VALIDUS HOLDINGS LTD
Form PRER14A
May 11, 2009

PRELIMINARY PROXY STATEMENT DATED MAY 11, 2009 SUBJECT TO COMPLETION

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. 2)

Filed by the Registrant o

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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
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VALIDUS HOLDINGS, LTD.
(Name of Registrant as Specified in Its Charter)

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PRELIMINARY PROXY STATEMENT DATED MAY 11, 2009 SUBJECT TO COMPLETION

19 Par-La-Ville Road
Hamilton HM11
Bermuda

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE , 2009

May , 2009

Notice is hereby given that a Special Meeting of Shareholders of Validus Holdings, Ltd. will be held at 19 Par-La-Ville Road, Hamilton HM11, Bermuda, on June , 2009, at , Atlantic Time, for the following purposes:

to approve the issuance of Validus voting common shares, par value $0.175 per share, in connection with the acquisition of all of the outstanding common shares, par value $0.01 per share, of IPC Holdings, Ltd. pursuant to the Validus Amalgamation Agreement (as defined in the proxy statement on the following pages), the Scheme of Arrangement (as defined in the proxy statement on the following pages), the Exchange Offer (as defined in the proxy statement on the following pages) or otherwise; and

to transact such further business, if any, as may be lawfully brought before the meeting, including to approve the adjournment of the meeting for the solicitation of additional proxies in favor of the above proposal.

For further information concerning matters to be acted upon at the Validus special meeting, you are urged to read the proxy statement on the following pages.

If you are a shareholder of record, please 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, or follow the instructions on the Validus proxy card to complete your proxy card on the Internet at the website indicated or by telephone. 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, including by completing a voting instruction form, or providing instructions by Internet or telephone. If you do not receive such instructions, you may contact that institution to request them. If you later desire to revoke your proxy for any reason, you may do so in the manner described in the attached proxy statement. Only shareholders of record as shown on the transfer books of Validus at the close of business on , 2009 will be entitled to notice of, and to vote at, the Validus special meeting or any adjournments thereof. See *The Validus Special Meeting* beginning on page 94 in the proxy statement for more information.

By Order of the Board of Directors,

Lorraine Dean
Secretary

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PRELIMINARY PROXY STATEMENT DATED MAY 11, 2009

19 Par-La-Ville Road
Hamilton HM11
Bermuda

SPECIAL MEETING OF SHAREHOLDERS
PROXY STATEMENT

This proxy statement is furnished to the holders of Validus voting common shares, $0.175 par value per share (the Validus Shares and, together with any non-voting common shares, $0.175 par value per share, the common shares) in connection with the solicitation of proxies by the board of directors of Validus Holdings, Ltd. (Validus) to be voted at a special meeting of shareholders (the Validus special meeting) on , 2009, at , Atlantic time, at the registered office of Validus, located at 19 Par-La-Ville Road, Hamilton HM11, Bermuda.

Validus shareholders will be asked at the Validus special meeting:

- to approve the issuance of Validus Shares (the Share Issuance) in connection with the acquisition (the Acquisition) of all of the outstanding common shares, par value $0.01 per share (the IPC Shares) of IPC Holdings, Ltd. (IPC), pursuant to the Amalgamation Agreement (as defined below), the Scheme of Arrangement (as defined below), the Exchange Offer (as defined below) or otherwise (the Share Issuance Proposal); and

- to transact such further business, if any, as may be lawfully brought before the meeting, including to approve the adjournment of the meeting for the solicitation of additional proxies in favor of the above proposal (an Adjournment Proposal).

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 announced that it had delivered to IPC an offer (the Validus Amalgamation Offer,) to acquire each outstanding IPC Share in exchange for 1.2037 Validus Shares. In connection with the Validus Amalgamation Offer, Validus also delivered a copy of the proposed agreement and plan of amalgamation (the Validus Amalgamation Agreement) signed by Validus so that, upon termination of the Max Amalgamation Agreement, IPC would be able to sign the Validus Amalgamation Agreement with the certainty of an agreed transaction. As described in this proxy statement under *The Acquisition Background of the Acquisition*, the board of directors of IPC has determined that the Validus Amalgamation Offer does not constitute a superior proposal to the Proposed Max Amalgamation and 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. Therefore, in order to consummate the Acquisition without the cooperation of IPC s board of directors, Validus is pursuing a three-part plan.

First, Validus is asking IPC shareholders to vote against the Proposed Max Amalgamation. If the Proposed Max Amalgamation is voted down by IPC shareholders, IPC would be able to terminate the Max Amalgamation Agreement and accept the Validus Amalgamation Offer.

Second, Validus intends to commence in the near future an exchange offer (the Exchange Offer) for all of the outstanding IPC Shares. The Exchange Offer would allow Validus to complete the Acquisition of IPC shortly following the IPC annual general meeting, if the IPC shareholders vote down the Proposed Max Amalgamation and the other conditions to the Exchange Offer are satisfied. Under the terms of the Exchange Offer, IPC shareholders would receive 1.2037 Validus Shares for each IPC Share. The Exchange Offer will be subject to certain conditions described in the prospectus /offer to exchange included in the Registration Statement on Form S-4 (the Offer to Exchange) filed by Validus with the SEC, including the tender of at least 90% of the total outstanding IPC Shares (on a fully diluted basis), termination of the Max Amalgamation Agreement, and the consent of Validus lenders. Under Bermuda law, if Validus acquires 90% or more of IPC

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Shares in the Exchange Offer, Validus will have the right to acquire the remaining IPC Shares in a second-step acquisition under Bermuda law. The Exchange Offer will not be conditioned on regulatory approvals or the elimination of the possible termination fee to Max.

Third, Validus intends to petition the Supreme Court of Bermuda to approve a scheme of arrangement (the Scheme of Arrangement) under which Validus would acquire all IPC Shares under the same economic terms as in the Validus Amalgamation Offer. The Scheme of Arrangement can be accomplished without the approval of IPC s board of directors if approved by IPC shareholders at two shareholder meetings and sanctioned by the Supreme Court of Bermuda. The first shareholder meeting is a court-ordered meeting (the court-ordered IPC meeting) at which IPC shareholders can vote to approve the Scheme of Arrangement. In addition, if IPC s board of directors continues to be uncooperative despite shareholder approval at the court-ordered IPC meeting, IPC shareholders can call a second meeting (the IPC special general meeting) at which IPC shareholders can require IPC to approve and be bound by the Scheme of Arrangement and to terminate the Max Amalgamation Agreement. Following IPC shareholder approval at both of these meetings, and approval by the Supreme Court of Bermuda, the Scheme of Arrangement would become effective and IPC would become a subsidiary of Validus. The Scheme of Arrangement would be approved with the 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. The required vote at the second meeting is an affirmative vote of the holders of a majority of IPC Shares voting at the meeting.

Validus is soliciting proxies from holders of Validus Shares at the Validus special meeting in order to be able to issue the Validus Shares to IPC shareholders in connection with the Acquisition. The Share Issuance will become effective only if it is approved by Validus shareholders and the IPC Shares are exchanged for Validus Shares, pursuant to the Acquisition. The affirmative vote of a majority of the votes cast at the Validus special meeting at which a quorum is present in accordance with Validus bye-laws is required to approve each matter to be acted on at the Validus special meeting, including the Adjournment Proposal.
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.

Assuming closing of the Acquisition, based on Validus and IPC s capitalization as of December 31, 2008 and the exchange ratio of 1.2037, Validus would issue 67,338,947 Validus Shares in connection with the Acquisition and IPC shareholders would own approximately 43% of the issued and outstanding common shares of Validus on a fully-diluted basis.

Shareholders of record as of the close of business on , 2009 will be entitled to vote at the Validus special meeting. As of March 13, 2009, there were 58,849,289 outstanding Validus Shares entitled to vote at the Validus special meeting, and 19,771,422 Validus non-voting common shares. Each Validus Share entitles the holder of record thereof to one vote at the Validus special meeting; however, if, and for so long as, the Validus Shares of a shareholder, including any votes conferred by controlled shares (as defined below), would otherwise represent more than 9.09% of the aggregate voting power of all Validus Shares entitled to vote on a matter, the votes conferred by such Validus Shares will be reduced by whatever amount is necessary such that, after giving effect to any such reduction (and any other reductions in voting power required by Validus bye-laws), the votes conferred by such Validus Shares represent 9.09% of the aggregate voting power of all Validus Shares entitled to vote on such matter. Controlled shares include, among other things, all shares that a person is deemed to own directly, indirectly or constructively (within the meaning of Section 958 of the Internal Revenue Code of 1986 or Section 13(d)(3) of the Securities Exchange Act of 1934, as amended).

Validus knows of no specific matter to be brought before the Validus special meeting that is not referred to in the notice of the Validus special meeting. If any such matter comes before the Validus special meeting, including any shareholder proposal properly made, the proxy holders will vote proxies in accordance with their judgment.

Validus common 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 7, 2009, the last practicable date prior to the filing of this proxy statement, was $22.90. 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 7, 2009, the last practicable date prior to the filing of this proxy statement, was $25.43. All references to dollars and $ in this proxy statement refer to U.S. dollars.

Validus board of directors has unanimously adopted the Validus Amalgamation Agreement and authorized and approved the Share Issuance and deems it fair, advisable and in the best interests of Validus and its shareholders to consummate the Share Issuance, the Acquisition and the other transactions contemplated thereby. Validus board of directors recommends that Validus shareholders vote FOR the proposals submitted to Validus shareholders on the attached Validus proxy card. All of the officers and those directors and shareholders who are qualified sponsors (as defined in this proxy statement) and who own Validus Shares have indicated that they intend to vote the Validus Shares owned by them in favor of the Validus Share Issuance Proposal and the Adjournment Proposal. As of March 13, 2009, these persons and entities beneficially owned 42.4% of the voting interests relating to the Validus Shares. All of our officers, directors and qualified sponsors together own 57.4% of the economic interests relating to all outstanding common shares of Validus.

This proxy statement provides Validus shareholders with detailed information about the Validus special meeting and the Acquisition. 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 42.**

Your vote is very important. Whether or not you plan to attend the Validus special meeting, please take time to vote by completing and mailing your enclosed 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.

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the Share Issuance, passed upon the merits or fairness of the Share Issuance 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 May , 2009
and is first being mailed to Validus shareholders on or about , 2009

Important Notice Regarding the Availability of Proxy Materials for the Validus Special Meeting to be Held on June , 2009

The 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. Validus shareholders also may obtain documents filed by 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 ten 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 Validus special meeting and Validus considers it to be material, reliable and appropriate.

See *Where You Can Find More Information* on page 104.

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QUESTIONS AND ANSWERS ABOUT THE ACQUISITION AND THE 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 Validus special meeting?

A: The Validus special meeting will take place at , Atlantic Time, on June , 2009, at 19 Par-La-Ville Road, Hamilton HM11, Bermuda.

Q: What is the purpose of the Validus special meeting?

A: The purpose of the meeting is to seek Validus shareholder approval of:

- the Share Issuance in connection with the Acquisition of all of the outstanding IPC Shares pursuant to the Amalgamation Agreement, the Scheme of Arrangement, the Exchange Offer or otherwise; and

- to transact such further business, if any, as may be lawfully brought before the meeting, including to approve the adjournment of the meeting for the solicitation of additional proxies in favor of the above proposal.

Even if shareholders approve the Share Issuance, the Share Issuance will take effect only if and when the IPC Shares are exchanged for Validus Shares pursuant to the Amalgamation Agreement, the Scheme of Arrangement, the Exchange Offer or otherwise.

Q: Why is shareholder approval of the Share Issuance required?

A: Based upon publicly available information about the number of IPC Shares outstanding and the proposed exchange ratio, Validus expects it would need to issue 67,338,947 Validus Shares in exchange for all outstanding IPC Shares. This number of Validus Shares will be greater than 20% of the total number of Validus Shares outstanding prior to such issuance. The listing requirements of the NYSE require that Validus shareholders approve any issuance of Validus Shares or securities convertible into or exercisable for Validus Shares if (a) the Validus Shares or other securities being issued will have voting power equal to or in excess of 20% of the voting power outstanding before such issuance or (b) the number of Validus Shares to be issued is or will be equal to or in excess of 20% of the number of Validus Shares or other securities before such issuance.

If the Share Issuance Proposal is approved by Validus shareholders, Validus will be permitted to issue Validus Shares in exchange for IPC Shares, pursuant to the Validus Amalgamation Agreement, the Scheme of Arrangement, the Exchange Offer or otherwise. Shareholders are not being asked to vote on the Acquisition and no vote of Validus shareholders is required on such matter.

Q: What would happen in the amalgamation?

A: If the amalgamation is consummated, IPC would amalgamate with Validus Ltd., a direct wholly owned subsidiary of Validus, upon the terms and subject to the conditions set forth in the Validus Amalgamation Agreement. IPC shareholders (including the shareholders that do not vote in favor of the amalgamation but excluding Validus and its subsidiaries) would have the right to receive 1.2037 Validus Shares and cash in lieu of fractional shares in exchange for each IPC Share they hold, unless they exercise appraisal rights pursuant to Bermuda law. Upon the closing of the amalgamation, the separate corporate existence of Validus Ltd. and IPC would cease and they would continue as an amalgamated company and subsidiary of Validus (the amalgamated company) and the name of the amalgamated company would be Validus Ltd.

Q: Why is Validus proposing the Acquisition?

A: Based on a number of factors described below under *The Acquisition Reasons Why Validus Board of Directors Recommends Approval of the Share Issuance*, Validus board of directors 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. The Acquisition would allow IPC shareholders to benefit from the superior growth potential of Validus, which would be a leading carrier in Bermuda s short-tail reinsurance and insurance markets following the Acquisition, with a strong balance sheet and quality diversification in profitable business lines.

Q: When do you expect the Acquisition to be completed?

A: If IPC s board of directors was to enter into the Validus Amalgamation Agreement following the termination of the Max Amalgamation Agreement, Validus believes the amalgamation could be completed in mid-to-late July.

Validus believes that if the conditions of the Exchange Offer are satisfied, it would be able to acquire IPC Shares under the Exchange Offer in June based on the following. If the Exchange Offer is commenced as late as May 15 and held open for 20 business days, it would expire on June 15, 2009. If the conditions to the Exchange Offer are satisfied, Validus will acquire at least 90% of the then-outstanding number of IPC Shares on a fully-diluted basis (excluding any IPC Shares beneficially owned by Validus or its subsidiaries).

Validus believes that, under the Scheme of Arrangement, it would be able to close the Acquisition of IPC as early as mid-July 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 a special general meeting to be held in late June or early July to approve and have IPC be bound by the Scheme of Arrangement; and (3) the IPC directors, following the rejection of the Proposed Max Amalgamation, or IPC shareholders, convene the requisitioned special general meeting, allowing it to be held by mid-July.

Q: What would IPC shareholders receive in the Acquisition?

A: Under the terms of the Validus Amalgamation Agreement, each outstanding IPC Share (including any shares held by IPC shareholders that do not vote in favor of the amalgamation, but excluding any dissenting shares as to which appraisal rights have been exercised pursuant to Bermuda law, and excluding any shares held by Validus, IPC or any of their respective subsidiaries) would be cancelled and converted into the right to receive 1.2037 Validus Shares upon closing of the amalgamation. Under the terms of the Scheme of Arrangement, each outstanding IPC Share (excluding any IPC Shares beneficially owned by Validus, its subsidiaries or IPC), would be transferred to Validus in exchange for 1.2037 Validus Shares upon effectiveness of the Scheme of Arrangement. Under the terms of the Exchange Offer, each outstanding IPC Share (excluding any IPC Shares beneficially owned by Validus, its subsidiaries or IPC) that is validly tendered and not withdrawn would be exchanged for 1.2037 Validus Shares upon closing of the Exchange Offer.

IPC shareholders would not receive any fractional Validus Shares in the Acquisition. Instead, IPC shareholders would be paid cash in lieu of the fractional share interest to which such shareholders would otherwise be entitled. We refer to the exchange ratio and the cash in lieu of fractional shares as the acquisition consideration .

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

A: Based on Validus and IPC s capitalization as of December 31, 2008 and the exchange ratio of 1.2037, Validus would issue 67,338,947 Validus Shares in connection with the Acquisition and IPC shareholders would own approximately 43% of the issued and outstanding common shares, of Validus on a fully-diluted basis following closing of the Acquisition.

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Q: Would the Validus Amalgamation Agreement signed by IPC be the exact form attached hereto as Annex A?

A: Validus delivered the Validus Amalgamation Agreement to IPC on March 31, 2009 intending it to be executed in the exact form provided. Since then, in response to IPC s rejection of the Validus Amalgamation Offer, we are proceeding with efforts to move forward with the transaction without IPC s cooperation, including by soliciting your votes to approve the issuance of Validus Shares in connection with the Acquisition. These efforts will necessitate certain updates to the form of Validus Amalgamation Agreement which we believe are not material to Validus or IPC shareholders. We cannot predict what other changes may become necessary due to changed circumstances or as a result of negotiations with IPC should that occur. If any changes are made to the Validus Amalgamation Agreement that Validus believes are material to Validus shareholders, Validus will supplement this proxy statement and, if necessary, resolicit proxies from its shareholders.

Q: Are Validus shareholders able to exercise appraisal rights?

A: The Validus shareholders will not be entitled to exercise appraisal rights with respect to any matter to be voted upon at the Validus special meeting.

Q: Will I have preemptive rights in connection with the Share Issuance?

A: No. Validus shareholders will not be entitled to any preemptive rights in connection with the Share Issuance.

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

A: Upon the effectiveness of the Acquisition, Validus board of directors would consist of the directors serving on the board of directors of Validus before the Acquisition; however, Validus has 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 after the Acquisition?

A: Upon closing of the Acquisition, the officers of Validus will be the officers serving Validus before the Acquisition.

Q: What shareholder vote is required to approve the Share Issuance and the Adjournment Proposal at the Validus special meeting and how many votes must be present to hold the meeting?

A: The affirmative vote of a majority of the votes cast at the Validus special meeting, at which a quorum is present in accordance with Validus bye-laws, is required to approve each of the Share Issuance Proposal and the Adjournment Proposal. The Share Issuance will become effective only if it is duly approved by Validus shareholders and all of the other conditions to the Acquisition are satisfied or waived and the Acquisition closes. The affirmative vote of a majority of the votes cast at the Validus special meeting is required to approve each other matter to be acted on, including any Adjournment Proposal. As of March 13, 2009, 42.4% of the outstanding Validus Shares were held by entities affiliated with Validus directors and executive officers.

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 Validus special meeting. Because the vote required to approve the proposals is the affirmative vote of a majority of the votes cast, assuming a quorum is present, a broker non-vote with respect to any proposal to be voted on at the Validus special 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. For the Validus special meeting, a quorum consists

of two or more shareholders present in person and representing in person or by proxy in excess of 50% of the total issued Validus Shares throughout the meeting.

Q: Does Validus board of directors recommend approval of the proposals?

A: Yes. Validus board of directors, taking into consideration the reasons discussed under *The Acquisition Reasons Why Validus Board of Directors Recommends Approval of the Share Issuance*, unanimously adopted the Validus Amalgamation Agreement and authorized and approved the Share Issuance. Validus board of directors deems it fair, advisable and in the best interests of Validus to enter into the Validus Amalgamation Agreement and to acquire all of the outstanding IPC Shares and to consummate the Share Issuance. **Validus board of directors recommends that Validus shareholders vote FOR the matters submitted on the Validus proxy card.**

Q: Have any Validus shareholders agreed to support the proposals?

A: All of the officers and those directors and shareholders who are qualified sponsors (as defined in this proxy statement) and who own Validus Shares have indicated that they intend to vote the Validus Shares owned by them in favor of the Share Issuance Proposal and the Adjournment Proposal. As of March 13, 2009, these persons and entities beneficially owned 42.4% of the voting interests relating to the Validus Shares. All of our officers, directors and qualified sponsors together own 57.4% of the economic interests relating to all outstanding common shares of Validus.

Q: Will any other matters be voted on at the Validus special meeting?

A: Validus knows of no specific matter to be brought before the Validus special meeting that is not referred to in the notice of the Validus special meeting. If any such matter comes before the Validus special meeting, the proxy holders will vote proxies in accordance with their judgment.

Q: What is the record date for the Validus special meeting?

A: Only shareholders of record, as shown by the transfer books of Validus at the close of business on , 2009 (the Validus record date) are entitled to receive notice of and to vote at the Validus special meeting or any adjournment thereof.

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

A: Shareholders of record as of the close of business on , 2009 will be entitled to vote at the Validus special meeting. As of March 13, 2009, there were 58,849,289 outstanding Validus Shares entitled to vote at the Validus special meeting, and 19,771,422 non-voting common shares.

Q: What do I need to do now?

A: Validus urges you to read carefully this proxy statement, including its annexes, schedules 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 104 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 Validus Shares in street name).

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Q: How can I vote my shares at the Validus special meeting?

A: If your shares are registered directly in your name as of the record date with our transfer agent, Bank of New York Mellon, 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 Validus 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 obtain a valid proxy from the bank, broker or other nominee that holds your shares (and who has received a legal proxy, with a power of subdelegation, from the shareholder of record as of the record date) giving you the right to vote the shares at the meeting. Even if you plan to attend the Validus special 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 Validus special meeting.

Q: How can I vote my shares without attending the Validus special meeting?

A: If you are the shareholder of record, you may direct your vote without attending the Validus special meeting by completing and mailing your proxy card in the enclosed pre-paid envelope. In addition, if you are the shareholder of record, you may grant a proxy to vote your shares at the Validus special meeting by telephone by calling **866-367-5524** and following the simple recorded instructions, twenty-four hours a day, seven days a week, at any time prior to 11:59 p.m., Eastern Time, on the day prior to the Validus special meeting. Alternatively, as a shareholder of record, you may vote via the Internet at any time prior to 11:59 p.m., Eastern Time, on the day prior to the Validus special meeting by going to http://proxy.georgeson.com, entering the company number and control number on your proxy card and following the instructions to submit an electronic proxy. If you vote by telephone or the Internet, you will be required to provide the control number contained on your proxy card. If you hold your Validus 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 Validus special meeting?

A: You are entitled to attend the Validus special meeting only if you are (i) a shareholder of record or (ii) a beneficial owner or other person holding a valid proxy from the bank, broker or other nominee that holds your shares (and who has received a legal proxy, with a 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 Validus special 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 from the bank, broker or other nominee that holds your shares (and who has received a legal proxy, with a 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 Validus 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 Validus special meeting.

Q: If my 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, including by completing a voting instruction form, or providing instructions by Internet or telephone. If you do not receive such instructions, you may contact that institution to request them. In accordance with NYSE rules, banks, brokers and other nominees who hold Validus Shares in street-name for customers may not exercise their voting discretion with respect to the Share Issuance. 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 Validus special meeting. Also, if your bank, broker or other nominee has indicated on the relevant proxy that it does not have discretionary authority to vote such street name shares, your bank, broker or other nominee will not be permitted to vote them. Either of these situations results in a broker non-vote.

A broker non-vote with respect to the Validus special meeting will not be considered as a vote cast with respect to any matter presented at the Validus special meeting, but will be counted for purposes of establishing a quorum, *provided* that your bank, broker or nominee is in attendance in person or by proxy. Because the vote required to approve the proposals is the affirmative vote of a majority of the votes cast, assuming a quorum is present, a broker non-vote with respect to any proposal to be voted on at the Validus special 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.

Because your bank, broker or other nominee will not have discretionary authority to vote your shares, you must provide your bank, broker or other nominee with instructions on how to vote your shares or arrange to attend the Validus special meeting and vote your shares in person if you want your shares to be voted and to avoid a broker non-vote. If your bank, broker or other nominee holds your shares and you attend the Validus special meeting in person, you should bring a letter from your bank, broker or other nominee identifying you as the beneficial owner of the shares and authorizing you to vote your shares at the meeting.

Q: What effect do abstentions and broker non-votes have on the proposals?

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 Validus special meeting. Because the vote required to approve the proposals is the affirmative vote of a majority of the votes cast, assuming a quorum is present, a broker non-vote with respect to any proposal to be voted on at the Validus special 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 Validus Special 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 Share Issuance Proposal and FOR the Adjournment Proposal 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 Validus special 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 Validus special meeting. If you are a shareholder of record, you may change your vote or revoke your proxy by: (1) delivering to Validus (Attention: General Counsel) at 19 Par-La-Ville Road, Hamilton, HM11, Bermuda, a written notice of revocation of your proxy; (2) delivering to Validus an authorized proxy bearing a later date (including a proxy by telephone or over the Internet); or (3) attending the Validus special meeting and voting in person as described above under the question entitled *How can I vote my shares at the Validus special meeting?* Attendance at the Validus special meeting in and of itself, without voting in person at the Validus special 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 from the bank, broker or other nominee that holds your shares (and who has received a

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legal proxy, with a power of subdelegation, from the shareholder of record as of the record date) giving you the right to vote your shares at the Validus special meeting, by attending the Validus special meeting and voting in person.

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 Validus Shares, you should contact Georgeson Inc. (Georgeson) at:

Georgeson Inc.
199 Water Street, 26th Floor
New York, New York 10038
Banks and Brokerage Firms Please Call: (212) 440-9800
All Others Please Call Toll Free: (888) 274-5146
E-mail inquiries: validus@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 104.

SUMMARY

This summary highlights the material information in this proxy statement. To fully understand Validus proposals, and for a more complete description of the terms of the amalgamation, 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 104.*

Validus (page 93)

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. Validus common shares are traded on the NYSE under the symbol VR and, as of May 7, 2009, the last practicable date prior to the filing of this proxy statement, Validus had a market capitalization of approximately $1.76 billion. Validus has approximately 280 employees.

As of the date this proxy statement was first mailed to Validus 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.

IPC (page 93)

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. At December 31, 2008, IPC had total shareholders equity of $1,851 million and total assets of $2,389 million.

IPC s common 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.

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The Validus Special Meeting (page 94)

The Validus special meeting will be held on June , 2009, at , Atlantic time, at the registered office of Validus, located at 19 Par-La-Ville Road, Hamilton HM11, Bermuda. Validus shareholders will be asked at the Validus special meeting:

- to approve the issuance of Validus Shares in connection with the Acquisition of all of the outstanding IPC Shares, pursuant to the Validus Amalgamation Agreement, the Scheme of Arrangement, the Exchange Offer or otherwise; and

- to transact such further business, if any, as may be lawfully brought before the meeting, including to approve the adjournment of the meeting for the solicitation of additional proxies in favor of the above proposal.

You can vote at the Validus special meeting only if you are a shareholder of record, as shown by the transfer books of Validus, at the close of business on , 2009, which is the record date for the Validus special meeting.

The Acquisition (page 45)

General Description (page 45)

If the Validus Amalgamation Agreement is signed by IPC, and all conditions to the amalgamation have been satisfied or waived, IPC will amalgamate with Validus Ltd., a direct, wholly owned subsidiary of Validus, with the amalgamated company continuing as the surviving company and succeeding to and assuming all of the rights, properties, liabilities and obligations of IPC and Validus Ltd. if the amalgamation is consummated. Upon the closing of the amalgamation, the separate corporate existence of each of IPC and Validus Ltd. will cease and they will continue as an amalgamated company and subsidiary of Validus. The amalgamated company will be named Validus Ltd. IPC shareholders (including the shareholders that do not vote in favor of the amalgamation) would have the right to receive 1.2037 Validus Shares and cash in lieu of fractional shares in exchange for each IPC common share they hold, unless they exercise appraisal rights pursuant to Bermuda law.

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 beneficially owned by Validus or its subsidiaries or IPC) to Validus in exchange for Validus Shares at a ratio of 1.2037 Validus Shares (together with cash in lieu of the fractional Validus Share interest to which such shareholders would otherwise be entitled) for each IPC Share. IPC would thereby become a wholly-owned subsidiary of Validus.

If the Exchange Offer is consummated, each outstanding IPC Share which is validly tendered and not withdrawn before the expiration time of the Exchange Offer will be exchanged for 1.2037 Validus Shares. 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 be tendered (excluding any IPC Shares beneficially owned by Validus, its subsidiaries or IPC). If this condition is satisfied and the Exchange Offer is completed, Validus intends, 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 accordance with the Companies Act.

Assuming closing of the Acquisition, based on Validus capitalization as of December 31, 2008 and the exchange ratio of 1.2037, Validus would issue 67,338,947 Validus Shares in connection with the Acquisition and IPC shareholders would own approximately 43% of the issued and outstanding common shares of Validus on a fully-diluted basis. The Validus Amalgamation Agreement is attached as Annex A to this proxy statement. You should read the Validus Amalgamation Agreement in its entirety because it, and not this proxy statement, is the legal document that would govern the amalgamation.

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Completing the Acquisition

On March 31, 2009, Validus announced that it had delivered to IPC the Validus Amalgamation Offer. In connection with the delivery of the Validus Amalgamation Offer to IPC, Validus also delivered a copy of the Validus Amalgamation Agreement signed by Validus so that, upon a termination of the Max Amalgamation Agreement, IPC would be able to sign Validus Amalgamation Agreement with the certainty of an agreed transaction. IPC announced on April 7, 2009 that its board of directors has determined that the Validus Amalgamation Offer does 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. Therefore, in order to consummate the Acquisition without the cooperation of IPC s board of directors, Validus is pursuing a three-part plan.

First, Validus is asking IPC shareholders to vote against the Proposed Max Amalgamation. If the Proposed Max Amalgamation is voted down by IPC shareholders, IPC would be able to terminate the Max Amalgamation Agreement and accept the Validus Amalgamation Offer.

Second, Validus intends to commence in the near future the Exchange Offer for all of the outstanding IPC Shares. The Exchange Offer would allow Validus to complete the Acquisition of IPC shortly following the IPC annual general meeting, if the IPC shareholders vote down the Proposed Max Amalgamation and the other conditions to the Exchange Offer are satisfied. Under the terms of the Exchange Offer, IPC shareholders would receive 1.2037 Validus Shares for each IPC Share. The Exchange Offer will be subject to certain conditions described in the Offer to Exchange filed by Validus with the SEC, including the tender of at least 90% of the total outstanding IPC Shares (on a fully diluted basis), termination of the Max Amalgamation Agreement, and the consent of Validus lenders. Under Bermuda law, if Validus acquires 90% or more of IPC Shares in the Exchange Offer, Validus will have the right to acquire the remaining IPC Shares in a second-step acquisition under Bermuda law. The Exchange Offer will not be conditioned on regulatory approvals or the elimination of the possible termination fee to Max.

Third, Validus intends to petition the Supreme Court of Bermuda to approve the Scheme of Arrangement under which Validus would acquire all IPC Shares under the same economic terms as in the Validus Amalgamation Offer. The Scheme of Arrangement can be accomplished without the approval of IPC s board of directors if approved by IPC shareholders at two shareholder meetings and sanctioned by the Supreme Court of Bermuda. The first shareholder meeting is the court-ordered IPC meeting at which IPC shareholders can vote to approve the Scheme of Arrangement. In addition, if IPC s board of directors continues to be uncooperative despite shareholder approval at the court-ordered IPC meeting, IPC shareholders can call the IPC special general meeting at which IPC shareholders can require IPC to approve and be bound by the Scheme of Arrangement and to terminate the Max Amalgamation Agreement. Following IPC shareholder approval at both of these meetings, and approval by the Supreme Court of Bermuda, the Scheme of Arrangement would become effective and IPC would become a subsidiary of Validus. The Scheme of Arrangement would be approved with the 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. The required vote at the second meeting is an affirmative vote of the holders of a majority of IPC Shares voting at the meeting.

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.

Recommendations of the Validus Board of Directors

Validus board of directors has adopted the Validus Amalgamation Agreement and authorized and approved the Share Issuance, and deems it fair, advisable and in the best interests of Validus to consummate the Share Issuance, the Acquisition and the other transactions contemplated thereby. Validus board of directors recommends that Validus shareholders vote FOR the proposals submitted to Validus shareholders on the attached Validus proxy card.

Reasons Why Validus Board of Directors Recommends Approval of the Share Issuance (page 67)

Validus board of directors recommends approval of the Share Issuance in order to issue shares that are necessary to effect the Acquisition. Validus board of directors 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. The Acquisition would allow IPC shareholders to benefit from the superior growth potential of Validus 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.

In reaching these conclusions and in determining that the Share Issuance is fair, advisable and in the best interests of Validus, and in recommending the approval of the Share Issuance, 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 Why Validus Board of Directors Recommends Approval of the Share Issuance* below.

Opinion of Validus Financial Advisor (page 70)

Validus board of directors received an oral opinion, subsequently confirmed in writing, from Greenhill & Co., LLC, who we refer to as *Greenhill*, that, based upon and subject to the various limitations and assumptions described in the written opinion, as of March 31, 2009, the exchange ratio pursuant to the Validus Amalgamation Agreement was fair, from a financial point of view, to Validus.

The full text of the written opinion of Greenhill, dated March 31, 2009, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limits on the opinion and the review undertaken in connection with rendering the opinion, is attached as Annex B to this proxy statement and is incorporated herein by reference. Validus shareholders are urged to read the opinion in its entirety, but should note that it is not a recommendation as to how Validus shareholders should vote with respect to the issuance of Validus Shares pursuant to the Acquisition or any other matter.

Dividends and Distributions (page 78)

Each of Validus and IPC regularly pays a quarterly cash dividend. Under the terms of the Validus Amalgamation Agreement, before the amalgamation closes, Validus and IPC would both be permitted to declare and pay ordinary course quarterly dividends on their common shares with record and payment dates consistent with past practice; *provided* that any such dividend is at a rate no greater than the rate it paid during the fiscal quarter immediately preceding the date of the Validus Amalgamation Agreement, *i.e.*, $0.20 per common share in Validus case and $0.22 per common share in IPC s case.

Pursuant to the Validus Amalgamation Agreement, Validus and IPC would agree to coordinate the declaration of, and setting of record dates and payment dates for, dividends on Validus common shares and IPC common shares so that the IPC shareholders do not receive dividends on both the IPC common shares and the Validus Shares received in the amalgamation in respect of any calendar quarter or fail to receive a dividend in respect of any calendar quarter.

Anticipated Accounting Treatment (page 78)

The Acquisition will be accounted for under the purchase method of accounting in accordance with Statement of Financial Accounting Standards No. 141(R), 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 in accordance with FAS 141(R). The excess resulting from the Acquisition will be recognized in earnings as a gain attributable to the acquirer on the acquisition date. Validus anticipates the Acquisition will result in an excess of the fair values of the acquired assets and liabilities assumed over the total consideration paid in the Acquisition.

The Amalgamation Agreement (page 79)

The Validus Amalgamation Agreement is attached as Annex A to this proxy statement. This description of the Validus Amalgamation Agreement assumes that it is signed by IPC in the form delivered by Validus to IPC. You should read the Validus Amalgamation Agreement in its entirety because it, and not this proxy statement, is the legal document that would govern the amalgamation if it were signed by IPC.

In response to IPC s rejection of the Validus Amalgamation Offer, Validus is engaging in efforts to move forward with the transaction without IPC s cooperation. These efforts will necessitate certain changes to the Validus Amalgamation Agreement which are not material to Validus or IPC shareholders. For example, the Validus Amalgamation Agreement contemplates Validus and IPC would cooperate in the preparation and filing of a joint proxy statement/prospectus regarding the amalgamation which would have included soliciting the votes we are seeking by this proxy statement. Certain other provisions regarding timing and process would need to be updated similarly.

Amalgamation Consideration (page 80)

Under the Validus Amalgamation Agreement, each outstanding IPC Share (including any shares held by IPC shareholders that do not vote in favor of the amalgamation, but excluding any dissenting shares as to which appraisal rights have been exercised pursuant to Bermuda law, and including any shares held by Validus, IPC or any of their respective subsidiaries) will be cancelled and converted into the right to receive 1.2037 Validus Shares upon closing of the amalgamation and cash consideration in lieu of any fractional Validus Shares.

Validus will not issue any fractional Validus Shares in connection with the amalgamation. Instead, any IPC shareholder who would otherwise have been entitled to a fraction of a Validus Share in connection with the amalgamation will be paid an amount in cash determined by multiplying such fraction by the average Validus price (such average Validus common share price is determined by valuing Validus common shares based on the volume weighted average price per Validus common share on the NYSE for the five consecutive trading days immediately preceding the second trading day prior to the closing of the amalgamation).

Restrictions on Change in Recommendation by the Board of Directors of IPC or Validus (page 86)

Pursuant to the Validus Amalgamation Agreement, the boards of directors of IPC or Validus may not withdraw or modify, in any manner adverse to the other party, its recommendations in connection with the amalgamation except if such board has concluded in good faith, after consultation with its outside counsel and financial advisors, that such action is reasonably likely to be required in order for the directors to comply with their fiduciary duties under applicable law, and such party has not materially breached its obligations with respect to changing its recommendation. Before a party can change its recommendation with respect to the amalgamation, it must provide advance written notice of such change to the other party and give the other party five business days to agree to alter the terms and conditions of the Validus Amalgamation Agreement in a manner that removes the need for the applicable board of directors to change its recommendation in order to prevent a breach of its fiduciary duties. Even if

IPC or Validus has had a change in recommendation, each will still be required to submit such matters to the respective shareholders meeting. See *The Amalgamation Agreement Restrictions on Change in Recommendation by the Boards of Directors of IPC or Validus* below.

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Restrictions on Solicitation of Acquisition Proposals by IPC (page 86)

The Validus Amalgamation Agreement precludes IPC and its subsidiaries and advisors from, directly or indirectly, initiating, soliciting, encouraging or facilitating (including by providing information) any effort or attempt to make or implement any proposal or offer with respect to an amalgamation, reorganization, consolidation, business combination or similar transaction involving it or any of its subsidiaries or any purchase or sale involving 10% or more of its consolidated assets (including, without limitation, shares of its subsidiaries), or 10% or more of its total voting power or the voting power of any of its subsidiaries. There is no fiduciary duty exception to this restriction. IPC may withdraw or modify its recommendation as described under *The Amalgamation Agreement Restrictions on Change in Recommendation by the Boards of Directors of IPC or Validus* below. See *The Amalgamation Agreement Restrictions on Solicitation of Acquisition Proposals by IPC* below.

Conditions to the Amalgamation (page 89)

Validus and IPC s respective obligations to complete the amalgamation are subject to the fulfillment or waiver (by both Validus and IPC) of certain conditions, including:

receipt of the required Validus shareholder approval of the Share Issuance and the required IPC vote to adopt the Validus Amalgamation Agreement and approve the amalgamation;

approval for listing on the NYSE of the Validus Shares to be issued or reserved for issuance in connection with the amalgamation, subject to official notice of issuance;

certain regulatory filings, approvals or exemptions will have been made, will have occurred or will have been obtained;

a registration statement registering the shares to be issued in the amalgamation will have become effective under the Securities Act of 1933, as amended, and will not be the subject of any stop order or proceedings seeking a stop order;

no injunction or other legal restraints or prohibitions preventing the consummation of the amalgamation will be in effect;

subject to the materiality standards provided in the Validus Amalgamation Agreement, the representations and warranties of each other party in the Validus Amalgamation Agreement will be true and correct, and each party will have performed its obligations under the Validus Amalgamation Agreement (and each party will have received a certificate from the other party to such effect);

no governmental entity will have imposed any term, condition, obligation or restriction that would reasonably be expected to have a material adverse effect on Validus and its subsidiaries (including the amalgamated entity) after the effective time of the amalgamation; and

each of IPC and Validus will have received a tax opinion with respect to certain U.S. federal income tax consequences of the amalgamation.

Validus obligation to complete the amalgamation is also subject to the fulfillment or waiver (by Validus) of the following condition:

all amendments or waivers under (x) IPC s credit facilities and (y) Validus credit facilities, in each case, as determined by Validus to be necessary to consummate the amalgamation and the other transactions contemplated thereby, shall be in full force and effect.

At any time prior to the effective time of the amalgamation, the parties may, to the extent legally permissible, waive compliance with any of the conditions contained in the Validus Amalgamation Agreement, as described under *The Amalgamation Agreement Amendments and Waivers Under the Amalgamation Agreement* below.

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Termination of the Amalgamation Agreement (page 90)

The Validus Amalgamation Agreement may be terminated, at any time prior to the effective time of the amalgamation, by mutual written consent of IPC and Validus, and, subject to certain limitations described in the Validus Amalgamation Agreement, by either IPC or Validus, if any of the following occurs:

a regulatory approval required by the Validus Amalgamation Agreement to be obtained has been denied or any governmental authority has taken any action permanently restraining or prohibiting the amalgamation, and such denial or action has become final and non-appealable (unless the failure to complete the amalgamation by that date is due to a breach by the party seeking to terminate the Validus Amalgamation Agreement);

the amalgamation has not been consummated on or before the later of (x) November 30, 2009 or (y) the date that is five months after the date the Validus Amalgamation Agreement is executed by all parties (unless the failure to complete the amalgamation by that date is due to a breach by the party seeking to terminate the Validus Amalgamation Agreement);

the other party s board of directors has (1) changed its recommendation to its shareholders, (2) failed to include such recommendation in this proxy statement, or (3) with respect to IPC only, materially breached certain of the non-solicitation obligations applicable to it under the Validus Amalgamation Agreement;

the other party has breached a covenant, agreement, representation or warranty that would preclude the satisfaction of certain closing conditions and such breach is not remedied in the 45 days following written notice to the breaching party or is not capable of being so remedied;

the Validus shareholders have not approved any of the matters for which their approval is solicited for the required Validus vote or the IPC shareholders have not approved and adopted the Validus Amalgamation Agreement and approved the amalgamation at the IPC shareholders meeting;

the other party s good-faith estimate of such party s book value as of the day prior to the requesting party s shareholder meeting indicates that since December 31, 2008, either (1) the other party s book value has declined by more than 50%, or (2) the other party s book value has declined by more than 20 percentage points greater than the decline in the terminating party s book value during the same period (with any increase in a party s book value since December 31, 2008, deemed to be no change for purposes of measuring the 20 percentage point differential).

In addition, Validus may terminate the Validus Amalgamation Agreement if the total number of dissenting IPC Shares for which appraisal rights have been properly exercised in accordance with Bermuda law exceeds 15% of the issued and outstanding IPC Shares on the business day immediately following the last day on which IPC shareholders can require appraisal of their common shares. See *The Amalgamation Agreement Termination of the Amalgamation Agreement*.

Effects of Termination, Remedies (page 91)

If either of the parties terminates the Validus Amalgamation Agreement, the non-terminating party will be required to pay the other a termination fee of $16 million in certain circumstances, as described under *The Amalgamation Agreement Termination of the Amalgamation Agreement Effects of Termination; Remedies* below.

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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 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, 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 following summary is qualified in its entirety by reference to the Validus 10-K and all of the financial information and notes contained in the Validus 10-K. See *Where You Can Find More Information* on page 104.

	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	$ 1,362,484	$ 988,637	$ 540,789	$
Reinsurance premiums ceded	(124,160)	(70,210)	(63,696)	
Net premiums written	1,238,324	918,427	477,093	
Change in unearned premiums	18,194	(60,348)	(170,579)	
Net premiums earned	1,256,518	858,079	306,514	
Net investment income	139,528	112,324	58,021	2,032
Realized gain on repurchase of debentures	8,752			
Net realized gains (losses) on investments	(1,591)	1,608	(1,102)	39
Net unrealized gains on investments(2)	(79,707)	12,364		
Other income	5,264	3,301		
Foreign exchange gains (losses)	(49,397)	6,696	2,157	
Total revenues	1,279,367	994,372	365,590	2,071
Expenses				
Losses and loss expenses	772,154	283,993	91,323	
Policy acquisition costs	234,951	134,277	36,072	
General and administrative expenses(1)	123,948	100,765	38,354	2,367
Share compensation expenses	27,097	16,189	7,878	290
Finance expenses	57,318	51,754	8,789	
Fair value of warrants issued		2,893	77	49,122
Total expenses	1,215,468	589,871	182,493	51,779
Net income before taxes	63,899	404,501	183,097	(49,708)
Taxes	(10,788)	(1,505)		

Net income (loss)	53,111	402,996	183,097	(49,708)
Comprehensive income (loss)				
Unrealized gains arising during the period(2)			(332)	144
Foreign currency translation adjustments	(7,809)	(49)		
Adjustment for reclassification of losses realized in income			1,102	(39)
Comprehensive income (loss)	$ 45,302	$ 402,947	$ 183,867	$ (49,603)

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	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)			
Earnings per share(3)				
Weighted average number of common shares and common share equivalents outstanding				
Basic	74,677,903	65,068,093	58,477,130	58,423,174
Diluted	75,819,413	67,786,673	58,874,567	58,423,174
Basic earnings per share	$ 0.62	$ 6.19	$ 3.13	$ (0.85)
Diluted earnings per share	$ 0.61	$ 5.95	$ 3.11	$ (0.85)
Cash dividends per share	$ 0.80	$	$	$
Selected financial ratios				
Losses and loss expenses ratio(4)	61.5%	33.1%	29.8%	
Policy acquisition cost ratio(5)	18.7%	15.6%	11.8%	
General and administrative expense ratio(6)	12.0%	13.3.%	15.1%	
Expense ratio(7)	30.7%	28.9%	26.9%	
Combined ratio(8)	92.2%	62.0%	56.7%	
Return on average equity(9)	2.7%	26.9%	17.0%	NM

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

	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	$ 2,831,537	$ 2,662,021	$ 1,376,387
Cash and cash equivalents	449,848	444,698	63,643
Total assets	4,322,480	4,144,224	1,646,423
Reserve for losses and loss expenses	1,305,303	926,117	77,363
Unearned premiums	539,450	557,344	178,824
Junior subordinated deferrable debentures	304,300	350,000	150,000
Total liabilities	2,383,746	2,209,424	453,900
Total shareholders equity	1,938,734	1,934,800	1,192,523
Book value per common share(10)	25.64	26.08	20.39
Diluted book value per common share(11)	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. Our Advisory Agreement with Aquiline terminated upon completion of our IPO, in connection with which Validus recorded general and administrative expense of $3,000,000 in the year ended December 31, 2007.

(2) Validus has early 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 has 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 123R 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 one 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 loss 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 Aquiline termination fee 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 loss ratio, the policy acquisition cost ratio and the general and administrative expense ratio.

(9) 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 out-standing (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 10-K.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF IPC

The following disclosure is taken from IPC s annual report on Form 10-K for the year ended December 31, 2008, 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 IPC s annual report on Form 10-K for the year ended December 31, 2008. 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 IPC s annual report on Form 10-K for the year ended December 31, 2008, 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 104.

	Year Ended December 31,				
	2008	2007	2006	2005	2004
	(In thousand, except per share amounts)				
Statement of Income (Loss) Data:					
Gross premiums written	$ 403,395	$ 404,096	$ 429,851	$ 472,387	$ 378,409
Net premiums earned	387,367	391,385	397,132	452,522	354,882
Net investment income	94,105	121,842	109,659	71,757	51,220
Net (losses) gains on investments	(168,208)	67,555	12,085	(10,556)	5,946
Other income	65	1,086	3,557	5,234	4,296
Net loss and loss adjustment expenses incurred	155,632	124,923	58,505	1,072,662	215,608
Net acquisition costs	36,429	39,856	37,542	39,249	37,682
General and administrative expenses	26,314	30,510	34,436	27,466	23,151
Interest expense	2,659				
Net foreign exchange loss (gain)	1,848	1,167	(2,635)	2,979	1,290
Net income (loss)	$ 90,447	$ 385,412	$ 394,585	$ (623,399)	$ 138,613
Preferred dividend	14,939	17,128	17,176	2,664	
Net income (loss), available to common	$ 75,508	$ 368,284	$ 377,409	$ (626,063)	$ 438,613

shareholders					
Net income (loss) per common share(1)	$ 1.45	$ 5.53	$ 5.54	$ (12.30)	2.87
Weighted average shares outstanding(1)	59,301,939	69,728,229	71,212,287	50,901,296	48,376,865
Cash dividend per common share	$ 0.88	$ 0.80	$ 0.64	$ 0.88	$ 0.88
Other Data:					
Loss and loss adjustment expense ratio(2)	40.2%	31.9%	14.7%	237.0%	60.8%
Expense ratio(2)	16.2%	18.0%	18.1%	14.8%	17.1%
Combined ratio(2)	56.4%	49.9%	32.8%	251.8%	77.9%
Return on average equity(3)	4.2%	20.1%	24.0%	(38.0)%	8.6%

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	Year Ended December 31,				
	2008	2007	2006	2005	2004
	(In thousand, except per share amounts)				
Balance Sheet Data (at end of period):					
Total cash and investments	$ 2,235,187	$ 2,473,244	$ 2,485,525	$ 2,560,146	$ 1,901,094
Reinsurance premiums receivable	108,033	91,393	113,811	180,798	85,086
Total assets	2,388,688	2,627,691	2,645,429	2,778,281	2,028,290
Reserve for losses and loss adjustment expenses	355,893	395,245	548,627	1,072,056	274,463
Unearned premiums	85,473	75,980	80,043	66,311	68,465
Total liabilities	537,741	501,946	654,474	1,161,881	359,851
Total shareholders equity	$ 1,850,947	$ 2,125,745	$ 1,990,955	$ 1,616,400	$ 1,668,439
Diluted book value per common share(4)	$ 32.85(5)	$ 32.42	$ 27.94	$ 22.26	$ 34.44

(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 its annual report on Form 10-K for the year ended December 31, 2008 and amended it to $32.85 in the first amendment to the IPC/Max S-4.

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UNAUDITED CONDENSED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

You should read the following unaudited condensed consolidated pro forma financial information in conjunction with the Validus 10-K and IPC s annual report on Form 10-K for the year ended December 31, 2008. The following unaudited condensed consolidated pro forma financial information for the year ended December 31, 2008 is intended to provide you with information about how the Acquisition of IPC might have affected the historical financial statements of Validus if the Acquisition had been consummated as of December 31, 2008. For a summary of the proposed business combination contemplated by the Acquisition, see the section of this proxy statement entitled *The Acquisition.* The unaudited condensed consolidated pro forma financial 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 following table presents unaudited condensed consolidated pro forma balance sheet data at December 31, 2008 (expressed in thousands of U.S. dollars, except share and per share data).

	Historical Validus Holdings, Ltd.	Historical IPC Holdings, Ltd.	Pro Forma Purchase Adjustments	Notes	Pro Forma Consolidated
Assets					
Fixed maturities, at fair value	$ 2,454,501	$ 1,793,020	$		$ 4,247,521
Short-term investments, at fair value	377,036				377,036
Equity investments, at fair value		365,147			365,147
Cash and cash equivalents	449,848	77,020	(85,000)	3(a)	441,868
Total investments and cash	3,281,385	2,235,187	(85,000)		5,431,572
Premiums receivable	408,259	108,033			516,292
Deferred acquisition costs	108,156	9,341			117,497
Prepaid reinsurance premiums	22,459	2,165			24,624
Securities lending collateral	98,954				98,954
Loss reserves recoverable	208,796	2,771			211,567
Paid losses recoverable	1,388				1,388
Net receivable for investments sold	490				490
Accrued investment income	20,433	27,717			48,150
Current taxes recoverable	1,365				1,365
Intangible assets	127,217				127,217
Goodwill	20,393				20,393

Other assets	23,185	3,474		26,659
Total assets	$ 4,322,480	$ 2,388,688	$ (85,000)	$ 6,626,168

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	Historical Validus Holdings, Ltd.	Historical IPC Holdings, Ltd.	Pro Forma Purchase Adjustments	Notes	Pro Forma Consolidated
Liabilities					
Unearned premiums	$ 539,450	$ 85,473			$ 624,923
Reserve for losses and loss expense	1,305,303	355,893			1,661,196
Reinsurance balances payable	33,042	628			33,670
Deferred taxation	21,779				21,779
Securities lending payable	105,688				105,688
Bank loan payable		75,000			75,000
Accounts payable and accrued expenses	74,184	20,747			94,931
Debentures payable	304,300				304,300
Total liabilities	2,383,746	537,741			2,921,487
Shareholders equity					
Ordinary shares	13,235	561	11,328	3(a), 3(b), 3(c)	25,124
Additional paid-in capital	1,412,635	1,089,002	591,431	3(a), 3(b), 3(c)	3,093,068
Accumulated other comprehensive loss	(7,858)	(876)	876	3(c)	(7,858)
Retained earnings	520,722	762,260	(688,635)	3(a), 3(c), 3(e)	594,347
Total shareholders equity	1,938,734	1,850,947	(85,000)		3,704,681
Total liabilities and shareholders equity	$ 4,322,480	$ 2,388,688	$ (85,000)		$ 6,626,168
Common shares outstanding	75,624,697	55,943,297	67,338,947		142,963,644
Common shares and common share equivalents outstanding	90,091,403	56,440,530	67,937,467		158,028,870
Book value per share	$ 25.64	$ 33.09		7	$ 25.91
Diluted book value per share	$ 23.78	$ 32.79		7	$ 24.73
Diluted tangible book value per share	$ 22.14	$ 32.79			$ 23.80

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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):

	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(d)	$ 1,765,628
Reinsurance premiums ceded	(124,160)	(6,122)	251	3(d)	(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	(2,438)	3(a)	231,195
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 gains (losses)	(49,397)	(1,848)			(51,245)
Total revenues	1,279,367	311,481	(2,438)		1,588,410
Expenses					
Losses and loss expense	772,154	155,632			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	(2,438)		151,908
Income tax expense	(10,788)				(10,788)
Income before taxes	**$ 53,111**	**$ 90,447**	**$ (2,438)**		**$ 141,120**
Preferred dividend and warrant dividend	6,947	14,939	(14,939)	3(f)	6,947
Net income available to common shareholders	**$ 46,164**	**$ 75,508**	**$ 12,501**		**$ 134,173**

Earnings per share								
Weighted average number of common shares and common share equivalents outstanding								
Basic		74,677,903		52,124,034	67,338,947			142,016,850
Diluted		75,819,413		59,301,939	67,937,467			143,756,880
Basic earnings per share	$	0.62	$	1.45		6	$	0.94
Diluted earnings per share	$	0.61	$	1.45		6	$	0.93

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 proposed Acquisition as if it had occurred at December 31, 2008 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 statement of operations for the year ended December 31, 2008. 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 December 31, 2008 and the unaudited condensed consolidated pro forma statement of operations for the year ended December 31, 2008 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) 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 from the IPC 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

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)

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 Validus Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the Securities and Exchange Commission.

2. Recent Accounting Pronouncements

In December 2007, the FASB issued Statement No. 141(R), Business Combinations (FAS 141(R)) which is 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 and impacting these pro forma financial statements include the determination of the purchase price, treatment of transaction expenses, restructuring costs and negative goodwill as follows:

Purchase Price Previously, the date the business combination was announced could be used as the effective date in determining the 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;

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

Restructuring Costs 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. 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, and therefore included as transaction costs, are those for which an acquirer is obligated at the time of the closing; and

Negative Goodwill/Bargain Purchases Previously, if the total fair value of net assets acquired (assets less liabilities assumed) exceeded the consideration paid, there was a pro rata reduction of the assets assumed to allow the net assets acquired to equal the consideration paid. Under FAS 141(R), instead of allocating this negative goodwill to reduce the carrying value of assets assumed, the acquirer will book a gain as a result of the bargain purchase, to be recognized through the income statement at the close of the transaction.

3. Purchase adjustments

On March 31, 2009, Validus announced that it delivered an offer letter (the Offer Letter) to the Board of Directors of IPC Holdings, Ltd. (IPC) pursuant to which Validus and IPC would amalgamate (the Amalgamation) in a share-for-share exchange valuing IPC Shares at an 18.0% premium to IPC s closing market price on March 30, 2009, subject to the terms and conditions set forth in the Offer Letter and in an Agreement and Plan of Amalgamation (the Amalgamation Agreement) that was signed by Validus and delivered to IPC with the Offer Letter.

Validus proposed an amalgamation with IPC at an exchange ratio of 1.2037 Validus Shares per outstanding IPC Share, providing a value per IPC Share of $29.98 or an 18.0% premium to IPC s closing share price as of March 30, 2009 (the date immediately preceding the deliverance of the Offer Letter).

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)

The Board of Directors of Validus has unanimously approved the submission of its offer and the delivery of the signed Amalgamation Agreement so that, upon a termination of IPC s Agreement and Plan of Amalgamation with Max Capital Group Ltd., dated as of March 1, 2009 and amended as of March 5, 2009 (the Max Plan of Amalgamation), IPC will be able to sign the Amalgamation Agreement with the certainty of an agreed transaction. Validus 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. As of the date of this proxy statement, we have not withdrawn our offer, but have reserved the right to do so.

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. In connection with the IPC Acquisition, transaction costs currently estimated at $35,000 will be incurred and expensed. Of this amount, $15,000 relates to Validus expenses as set forth in The Amalgamation 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 IPC s Agreement and Plan of Amalgamation with Max Capital Group Ltd., a break-up fee of $50,000 (the Max Termination Fee) will be incurred and expensed.

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 December 31, 2008 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.

The share prices for both Validus and IPC used in determining the preliminary estimated purchase price are based on the closing share prices on March 30, 2009 (the date immediately preceding the deliverance of the Offer Letter). The preliminary total purchase price is calculated as follows:

Calculation of Total Purchase Price

IPC common shares outstanding as of February 23, 2009		55,943,297
IPC Shares issued pursuant to option exercises		3,818
IPC Shares issued following vesting of restricted shares, RSUs and PSUs		493,415
Total IPC common shares prior to transaction		56,440,530
Exchange ratio		1.2037
Total Validus common shares to be issued		67,937,467
Validus closing share price on March 30, 2009	$	24.91
Total purchase price(a)	$	1,692,322

The allocation of the purchase price is as follows:

Allocation of Purchase Price

IPC shareholders equity(b)	$	1,850,947
Total purchase price	$	1,692,322
Negative goodwill (a b)	$	158,625

(a) In connection with the IPC Acquisition, 67,937,467 shares are expected to be issued resulting in additional share capital of $11,889 and Additional Paid-In Capital of $1,680,433.

In addition, transaction costs currently estimated at $35,000 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%, investment income of $2,438 would have been foregone during 2008 had these payments been made.

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)

(b) Employees of IPC hold 526,000 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 $34.31. It is expected that 3,818 net shares would be issued upon exercise of these options.

(c) Elimination of IPC s Ordinary Shares of $561, Additional Paid in Capital of $1,089,002, Accumulated Other Comprehensive Loss of $876 and Retained Earnings of $762,260.

(d) A related party balance of $251 representing reinsurance ceded to IPC by Validus was eliminated from gross premiums written and reinsurance ceded. These policies were fully earned and expensed respectively at year end and had no other effect on the pro forma financial statements.

(e) 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 acquisition-date fair value of the identifiable net assets acquired 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 $158,625 has been recorded as a credit to retained earnings as upon completion of the amalgamation negative goodwill will be treated as a gain in the consolidated statement of operations.

(f) 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.

4. Gross Premiums Written

The following table sets forth the gross premiums written 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

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Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)

Validus Re	Validus	IPC(a)	Purchase Adjustments	Combined
Talbot				
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
Intersegment revenue				
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.

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

5. Selected ratios

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

	Validus	IPC	Pro Forma combined

Losses and loss expenses ratios	61.5%	40.2%	56.4%
Policy acquisition costs ratios	18.7	9.4	16.5
General and administrative cost ratios	12.0	6.8	10.4
Combined ratio	92.2%	56.4%	83.4%

(a) Factors affecting the Validus 2008 Loss Ratio

The loss 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 loss 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 loss ratio, respectively. Other notable loss events added $45,895 of 2008 loss expense or 3.7 percentage points of the loss ratio bringing the

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Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)

total effect of aforementioned events on the 2008 loss ratio to 26.2 percentage points. Favorable loss development on prior years totaled $69,702. Favorable loss reserve development benefited Validus loss ratio for the year ended December 31, 2008 by 5.5 percentage points.

(b) Factors affecting the IPC 2008 Loss Ratio

The data in the following paragraph is taken from Management s Discussion and Analysis of Financial Condition and Results of Operations contained in IPC s Annual Report on Form 10-K for the year ended December 31, 2008. 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 loss 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 loss 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 loss ratio for the year ended December 31, 2008 by 13.5 percentage points.

6. Earnings per Common Share

(a) Pro forma earnings per common share for the year ended December 31, 2008 has been calculated based on the estimated weighted average number of common shares outstanding on a pro forma basis, as described in 6(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.

(b) The pro forma weighted average number of common shares outstanding for the year ended December 31, 2008, after giving effect to the exchange of shares as if the acquisition shares had been issued and outstanding for the whole year, is 142,016,850 and 143,756,880, basic and diluted, respectively.

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)

(c) 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	$ 134,173
Weighted average shares basic ordinary shares outstanding	74,677,903	142,016,850
Share equivalents		
Warrants		
Restricted Shares	1,004,809	1,598,733
Options	136,701	141,297
Weighted average shares diluted	75,819,413	143,756,880
Basic earnings per share	$ 0.62	$ 0.94
Diluted earnings per share	$ 0.61	$ 0.93

7. 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.

Validus Holdings, Ltd.

Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)

The following table sets forth the computation of book value and diluted book value per share adjusted for the Amalgamation:

	Historical Validus Holdings	Pro Forma Consolidated
Book value per common share calculation		
Total shareholders equity	$ 1,938,734	$ 3,704,681
Shares	75,624,697	142,963,644
Book value per common share	$ 25.64	$ 25.91
Diluted book value per common share calculation		
Total Shareholders equity	$ 1,938,734	$ 3,704,681
Proceeds of assumed exercise of outstanding warrants	$ 152,315	$ 152,316
Proceeds of assumed exercise of outstanding stock options	$ 51,043	$ 51,043
Unvested restricted shares		
	$ 2,142,093	$ 3,908,040
Shares	75,624,697	142,963,644
Warrants	8,680,149	8,680,149
Options	2,799,938	2,804,534
Unvested restricted shares	2,986,619	3,580,543
	90,091,403	158,028,870
Diluted book value per common share	$ 23.78	$ 24.73

8. Capitalization

The following table sets forth the computation of debt to total capitalization and debt (excluding debentures payable) to total capitalization, adjusted for the Amalgamation:

	Historical Validus Holdings	Pro Forma Consolidated
Total debt		
Bank loan payable	$	$ 75,000
Borrowings drawn under credit facility		
Debentures payable	304,300	304,300

Total debt	$ 304,300	$ 379,300
Total capitalization		
Total shareholders equity	$ 1,938,734	$ 3,704,681
Bank loan payable		75,000
Borrowings drawn under credit facility		
Debentures payable	304,300	304,300
Total capitalization	$ 2,243,034	$ 4,083,981
Total debt to total capitalization	13.6%	9.3%
Debt (excluding debentures payable) to total capitalization	0.0%	1.8%

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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. 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. 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 period indicated. The unaudited pro forma data is not necessarily indicative of future operations of Validus.

	Historical Validus	Historical IPC	Validus Pro forma	Equivalent Per IPC Share(2)
	(For The Year Ended December 31, 2008)			
Basic earnings per common share	$ 0.62	$ 1.45	$ 0.94	$ 1.13
Diluted earnings per common share(1)	$ 0.61	$ 1.45	$ 0.93	$ 1.12
Cash dividends declared per common share	$ 0.80	$ 0.88	$ 0.80	$ 0.96
Book value per common share (at period end)	$ 25.64	$ 33.00	$ 25.91	$ 31.19
Diluted book value per common share	$ 23.78	$ 32.85(3)	$ 24.73	$ 29.77

(1) Anti-dilution provisions apply to 2008. There is no effect of stock-based compensation and preference shares because they are anti-dilutive.

(2) Equivalent per share amounts are calculated by multiplying Validus pro forma per share amounts by the exchange ratio of 1.2037.

(3) IPC reported diluted book value per common share as $33.07 in its annual report on Form 10-K for the year ended December 31, 2008 and amended it to $32.85 in the amendment to the IPC/Max S-4.

COMPARATIVE MARKET PRICE AND DIVIDEND INFORMATION

Validus and IPC s common 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 common shares and IPC common 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, 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 [ ], 2009)	$	$	N/A	$	$	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 common shares and IPC common shares on March 30, 2009, the last full trading day before Validus announcement of delivery of the Validus Amalgamation Offer to the board of directors of IPC, and , 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	$ 29.98
, 2009	$	$	$

Equivalent per-share amounts are calculated by multiplying Validus per-share amounts by the exchange ratio of 1.2037.

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FORWARD-LOOKING STATEMENTS

This proxy statement may include forward-looking statements, both with respect to Validus and its industry, that reflect Validus 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 f nature 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. Validus believes 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; 2) uncertainty as to the long-term value of Validus common shares; 3) unpredictability and severity of catastrophic events; 4) rating agency actions; 5) adequacy of Validus or IPC s risk management and loss limitation methods; 6) cyclicality of demand and pricing in the insurance and reinsurance markets; 7) Validus limited operating history; 8) Validus ability to implement its business strategy during soft as well as hard markets; 9) adequacy of Validus or IPC s loss reserves; 10) continued availability of capital and financing; 11) retention of key personnel; 12) competition; 13) potential loss of business from one or more major insurance or reinsurance brokers; 14) 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; 15) general economic and market conditions (including inflation, volatility in the credit and capital markets, interest rates and foreign currency exchange rates); 16) the integration of Talbot or other businesses we may acquire or new business ventures Validus may start; 17) the effect on Validus or IPC s investment portfolios of changing financial market conditions including inflation, interest rates, liquidity and other factors; 18) acts of terrorism or outbreak of war; 19) availability of reinsurance and retrocessional coverage; 20) 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 21) 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 Validus 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, Validus or its business or operations. Except as required by law, Validus undertakes 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 Share Issuance Proposal and the Adjournment Proposal. Each proposal is described in this proxy statement under* Proposals to Be Submitted to Validus Shareholders Vote; Voting Requirements and Recommendations *beginning on page 97. 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 Acquisition, 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 Validus Amalgamation Offer

The Validus Amalgamation Offer remains subject to conditions that Validus cannot control.

The Validus Amalgamation Offer is subject to a number of conditions, including the termination of the Max Amalgamation Agreement, receipt of regulatory approvals, receipt of amendments or waivers under Validus and IPC s credit facilities and the approval of the amalgamation by IPC s shareholders. There are no assurances that all of the conditions to the Validus Amalgamation Offer will be satisfied. If the conditions to the Validus Amalgamation Offer are not met, the ongoing business of Validus may be adversely affected as follows:

- the attention of management of Validus will have been diverted to the Validus Amalgamation Offer instead of being directed solely to Validus own operations and pursuit of other opportunities that could have been beneficial to Validus;

- Validus will have to pay certain costs relating to the Validus Amalgamation Offer, including certain legal, accounting and financial and capital market advisory fees.

Risks Related to the Acquisition

Failure to complete the Amalgamation could negatively impact Validus.

The Validus Amalgamation Agreement has not yet been signed by IPC and contains a number of conditions precedent that must be satisfied or waived prior to the consummation of the amalgamation. In addition, the Validus Amalgamation Agreement may be terminated under certain circumstances. In addition to customary termination provisions contained in agreements of this nature, Validus may terminate the Validus Amalgamation Agreement if the total number of dissenting IPC Shares for which appraisal rights have been exercised pursuant to Bermuda law exceeds 15% of the issued and outstanding IPC Shares on the business day immediately following the last day on which IPC shareholders can require appraisal for their common shares. See *The Amalgamation Agreement Termination of the Amalgamation Agreement* on page 90 for a complete description of the circumstances under which the Validus Amalgamation Agreement can be terminated.

If the amalgamation agreement is signed by IPC but the amalgamation is not completed, the ongoing business of Validus may be adversely affected as follows:

the attention of management of Validus will have been diverted to the amalgamation instead of being directed solely to Validus own operations and pursuit of other opportunities that could have been beneficial to Validus;

Validus will have to pay certain costs relating to the amalgamation, including certain legal, accounting and financial advisory fees; and

Validus may be required, in certain circumstances, if the amalgamation agreement is signed by IPC, to pay a termination fee of $16 million to IPC.

Validus may waive one or more of the conditions to the Acquisition without resoliciting or seeking additional shareholder approval for the Share Issuance.

Each of the conditions to Validus obligations to complete the Acquisition, may be waived, in whole or in part by Validus. The board of directors of Validus will evaluate the materiality of any such waiver to determine whether resolicitation of proxies is necessary or, if shareholder approval of the Share Issuance has been received, whether further shareholder approval is necessary. In the event that any such waiver is not determined to be significant enough to require resolicitation or additional approval of shareholders, the Acquisition may be consummated without seeking further shareholder approval of the Share Issuance.

A termination of the Max Amalgamation Agreement 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 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 a business combination with Validus or the Acquisition is completed.

If the Validus Amalgamation Agreement is signed by IPC, potential payments made to dissenting IPC shareholders in respect of their rights to appraisal of their shares could exceed the amount of consideration otherwise due to them under the terms of the Validus Amalgamation Agreement.

Any IPC shareholder may apply, within one month after the date of giving of notice convening an IPC special meeting in connection with the Validus Amalgamation Offer, for an appraisal of the fair value of its IPC Shares. Unless Validus has terminated the Validus Amalgamation Agreement because the number of dissenting shares is greater than 15% of the issued and outstanding IPC Shares (see *The Amalgamation Agreement Termination of the Amalgamation Agreement Termination* on page 90), then Validus may be required to pay the fair value appraised by the court to such dissenting shareholder. Any such payments may have a material adverse effect on Validus business, financial condition and operating results.

Risks Related to Validus Following the Acquisition

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

If the Acquisition 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 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 common shares after the Acquisition.

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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 Acquisition 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 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 Acquisition, 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.

In addition, the Acquisition may also permit a counter-party to an agreement with IPC to terminate that agreement because completion of the Acquisition 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 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 Acquisition 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 Acquisition.

The Acquisition 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 its common shares.