with little risk diversification, and apparently no ability by the IPC Board to steward the longer term prospects of the company.

OR

B. You can complete the planned merger of equals with Max at a price that is below Max s book value. We believe that this transaction will create a more stable entity that will provide significant product, geographic and risk diversification and over which IPC s Board will continue to have significant influence, which in turn will provide superior shareholder value.

For the reasons set forth below, and in the accompanying exhibits, we do not agree with Validus that its proposal represents a Superior Proposal or is a proposal that can reasonably be expected to lead to a Superior Proposal pursuant to the IPC/Max Plan of Amalgamation dated March 1, 2009 (the IPC/Max Plan).

1. *A combination with Max delivers 29% more tangible book value per share to IPC.* As we operate in an industry where the primary valuation driver is a multiple of book value (and tangible book value), we believe that a transaction that maximizes the book value to shareholders provides the best opportunity to generate shareholder value. The IPC combination with Max is a truly superior proposal versus the takeover proposal by Validus. The takeover proposal by Validus would result in IPC receiving only $28.35 in diluted book value per IPC share and $26.19 of diluted tangible book value per IPC share from Validus. In contrast, our combination delivers $34.93 of diluted book value per IPC share (a 23.2% premium to Validus) and $33.83 of diluted tangible book value per IPC share from Max (a 29.2% premium to Validus). A combination with Max provides greater underlying value to IPC s shareholders, which we believe will result in greater upside for both IPC and Max shareholders.

2. *The IPC/Max Plan creates significant value for IPC shareholders.* As we indicated during our discussions, we believe that the IPC/Max Plan provides an attractive financial outcome for IPC. The IPC/Max Plan is expected to be accretive to both earnings per share and return on equity. In addition, as you consider the historical trading multiples of Max and IPC, there is significant opportunity to create substantial value for all shareholders of the combined company. We believe the Validus proposal prioritizes an immediate premium in the form of stock for IPC shareholders, while compromising a value creation opportunity for IPC shareholders. Importantly, the written proposal by Validus does not contemplate any participation by the IPC board of directors, whose participation remains an important consideration for Max in the amalgamation and provides continuity to shareholders and clients.

3. *Max is a truly diversified underwriting platform.* The IPC/Max Plan offers IPC s shareholders superior current and future value by combining IPC with a truly diversified underwriting platform, with a strong and well established track record. Max enjoys a diversified portfolio of business across many dimensions by class, geography, customers and distribution. We believe that Max s diversified underwriting platform, with its strong emphasis on profitable longer-tail casualty business, will generate more stable returns on capital through underwriting cycles, compared to the volatility embedded in the Validus short-tail portfolio. Validus, whose 2008 gross premiums written are 94% concentrated in short- tail lines of business, claims that its

portfolio represents diversification. Validus ability to deliver anything approaching true diversification seems to be constrained by its limited underwriting platforms in Bermuda and at Lloyd s and lack of underwriting capabilities in longer-tail casualty classes.

Combining two short-tailed property catastrophe companies as proposed by Validus does little for shareholder diversification. Validus stated intention to take advantage of currently strong rates in the property market is a short-term strategy that is capital intensive, creates greater volatility for shareholders, and is one which IPC could have continued on a stand-alone basis but elected not to do so. By contrast, Max remains committed to an underwriting strategy that produces attractive results across market cycles, by continuing to expand its specialty insurance business in selected underwriting classes and limiting volatility in its underwriting results.

4. *Max has a proven, long-term, operating history.* Max s underwriting has been tested through the tragic events of 9/11, the active 2004 hurricane season and the confluence of Hurricanes Katrina, Rita, and Wilma in 2005. Validus operating history, by contrast, does not extend beyond the past three years, during which time the industry as a whole has experienced both strong property catastrophe pricing and limited catastrophe activity. The first test of Validus portfolio of business and risk management capabilities since its formation three years ago came in 2008 with Hurricanes Ike and Gustav. In our view, the results speak for themselves: the net loss reported by Validus for these events represented 12.4% of its June 30, 2008 shareholders equity, the largest percentage loss of its broad peer group which averaged 7.2% of shareholders equity. The loss was almost double the net loss incurred by IPC, which represented just 6.7% of IPC s June 30, 2008 shareholders equity. The losses recorded by Validus included a 42% increase in its initial loss estimate for Hurricane Ike (from $165 million to $235 million) during the fourth quarter of 2008. By comparison, Max s net incurred losses from Hurricanes Ike and Gustav were limited to 3.4% of June 30, 2008 shareholders equity, the lowest among the broader peer group, demonstrating the lower embedded volatility of Max s underwriting results versus Validus.

5. *IPC and Max can complete an amalgamation more quickly, and with greater certainty.*

(a) *IPC and Max can close our amalgamation expeditiously.* Max believes that the IPC/Max Plan can close as soon as June 2009. By contrast, we believe that Validus would not be in a position to close a transaction with IPC until September 2009 at the earliest, notwithstanding its public prediction of a second quarter close. As you are well aware, the IPC/Max Plan requires that shareholders have the opportunity to vote on our amalgamation before IPC s Board can terminate our agreement and thereafter begin discussions with a bidder such as Validus. We anticipate that we will be able to hold our respective shareholder meetings in June, and only after those shareholder votes would Validus be able to pursue its proposal. Validus inability to close before September 2009, the middle of hurricane season, adds meaningful uncertainly to Validus proposal, as IPC shareholders and the transaction itself would be put at risk by the significant catastrophe exposures of Validus and Validus ability to terminate the transaction based upon changes in shareholders equity. Much has been made by Validus regarding US regulatory approvals required to complete the IPC/Max amalgamation. As you know, these approvals are well underway and we do not foresee such requisite approvals adversely impacting a possible June closing.

(b) *IPC has conducted extensive diligence on Max.* IPC was given complete and open access to Max to afford you and your outside advisors and consultants with the ability to conduct extensive due diligence on Max. The Validus proposal seeks to have IPC enter into a transaction for which IPC has not conducted due diligence. We also note that certain of Validus disclosure schedules will not be provided to IPC until after IPC and Max s shareholders have the opportunity to vote upon our amalgamation.

6. *Max s business is complementary to IPC.* Clients seek a diversified program of reinsurers. As you were able to confirm in your due diligence, Max has very limited overlap with the customers of IPC and neither party expects a combination of IPC and Max to lead to any meaningful disruption of either business. In addition, the continuity of the

underwriters at IPC will maximize the opportunity for IPC to continue to write this business in the future, assuming market conditions support it. By contrast, Validus acknowledges that it writes business with many of the same clients as IPC, which we would expect to result in a loss of business as clients seek to diversify their reinsurance placements.

7. *Max s complementary and diversified platform is appreciated by our ratings agencies.* Max currently has a financial strength rating of A- by A.M. Best, with its outlook changed to positive in December 2008. As IPC and Max have jointly presented to our ratings agencies, IPC s Board has the comfort of knowing that the ratings agencies view our combination, and its diversifying impact on IPC s business, positively. In contrast, we believe that the agencies would not look as favorably on combining two short-tailed property-oriented platforms.

8. *Max maintains less underwriting volatility through greater diversification of its portfolio of risks.* Max seeks to limit its exposure to catastrophic events (probable maximum loss based on a 1 in 250 year event) to a maximum of 20% of its shareholders equity, often operating below this level. As part of the IPC/Max Plan, we have discussed continuing to have a significant presence in the property catastrophe market while on a combined equity basis adhering to this same 20% risk tolerance. In contrast, Validus maintains peak exposures where the probable maximum loss based on a 1 in 250 year event runs at a stated 33% of shareholders equity. Max believes that combining this risk profile with IPC would expose IPC shareholders to an even greater level of volatility than at present and would not change the markets perception of IPC as being a property catastrophe company. The volatility of Validus results would also seem to be cause for concern, particularly when the net losses from Hurricanes Ike and Gustav (which approximated a 1 in 15 year event) was 12.4% of shareholders equity, the highest among its broader peer group. This compared to a net loss of 6.7% of shareholders equity for IPC and 3.4% for Max.

9. *Max has a proven, long-term history of successful acquisitions without incurring goodwill.* We believe IPC s shareholders can take comfort in Max s demonstrated history of successfully entering new business lines through acquisitions and start-ups without incurring meaningful goodwill. For example, when Max entered the Lloyds market, we booked intangible assets of $8 million upon closing our acquisition of Imagine Group (UK) Limited, which stands in contrast to the $154 million of intangible assets booked by Validus in their acquisition of Talbot.

10. *Max has a diversified shareholder base.* We believe having a shareholder base dominated by five private equity owners controlling 64.9% of Validus total beneficial ownership (as of March 13, 2009) will limit the potential upside in the value of Validus over time as these private shareholders seek to exit their investment. Max has a diversified shareholder base with an 84% public float. In addition, Max has a well diversified shareholder base of high quality institutional shareholders.

11. *IPC and Max have compatible cultures.* IPC and Max have compatible cultures that will help ease the integration of the two companies. IPC and Max share a common focus on underwriting, claims and actuarial disciplines, and on running our respective businesses as meritocracies.

12. *Max s higher asset leverage provides greater investment income over time.* Max believes that investment leverage (invested assets as a multiple of shareholders equity) is a positive in driving earnings and stability of returns on capital over time. Based on 2008 figures, Max had total investment to equity of 4.2x versus 1.7x for Validus. As Validus continues to pursue a short-tail strategy, Validus will be limited in its ability to increase its asset leverage. This deprives IPC of the meaningful investment income derived from longer-tail casualty lines and continues to leave IPC shareholders exposed to increased volatility from catastrophes. Validus has commented on Max s investment portfolio, particularly its alternative investment portfolio. Max s year end allocation to alternative investments was 14% of total invested assets, which is expected to reduce to 10% to 12% in 2009. In looking at results, Max s total investment return, including realized and unrealized gains and losses, during the very volatile period of 2007 / 2008 has outperformed Validus in 6 of the last 8 quarters.

We believe that the facts regarding the proposal submitted by Validus and the attempt by Validus to present a one-sided proposal to IPC shareholders make it clear that Validus has not presented a Superior Proposal, nor one that can be reasonably expected to lead to a Superior Proposal. We believe Validus has created an unnecessary and unproductive disruption for its own opportunistic purposes, which should not distract either IPC s or Max s employees and customers from our amalgamation, which we both believe to be in the best interests of our shareholders.

Lastly, Max remains both steadfast in its commitment and excited to complete its planned amalgamation with IPC. We continue to believe that the amalgamation of IPC and Max represents the best strategic and financial opportunity for our collective shareholders.

Very truly yours,

/s/ W. Marston Becker
W. Marston Becker
Chairman and Chief Executive Officer
Max Capital Group Ltd.

In the afternoon on April 2, 2009, Validus sent a letter to IPC s board of directors addressing the claims made by Max in its letter to IPC s board of directors in the morning on April 2, 2009. The text of our letter reads as follows:

April 2, 2009

The Board of Directors of IPC Holdings, Ltd.
c/o James P. Bryce, President and Chief Executive Officer
American International Bldg.
29 Richmond Road
Pembroke, HM 08
Bermuda

Dear Members of the Board:

We are writing to respond to the letter sent to you by Mr. Becker of Max Capital Group Ltd. (Max) dated April 2, 2009, regarding the purported benefits of the proposed combination of IPC Holdings, Ltd. (IPC) with Max (pursuant to an Amalgamation Agreement between Max and IPC dated as of March 2, 2009 (the Amalgamation Agreement)), as compared to the benefits presented by a combination of IPC with Validus Holdings, Ltd. (Validus) on the terms we proposed to you in our letter dated March 31, 2009 (the Validus Proposal).

First, we would like to reiterate our sincere belief that the Validus Proposal is in every respect a Superior Proposal as defined in the Amalgamation Agreement. In fact, as you have undoubtedly seen, the markets have already endorsed our proposal: the IPC share price has increased significantly since the announcement of our proposal, in recognition of the fact that our proposal delivers superior value to the IPC shareholders an irrefutable fact. Our proposal offers the IPC shareholders superior value (an 18% premium to the value of the IPC stock on the date prior to our announcement), a currency with superior trading characteristics (Validus shares trade at a premium to book value, as opposed to the Max shares, which trade at a discount to book value), less balance sheet risk, and most importantly, superior long term prospects.

Max suggests that the choice you are facing is between (i) a combined company based on a shared vision in which you, the IPC Board, can continue your stewardship, and (ii) an entity which offers you few benefits over what you have today, with no ability to continue your stewardship. We view the choice quite differently: you can choose to combine with a company which, on almost every metric, is a worse choice for your shareholders, or ours, which delivers, immediately and in the long term, superior value for your shareholders. To the extent that you, the members of the IPC Board, have an interest in continuing involvement in the affairs of the combined company, we would be happy to discuss continued Board representation with you.

Turning now to the assertions in the Max letter, we note that Max has made a number of statements which distort the facts and present an incomplete picture. We would like to respond to each of these in turn.

1. A combination with Max delivers 29% more tangible book value per share to IPC. Max believes book value per share is a very important measure in our industry, and we do not disagree. The relevant question for the IPC Board, however, is not, as Max suggests, the relative percentage of book value being delivered to IPC shareholders in the two proposals, but the absolute value of the shares themselves. On this measure, the Validus proposal is clearly superior, as it offers IPC shareholders a significant premium over the current value of their shares. Moreover, Max does not explain in its letter why Max s shares are trading at such a deep discount to its book value. We can only guess that the market assigns such a discount because of Max s stewardship of its business or because so much of Max s investment portfolio is tied up in risky alternative assets. Indeed, of Max s $1.2 billion of tangible common equity, $754 million is in alternative assets, which in 2008 generated mark downs of $233 million, greater than the entirety of Max s underwriting income, and $476 million is in non-agency asset/mortgage backed securities. We believe it is a far better value proposition for the IPC shareholders to receive Validus shares, a currency which the market values at a premium to book.

2. The IPC/Max Plan creates significant value for IPC shareholders. This statement is simply incorrect. According to data calculated from the proxy statement filed by IPC on March 27, 2009, IPC s book value per share would decrease from $33.00 to $32.30, or 2.1% as a result of the combination with Max (this obviously implies the deal is accretive to Max at your expense). That can hardly be described as the best opportunity to deliver shareholders value. Moreover, while it is true that the Validus proposal delivers an immediate premium for IPC shareholders, it wrong of Max to suggest that such a premium will compromise value creation for IPC shareholders in the longer term. We believe that receiving a better currency, in a stronger, better capitalized company, offers a more likely starting point for long term value creation than retaining shares in IPC, whose previously conservatively managed balance sheet will be negatively impacted by assets of questionable value in the IPC/Max combination.

3. Max is a truly diversified underwriting platform. We think the relevant question for IPC is not whether its merger partner has a diversified platform, but rather the quality of that diversification. In terms of the quality of diversification, Validus offers far superior characteristics than Max, as evidenced by 2008 results for Max s diversified businesses. Max s 2008 reported 91.9% property and casualty GAAP combined ratio benefited from $107.0 million of prior-year reserve releases. The true 2008 accident-year GAAP combined ratio was 103.4%.[7]Max s diversified businesses represent diversification without profit. Max s chief source of diversifying growth, Max US Specialty, generated a 138.5% combined ratio in 2008. Results such as those cannot create value for shareholders.[8] Max is not a leader in any category of business, and moreover, it has chosen to focus on volatile lines of business which yield low margins.[9] In contrast, Validus is a global leader in very profitable business lines, including marine, energy and war and terrorism.[10] Furthermore, Max s statement that Validus is constrained by its limited underwriting platforms is demonstrably untrue. Validus has the global licenses and other capabilities in place to write long tail insurance if and when it believes doing so would be profitable. In fact, today, Validus writes non-catastrophe business in 143 countries around the

[7] Upon verification of the calculations used to prepare this letter we have determined that Max s true 2008 accident year GAAP combined ratio is in fact 110.6% rather than 103.4% as set forth in our letter reprinted above. The combined ratio, expressed as a percentage, is a key measurement of profitability traditionally used in the property-casualty insurance business. The combined ratio, also referred to as the calendar year combined ratio, is the sum of the losses and loss adjustment expense ratio and the underwriting and other operating expense ratio. The losses and loss adjustment expense ratio is the percentage of net losses and loss adjustment expenses incurred to net premiums earned. The underwriting and other operating expense ratio is the percentage of underwriting and other operating expenses to net premiums earned. When the calendar year combined ratio is adjusted to exclude prior period items, such as loss reserve development, it becomes the accident year combined ratio .

[8] As described elsewhere in this proxy statement, a combined ratio of greater than 100% indicates that premiums are less than aggregate claims and expenses. Validus believes that unprofitable operations do not create value for shareholders.

[9] As of the date of this proxy statement, this statement should be qualified as an expression of our opinion based on our experience and knowledge of the industry

[10] As of the date of this proxy statement, this statement should be qualified as an expression of our opinion based on our experience and knowledge of the industry.

world.[11] And, as demonstrated by Validus superior financial results and lower combined ratio, Validus does so profitably.

4. Max has a proven, long-term, operating history. Max may have a longer history than Validus, but even a cursory look at the decline in Max s book value, its weak growth, volatile results and general underperformance will quash any notion that the length of its operating history trumps the superior abilities of the deeply experienced Validus management team to generate best in class performance.

By focusing on the net loss reported by Validus based on hurricanes Ike and Gustav, Max is yet again ignoring the larger benefit of Validus conservative risk management and diversification. Validus assumed that the hurricane season in 2008 would generate a market loss of $18 to $21 billion, and we set our reserve levels accordingly. IPC, by contrast, assumed $14.5 billion of losses. Notwithstanding the severity of the events of that hurricane season, Validus was easily able to absorb the loss (yielding a combined ratio of 92.2%, with a corresponding combined ratio at Validus Re of 86.0%). As a result, Validus was profitable, notwithstanding the losses associated with hurricanes Gustav and Ike. Its highly touted diversification notwithstanding, Max sustained a loss for the year in excess of $200 million, demonstrating beyond a shadow of a doubt that its greater diversification is not a guarantee of profitability.

We at Validus believe that our diversification is of a higher quality, our underwriting decisions are made more carefully, our risks are managed more prudently, and we exercise a more conservative stewardship over our capital, all of which would inure to the long term benefit of the IPC shareholders in our proposed combination.

5. IPC and Max can complete an amalgamation more quickly, with greater certainty. Max now claims (contrary to the statements it made prior to the Validus Proposal)[12] that Max and IPC will be able to close their amalgamation in June 2009. Max freely admits, however, that it does not control the time table: the SEC must clear the proxy statement/prospectus filed by IPC, it must clear the proxy statement for Max, and the parties must obtain shareholders approval (which we believe will be difficult to do while our Superior Proposal is pending). Most importantly, the closing of the IPC/Max transaction requires regulatory approvals from several different state insurance departments in the United States. Implicit in Max s prediction of a closing date is a presumption of the receipt of regulatory approvals, which simply cannot be taken for granted given the likely timing of regulatory review and the public hearing process. Thus there is absolutely no guarantee that the IPC/Max deal can be consummated in the second quarter. Finally, it is important for the IPC Board not to lose sight of the fact that the Amalgamation Agreement cedes to Max the power to delay the closing of a Validus/IPC combination.[13]

Max also tries to make an issue of the fact that IPC has not had a chance to conduct due diligence on Validus. Validus would welcome the opportunity to provide IPC with customary due diligence information. Validus stands ready to respond to any requests IPC may make on an expedited basis, and would be more than happy to meet with IPC to answer any questions IPC may have about Validus, its operations, its financial health or any other matter relevant to the Board of IPC in considering Validus Superior Proposal. We call upon Max to permit IPC s Board to exercise its fiduciary duties by releasing IPC from the extraordinarily restrictive

[11] Upon verification, the statement should refer to 134 countries, rather than 143.
[12] IPC and Max may update their predictions as to timing as new information becomes available to each party. For example, in a recent letter to shareholders filed on May 1, 2009, Max discloses that it expects the transaction to close late in the second quarter or early in the third quarter of 2009 .
[13] As of the date of this proxy statement, the Max Amalgamation Agreement cedes to Max the power to delay the closing of a Validus/IPC combination because IPC has no right to terminate the Max Amalgamation Agreement until after the vote of the IPC shareholders at the Annual General Meeting, even if the IPC Board changes its

recommendation and recommends a vote FOR the Validus Amalgamation Offer. Accordingly, should the IPC Board choose to recommend a vote FOR the Validus Amalgamation Offer, Max would have the power to delay the closing of a Validus/IPC combination by not terminating the IPC/Max agreement until after the shareholders vote down the Proposed Max Amalgamation.

prohibition in the Amalgamation Agreement which prevents it from even talking to Validus regarding the terms of its Superior Proposal.[14]

6. Max s business is complementary to IPC. Max s assertions that a combination of Validus and IPC would result in a loss of customers are without merit and are particularly surprising, given that Max has publicly stated its intention to significantly reduce IPC s core reinsurance activities. As we are both aware, the current reinsurance market is in the midst of a capacity shortage.[15] As a result, we do not believe that clients will actively seek to diversify their reinsurance placements away from our combined company. In fact, our combined financial strength and clout should only serve to make a combined Validus/IPC a go-to player for reinsurance placements.[16]

7. Max s complementary and diversified platform is appreciated by our ratings agencies. We have been in dialogue with our ratings agencies with regard to our proposal. We encourage the Board of IPC to focus its attention on what the ratings agencies actually say, rather than on Max s speculations.[17]

8. Max maintains less underwriting volatility through greater diversification in its portfolio of risks. Due to the significant investment losses Max sustained in 2008, it is unsurprising that Max is attempting to focus on underwriting volatility alone. Selectively focusing on underwriting volatility wholly ignores the other various risks and uncertainties that IPC s shareholders would be assuming by combining with Max and its risky balance sheet. With respect to underwriting performance, in 2008, Validus successfully weathered its exposures from Hurricanes Ike and Gustav with a combined ratio of 92.2% and net income of $63.9 million. This performance was generated despite the fact that Validus reserved for those events more conservatively than its industry peers, as discussed in paragraph 4 above. Validus disclosures offer the highest level of transparency with regard to its probable maximum losses, zonal aggregates and realistic disaster scenarios and we would challenge Max to provide the same level of transparency to its shareholders before presumptuously speculating on the impacts of various potential events.

9. Max has a proven, long term history of successful acquisitions without incurring good will. Validus has a proven track record of acquiring a high quality premier business with a leading position in its market. Max s pointing to its acquisition of Imagine Group (UK) Limited as an example of a successful acquisition is ironic, especially relative to our successful acquisition of Talbot. In that transaction, Validus acquired a strong balance sheet with excess reserves at a multiple of 3.1x earnings demonstrating Validus commitment to creating value for our shareholders. When we acquired Talbot, Validus booked $154 million of goodwill and intangible assets; however, from acquisition closing until December 31, 2008, we benefited from

[14] The agreement governing the Initial Validus Offer retained this restrictive prohibition. Validus board of directors determined that proposing substantially similar agreement terms with what we believed to be improved economic terms would facilitate IPC s board of directors evaluation of the Initial Validus Offer. On May 18, 2009, Validus amended this provision in the Validus Amalgamation Offer to permit IPC and its subsidiaries and their respective personnel and representatives to participate or engage in discussions relating to an acquisition proposal for IPC so long as IPC s board of directors has concluded in good faith that such action is required in order for IPC s directors to comply with fiduciary duties under applicable law and IPC complies with certain notification and confidentiality requirements.
[15] A reinsurance industry commentator has recently stated that, taking reinsurer capital as the nearest proxy for capacity, it is estimated that reinsurer capital, which was down 8 to 10 percent from January 1, 2008 through September 30, 2008, will be down 15 to 20 percent for the year ending December 31, 2008 when reported. In addition, the same commentator observed that capital markets capacity for insurance risk has declined in similar proportions.
[16] We believe that a combined Validus/IPC would be a go-to player for reinsurance placements because Validus will be better capitalized (as measured by pro forma shareholders equity) than many of the members of its peer group.

[17] As of the date of this proxy statement, this statement is intended to emphasize that Validus believes the statement being referred to, in the April 2, 2009 Max letter to IPC s Board, is based upon speculation by Max, since, to Validus knowledge, the rating agencies have not made a determination in this regard.

$105 million in reserve releases from the Talbot business, emanating from periods prior to the acquisition. Max s acquisition history, on the other hand, is that of acquiring subscale small businesses that significantly lag the leaders in their respective markets.[18]

10. Max has a diversified shareholder base. Max s attempt to characterize our shareholder base as a liability is baseless. What is relevant is the relative liquidity of Max and Validus shares. As previously mentioned in our letter dated March 31, 2009, Validus daily average trading volume was $11.3 million vs. $6.7 million for Max for the three months prior to announcement of the IPC/Max transaction. Additionally, since our shareholder base is publicly disclosed, if the market viewed it as an overhang, such information would already be embedded in the market price of our common shares. The combination of our trading volume and the premium pricing of our shares compared to either Max or IPC should put to rest any concerns IPC shareholders may have regarding liquidity of the combined company.

11. IPC and Max have compatible cultures. Max has mentioned that it has a compatible culture with IPC. If that is in fact the case, we find the paucity of IPC management that will continue in senior roles at IPC/Max curious and an indication that such cultural fit may be only skin deep. We have successfully integrated large acquisitions in the past, and believe that experience is most relevant in this regard.

12. Max s higher asset leverage provides greater investment income over time. Max s asset leverage has been a significant liability given its risky investment strategy.[19] This leverage would similarly expose a combined IPC/Max to significant volatility. Max s alternative investments and non-agency asset/mortgage backed securities alone comprise 99% of its tangible equity, indicating a massive amount of embedded risk.[20] Max s $233 million loss in 2008 on their alternative investment portfolio is entirely indicative of that risk. Its so-called outperformance in 6 of the last 8 quarters ignores the abject underperformance it experienced in other periods.[21] In 2007, when the global credit crisis began, Max s current management had the opportunity to liquidate its alternative assets. Max chose to continue holding those risky investments, which have led to massive losses. Combined, we believe these factors highlight Max s poor history as stewards of shareholder capital.

* * *

In closing, I would like to reiterate that we have submitted to you a proposal which we are confident the IPC Board will agree is a Superior Proposal as defined in your Amalgamation Agreement. We have submitted this proposal because we deeply and honestly believe that the combination of IPC and Validus will result in a far better value proposition for the IPC shareholders than the combination of IPC and Max. Validus is absolutely committed to our Superior Proposal and we simply do not understand how Max can characterize our actions as opportunistic. If Max truly believes its combination with IPC is superior, we call upon Max to free

[18] As of the date of this proxy statement, we are aware of only three small acquisitions by Max and we believe, based on our experience and knowledge of the industry, that the acquired entities were not leaders in their markets.
[19] As of the date of this proxy statement, we believe that the investment strategy that has been employed by Max, and is expected to be employed by Max management who will control the combined IPC/Max, and that according to Max s public information is expected to include a 10% to 12% concentration in alternative investments, should be considered a risky investment strategy that could amount to a significant liability when compared with an investment strategy, like Validus , that does not allow for such investments in alternative investments.
[20] As of the date of this proxy statement, this statement is intended to emphasize that Max s alternative investments alone comprised 61% of tangible equity, indicating what we believe to be a significant amount of embedded risk.
[21] As of the date of this proxy statement, this statement should be qualified as an expression of our opinion based on our experience and knowledge of the industry and on Max s investment performance in the third and fourth quarters of 2008, which was worse than the average for its peer group but better than the investment performance of several of its

peers.

the IPC Board from the shackles that your Amalgamation Agreement has placed on the ability of the members of the IPC Board to exercise their fiduciary duties under Bermuda law, so as to create a level playing field on which the shareholders of IPC will be able to decide which of the two proposals is indeed superior.

Sincerely,

/s/ Edward J. Noonan
Edward J. Noonan
Chairman and Chief Executive Officer

In the afternoon on April 5, 2009, Validus sent a letter to IPC s board of directors regarding an error that Max had made in its calculation of pro forma tangible book value under the terms of the Initial Validus Offer. The text of our letter reads as follows:

April 5, 2009

The Board of Directors of IPC Holdings, Ltd.
c/o James P. Bryce, President and Chief Executive Officer
American International Bldg.
29 Richmond Road
Pembroke, HM 08
Bermuda

Dear Members of the Board:

We are writing to call to your attention an error contained in the publicly disseminated letter sent to you by Mr. Becker of Max Capital Group Ltd. (Max) dated April 2, 2009 and the accompanying presentation materials, regarding the purported benefits of the proposed combination of IPC Holdings, Ltd. (IPC) with Max (pursuant to an Amalgamation Agreement between Max and IPC dated as of March 2, 2009 (the Amalgamation Agreement)), as compared to the benefits presented by a combination of IPC with Validus Holdings, Ltd. (Validus) on the terms we proposed to you in our letter dated March 31, 2009 (the Validus Proposal).

In his letter, Mr. Becker states (and he has been widely quoted in the media stating) that *[a] combination with Max delivers 29% more tangible book value per share to IPC.* This is not correct. We, and our financial advisors and SEC counsel, have reviewed this calculation and we would like to provide you with the correct figures. Specifically, Mr. Becker s calculation understates the pro forma IPC share of Validus tangible book value per share by $2.74, which results in overstating the premium calculated on this basis quite significantly. We have attached some materials that illustrate the correct calculation. Our SEC counsel has advised us that this error is material and that Max will be required to amend its SEC filings to correct its error.

As we noted in our letter dated April 2, 2009, putting aside this error, we believe that this measure is the wrong framework on which to analyze whether the IPC/Max plan is superior to the IPC/Validus plan, and refer you to the analysis in our earlier letter. We remain confident that the IPC Board will agree the Validus Proposal is a Superior Proposal as defined in your Amalgamation Agreement.

We look forward to your response to the Validus Proposal.

Sincerely,

/s/ Edward J. Noonan
Edward J. Noonan
Chairman and Chief Executive Officer

cc: Marty Dolan, J.P. Morgan Securities, Inc.

In the afternoon on April 5, 2009, Validus also posted the material referenced in the letter on its website.

On the morning of April 6, 2009, Max issued a press release reaffirming its prior disclosure regarding the Initial Validus Offer and stating that it continues to believe that Validus had not presented a Superior Proposal, nor one that can be reasonably expected to lead to a Superior Proposal (as such term is defined in the [Max Amalgamation Agreement]) . The text of the press release reads as follows:

Max Capital Group Ltd. (NASDAQ:MXGL; BSX: MXGL BH) today confirmed that the calculations of diluted book value per IPC share and diluted tangible book value per IPC share included in Max s April 2, 2009 letter to the Board of Directors of IPC Holdings, Ltd. (IPC) are true and correct. Max has consulted with its financial advisors and SEC counsel.

In a press release dated April 5, 2009, Validus alleged that Max had made a substantial error in its calculation of pro forma tangible book value under the proposed terms of Validus unsolicited takeover of IPC. However, Validus allegation is incorrect and misleading. The calculations that Max presented accurately represent what an IPC shareholder would receive on a stand alone basis from either Max or Validus, without giving effect to what IPC itself contributes to a transaction. The Max presentation allows IPC shareholders to compare the value received under each transaction on an apples-to-apples basis. Max believes this is an important measure in comparing the value received today by an IPC shareholder under the agreement with Max and the proposed Validus transaction. The pro forma calculations Validus is utilizing include the additional benefit derived from issuing Validus shares to purchase IPC at a discount to book value.

One has to question whether the IPC shareholders are being well served by the non-substantive claims being initiated by Validus. They have made certain statements that completely misrepresent and falsely characterize the information presented by Max. Since Validus initially made its below book value, unsolicited takeover offer for IPC, it has demonstrated a lack of understanding of what is important to the shareholders of IPC in allowing them to assess the relative value being delivered by Max versus Validus, stated W. Marston (Marty) Becker, Max Chairman and CEO.

The facts presented in Max s April 2, 2009 letter to IPC have not changed and are clear:

(i) Max delivers to IPC $33.83 of diluted tangible book value per IPC share a 29.2% premium versus $26.19 delivered by Validus, and

(ii) Max delivers to IPC $34.93 of diluted book value per IPC share a 23.2% premium versus $28.35 delivered by Validus.

As noted above, these figures represent the book value per IPC share being delivered to IPC s shareholders on a standalone basis, without giving effect to what IPC itself contributes to a transaction.

The conclusion remains clear a combination with Max provides greater underlying value to IPC s shareholders today, with true diversification of underwriting exposures and without an over-concentration in short-tail catastrophe oriented business, and will result in greater upside for IPC shareholders as compared to the hostile takeover proposal by Validus.

Max continues to believe that Validus has not presented a Superior Proposal, nor one that can be reasonably expected to lead to a Superior Proposal (as such term is defined in the IPC/Max Plan of Amalgamation dated March 1, 2009).

Additional details on the Max calculations referred to above are posted on [Max s] website: www.maxcapgroup.com.

In the afternoon on April 6, 2009, Validus sent a letter to IPC s board of directors regarding the Max press release and issued a press release announcing the letter. The text of our letter reads as follows:

April 6, 2009

The Board of Directors of IPC Holdings, Ltd.
c/o James P. Bryce, President and Chief Executive Officer
American International Bldg.
29 Richmond Road
Pembroke, HM 08
Bermuda

Dear Members of the Board:

The difficulty of being unable to speak directly has lead to an exchange of press releases, which is unfortunate. In this context, we would like to respond to the Max statement issued this morning by describing the analytical framework we believe is appropriate.

In today s press release, Max modified its description of its calculation of pro forma book value per share. In essence, the Max calculation now describes what an IPC shareholder would receive on a standalone basis from either Validus or Max. We disagree with this basis for valuation. Our approach is focused on a comparison of what an IPC shareholder would own as a result of either transaction.

However, if we were to follow the Max approach, we would note that there are a number of adjustments contemplated in the proposed IPC/Max Amalgamation Agreement, which would reduce the standalone value[22] that Max delivers by $117.4 million. The joint proxy statement/prospectus filed by IPC and Max references, among other adjustments, the need to increase Max loss reserves for annuity claims as well as property and casualty claims by $130.0 million. As a result, the Max book value delivered would be reduced by $2.06 per Max share, resulting in a book value delivered of $20.40 per share, on the basis of Max s calculation of diluted book value.

I would also note that Validus and Max use differing accounting conventions for calculating diluted book value per share. While each is valid, on the basis upon which Validus calculates diluted book value per share, the Max value delivered would be $19.68 after a $1.81 per share reduction in book value.

We have provided the attached schedule of our calculations in an effort to be as transparent as possible in our communication with you.

Sincerely,

/s/ Edward J. Noonan
Edward J. Noonan
Chairman and Chief Executive Officer

cc: Marty Dolan, J.P. Morgan Securities, Inc.

[22] If the adjustments to reduce the net asset value of Max were made, it would reduce by $117.4 million the book value that Max contributes to the combined company at closing.

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Adjustments to Max Book Value Upon Combination with IPC

(In millions, except per share values)

Net bo