VALIDUS HOLDINGS LTD
Form PREM14A
April 16, 2009

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PRELIMINARY PROXY STATEMENT DATED APRIL 16, 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

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

þ Preliminary Proxy Statement

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

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to § 240.14a-12

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

Payment of Filing Fee (Check the appropriate box):

o No fee required.

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

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

Common Shares, $0.175 par value per share

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

68,566,016

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

Solely for the purpose of calculating the registration fee, the underlying value of the transactions was calculated as the product of (i) 56,962,712 IPC Holdings, Ltd. common shares (the sum of (x) 55,943,297 IPC Holdings, Ltd. common shares outstanding as of February 23, 2009 (as reported in IPC Holdings, Ltd. Annual Report on Form 10-K for the fiscal year ended December 31, 2008) and (y) 1,019,415 IPC Holdings, Ltd. common shares issuable upon the exercise or vesting of outstanding options, restricted common shares, restricted share units and performance share units as of December 31, 2008 (as reported in the IPC Holdings, Ltd. Annual Report on Form 10-K for the fiscal year ended December 31, 2008)), and (ii) the average of the high and low sales prices of IPC Holdings, Ltd. common shares as quoted on the NASDAQ Global Select Market on April 14, 2009 ($26.51).

(4) Proposed maximum aggregate value of transaction:

$1,510,081,495.12

(5) Total fee paid:

$84,262.55 (based upon the product of $1,510,081,495.12 and the fee rate of $55.80 per million dollars set forth in the Fee Rate Advisory #5 for Fiscal Year 2009)

o Fee paid previously with preliminary materials.

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

(1) Amount previously paid:

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

(3) Filing party:

(4) Date filed:

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PRELIMINARY PROXY STATEMENT DATED APRIL 16, 2009 SUBJECT TO COMPLETION

19 Par-La-Ville Road
Hamilton HM11
Bermuda

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

, 2009

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

to approve the issuance of Validus voting common shares, par value $0.175 per share, which we refer to as the *Validus Shares* in connection with the acquisition of all of the outstanding shares of IPC Holdings, Ltd., pursuant to the amalgamation agreement (as defined below) or otherwise, which we refer to as the *share issuance* ; 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, which we refer to as an *adjournment proposal*.

On March 31, 2009, Validus publicly announced that it had delivered a binding offer to IPC presenting a proposal, which we refer to as the *Validus Offer*, for the amalgamation of Validus and IPC, which we refer to as the *amalgamation*, whereby each IPC common share would be exchanged for 1.2037 Validus Shares. In connection with the delivery of the Validus Offer to IPC, Validus delivered a signed amalgamation agreement that would be binding on Validus upon countersignature by IPC, which we refer to as the *amalgamation agreement*.

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 or brokerage firm, 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 75 in the accompanying proxy statement for more information.

By Order of the Board of Directors,
Lorraine Dean
Secretary

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PRELIMINARY COPY SUBJECT TO COMPLETION, DATED APRIL 16, 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, which we refer to as 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., which we refer to as *Validus*, to be voted at a special meeting of shareholders, which we refer to as 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 in connection with the acquisition of all of the outstanding shares of IPC Holdings, Ltd., pursuant to the amalgamation agreement (as defined below) or otherwise, which we refer to as the *share issuance* ; 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, which we refer to as an *adjournment proposal*.

On March 1, 2009, IPC Holdings, Ltd., which we refer to as *IPC*, entered into an Agreement and Plan of Amalgamation, as amended on March 5, 2009, among Max Capital Group Ltd., which we refer to as *Max*, IPC and IPC Limited, which we refer to as 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, which we refer to as the *Proposed Max Amalgamation.* On March 27, 2009, IPC filed a Registration Statement on Form S-4 with the Securities and Exchange Commission, which we refer to as the *SEC.* On April 13, 2009, IPC filed Amendment No. 1 to the IPC/Max S-4 with the SEC. We refer to such Registration Statement and Amendment collectively as the *IPC/Max S-4*.

On March 31, 2009, Validus publicly announced that it had delivered a binding offer to IPC presenting a proposal, which we refer to as the *Validus Offer*, for the amalgamation of Validus and IPC, which we refer to as the *amalgamation*, whereby each IPC common share would be exchanged for 1.2037 Validus Shares. In connection with the delivery of the Validus Offer to IPC, Validus delivered a signed amalgamation agreement that would be binding on Validus upon countersignature by IPC, which we refer to as the *amalgamation agreement*. IPC announced on April 7, 2009 that its board of directors determined that the Validus Offer does not constitute a superior proposal under the terms of the Max Amalgamation Agreement and reaffirmed its support of the Proposed Max Amalgamation. As of March 31, 2009, the Validus Offer had a value of $29.98 per IPC common share, or approximately $1.68 billion in the aggregate, which represented an 18% premium to the closing market price of the IPC common shares on March 30, 2009, the day prior to Validus announcement of the Validus Offer, and a 24% premium over $24.26, which was the average closing price of IPC common shares between March 2, 2009, the day IPC and Max announced the Proposed Max Amalgamation, and March 30, 2009, the last trading day before Validus announced the Validus Offer.

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Validus continues to be fully committed to its binding offer, and intends to solicit proxies from IPC shareholders against the Proposed Max Amalgamation and to take other actions it deems necessary to lead to a consummation of the acquisition of all of the outstanding shares of IPC, by amalgamation or otherwise. Validus is soliciting proxies from holders of Validus Shares at the Validus special meeting in order to be able to issue the shares to IPC shareholders. 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 amalgamation agreement or otherwise but based on an exchange ratio no less favorable to Validus shareholders than the exchange ratio set forth in the amalgamation agreement. 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.

Assuming closing of the acquisition of all of the outstanding shares of IPC, by amalgamation or otherwise, based on Validus and IPC s capitalization as of December 31, 2008 and the exchange ratio of 1.2037, Validus would issue approximately 67,338,947 Validus Shares in connection with the acquisition in exchange for IPC s outstanding common shares, resulting in IPC shareholders owning approximately 43% of the issued and outstanding 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, which we refer to as the *NYSE,* under the symbol VR. The closing price of a Validus common share on the NYSE on April 14, 2009 was $22.65. IPC common shares, which are currently quoted on the Nasdaq Global Select Market, which we refer to as *Nasdaq*, under the symbol IPCR and the Bermuda Stock Exchange under the symbol IPCR BH, would be delisted upon completion of the amalgamation. The closing price of an IPC common share on Nasdaq on April 14, 2009 was $25.99.

Validus board of directors has unanimously adopted the amalgamation agreement and authorized the share issuance and deems it fair, advisable and in the best interests of Validus and its shareholders to consummate the share issuance and the other transactions contemplated by the amalgamation agreement. 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 directors and those shareholders which we refer to as our Qualified Sponsors 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 and 57.4% of the economic interests relating to all outstanding common shares of Validus, including the non-voting common shares.

This proxy statement provides Validus shareholders with detailed information about the Validus special meeting and the proposed 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 31.**

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 or brokerage firm. If you do not receive such instructions, you may request them from that firm.

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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 document. Any representation to the contrary is a criminal offense.

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

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SOURCES OF ADDITIONAL INFORMATION

This proxy statement includes information also set forth in documents filed by Validus and IPC with the SEC, and those documents include information about each company 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. Accordingly, Validus does not take any responsibility for the accuracy or completeness of such information or for any failure by IPC to disclose events that may have occurred and may affect the significance or accuracy of any such information.

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 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.

In this proxy statement, we refer to the Securities Act of 1933, as amended, as the "*Securities Act* and the Securities Exchange Act of 1934, as amended, as the *Exchange Act.*

See *Where You Can Find More Information* on page 87.

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QUESTIONS AND ANSWERS ABOUT THE AMALGAMATION 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. We encourage you to read this entire document carefully.

Q: When and where is the Validus special meeting?

A: The Validus Special Meeting of Shareholders, which we refer to as the *Validus special meeting*, will take place at , Atlantic Time, on , 2009, at 19 Par-La-Ville Road, Hamilton HM11, Bermuda.

Q: What is happening at the Validus special meeting?

A: At the Validus special meeting, Validus shareholders will be asked:

- to approve the issuance of Validus Shares in connection with the acquisition of all of the outstanding shares of IPC, pursuant to the amalgamation agreement or otherwise, which we refer to as the *share issuance* ; and

- to approve the adjournment of the shareholder meeting for the solicitation of additional proxies in favor of the above proposal, which we refer to as an *adjournment 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 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 amalgamation agreement 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 will happen in the amalgamation?

A: If the amalgamation agreement is signed by IPC, if Validus shareholders approve the share issuance, if IPC shareholders adopt the amalgamation agreement and approve the amalgamation, and all other conditions to the amalgamation have been satisfied or waived, on the date the amalgamation is consummated, which we refer to as the *closing date* or *closing,* 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 amalgamation agreement. Pursuant to the amalgamation agreement, after the effective time of the amalgamation, which we refer to as the *effective time*, 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. 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, which we refer to as 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 Amalgamation Reasons Why Validus Board of Directors Recommends Approval of the Share Issuance*, Validus board of directors believes that the acquisition will represent a compelling combination and excellent strategic fit that will be able to better capitalize on opportunities in the global reinsurance market. In addition, Validus board of directors believes that a combination of Validus and IPC will create a larger entity that will bring Validus the benefits of additional client penetration, greater scale and greater market position as a leading Bermuda short-tail focused global underwriter. Please see *The Amalgamation Reasons Why Validus Board of Directors Recommends Approval of the Share Issuance* on page 46 for more information.

Q: What will IPC shareholders receive in the acquisition?

A: Under the terms of the amalgamation agreement, each outstanding IPC common 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 properly exercised pursuant to Bermuda law, and including any shares held by Validus) would be cancelled and converted into the right to receive 1.2037 Validus Shares upon closing of the amalgamation. We refer to this fraction of a Validus Share as the *exchange ratio*. IPC shareholders would not receive any fractional Validus Shares in the amalgamation. Instead, IPC shareholders would be paid cash in lieu of the fractional share interest to which such shareholders would otherwise be entitled as described under *The Amalgamation Agreement Amalgamation Consideration* below. We refer to the exchange ratio and the cash in lieu of fractional shares as the *amalgamation consideration*.

Q: Will the Validus Shares be issued if the Amalgamation Agreement is not signed by IPC?

A: We are still hopeful that IPC s board will recognize that the Validus Offer is a Superior Proposal as defined in the Max Amalgamation Agreement and they will sign the amalgamation agreement with Validus after the Max Amalgamation Agreement is terminated. However, Validus may also seek to accomplish the acquisition of the IPC shares through other means.

Q: Will the amalgamation agreement signed by IPC be the exact form attached hereto as Annex A?

A: Validus delivered the 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 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 amalgamation. These efforts will necessitate certain updates to the form of 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 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 are the closing conditions set forth in the amalgamation agreement?

A: The closing of the amalgamation would be subject to customary closing conditions under the amalgamation agreement, including IPC shareholder approval, approval by Validus and IPC s banking syndicates and receipt of certain other regulatory approvals. Please see *The Amalgamation Agreement Conditions to the Amalgamation* on page 68.

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

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

Q: How will Validus be managed after the amalgamation?

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

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 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.

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

A: Yes. Validus board of directors, taking into consideration the reasons discussed under *The Amalgamation Reasons Why Validus Board of Directors Recommends Approval of the Share Issuance*, unanimously adopted the 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 amalgamation agreement, to acquire all of the outstanding shares of IPC and to consummate the share issuance and the other transactions contemplated by the amalgamation agreement. **Validus board of directors recommends that Validus shareholders vote FOR the matters submitted on the Validus proxy card.**

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

A: All of the officers and directors and those shareholders which we refer to as our Qualified Sponsors 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 and 57.4% of the economic interests relating to all outstanding common shares of Validus, including the non-voting common shares.

Q: Will any other matters be voted on?

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, which we refer to as 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 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. 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, 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 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.

Q: What do I need to do now?

A: Validus urges you to read carefully this proxy statement, including its annexes and the documents incorporated by reference herein. You also may want to review the documents referenced under *Where You Can Find More Information* on page 87 and consult with your accounting, legal and tax advisors.

Q: What is a quorum?

A: A quorum is the minimum number of our common shares that must be represented at a duly called meeting in person or by proxy in order to legally conduct business at the meeting. 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 fifty percent (50%) of the total issued Validus Shares throughout the meeting.

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 shareholder 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.

Q: What if a quorum is not present at the Validus special meeting?

A. If a quorum is not present at the scheduled time of the Validus special meeting, we may adjourn the meeting with the vote of the shareholders. If we propose to have the shareholders vote whether to adjourn the meeting, the proxyholders will exercise their discretion to vote all shares for which they have authority in favor of the adjournment.

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

A: If your shares are registered directly in your name 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 by Validus. 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 or vote using the ballot provided at the meeting. Most shareholders of Validus hold their shares through a broker, bank 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 broker, bank or other nominee together with a voting instruction card. 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 legal proxy from the broker, bank or other nominee that holds your shares, 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.

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

A: Whether you are the shareholder of record or hold your shares in street name, you may direct your vote without attending the Validus special meeting by completing and mailing your proxy card or voting instruction card in the enclosed pre-paid envelope. In addition, if you are the registered 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 registered 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 your shares are held in street name, your voting instruction card may contain instructions from your broker, bank or nominee that allow you to vote your shares using the Internet or by telephone. Please consult with your broker, bank or nominee if you have any questions regarding the electronic 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 a shareholder of record or a beneficial owner as of the close of business on , 2009, or you hold a valid proxy for the Validus special meeting. 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, you should provide 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 card provided by your broker, bank or other nominee, or other similar evidence of ownership as of the record date, as well as your photo identification, for admission. If you do not provide photo identification or comply with the other procedures outlined above upon request, you will 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 or brokerage firm, 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 do not provide your bank or broker with instructions on how to vote your street name shares, your bank or broker will generally not be permitted to vote them unless your bank or broker already has discretionary authority to vote such street name shares. Also, if your bank or broker has indicated on the relevant proxy that it does not have discretionary authority to vote such street name shares, your bank or broker 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 entitled to vote with respect to any matter presented at the respective meeting, but will be counted for purposes of establishing a quorum, *provided* that your broker, bank 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 shareholder 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 or broker will generally not have discretionary authority to vote your shares, you generally must provide your bank or broker 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 or broker holds your shares and you attend the special meeting in person, you should bring a letter from your bank or broker 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 shareholder 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 the address on the first page of this proxy statement 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 *How do I vote my shares if I am a shareholder of record?* 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 may change your vote by submitting new voting instructions to your broker, bank or other nominee or, if you have obtained a legal proxy from your broker, bank or other nominee 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 proposed acquisition, you should contact Georgeson Inc. 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

If you would like additional copies of this proxy statement, or if you need assistance voting your shares, you should contact Georgeson Inc. 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 87.

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SUMMARY

This summary highlights the material information in this proxy statement. To fully understand Validus proposal, and for a more complete description of the terms of the proposed 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 87.*

Validus and Validus Ltd. (page 73)

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., which we refer to as *Validus Re*, and Talbot Holdings Ltd., which we refer to as *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 April 14, 2009, Validus had a market capitalization of approximately $1.86 billion. Validus has approximately 280 employees.

Validus Ltd. is a recently formed Bermuda exempted company organized in connection with Validus binding offer relating to the amalgamation and has not carried on any activities other than in connection therewith.

The principal offices of Validus Ltd. are located at 19 Par-La-Ville Road, Hamilton HM11, Bermuda. The telephone number of Validus Ltd. is (441) 278-9000. Validus Ltd. is a direct, wholly owned subsidiary of Validus.

Unless Validus Ltd. exchanges IPC common shares on behalf of Validus pursuant to the Validus Offer, it is not anticipated that Validus Ltd. will have any significant assets or liabilities or engage in activities other than those incidental to its formation and capitalization.

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

IPC (page 73)

The following description of IPC is taken in its entirety from 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.

The Validus Special Meeting (page 75)

The Validus special meeting will be held 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 in connection with the acquisition of all of the outstanding shares of IPC, pursuant to the amalgamation agreement 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 Amalgamation (page 34)

General Description (page 34)

If the 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.

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

Recommendations of the Validus Board of Directors

Validus board of directors has adopted the amalgamation agreement and authorized and approved the share issuance, and deems it fair, advisable and in the best interests of Validus to enter into the amalgamation agreement and to consummate the share issuance and the other transactions contemplated by the amalgamation agreement. 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 46)

Validus board of directors recommends approval of the share issuance in order to enable the issuance of shares necessary to effect the acquisition. Validus board of directors believes that the acquisition will represent a compelling combination and excellent strategic fit that will be able to better capitalize on opportunities in the global reinsurance market. In addition, Validus board of directors believes that a combination of Validus and IPC will create a larger entity that will bring Validus the benefits of additional client penetration, greater scale and greater market position as a leading Bermuda short-tail focused global underwriter.

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 Validus legal and financial advisors and considered a number of factors. Those factors included, but were not limited to, those set forth under *The Amalgamation Reasons Why Validus Board of Directors Recommends Approval of the Share Issuance* below.

Opinion of Validus Financial Advisor (page 49)

The 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 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 amalgamation or any other matter.

Dividends and Distributions (page 56)

Each of Validus and IPC regularly pays a quarterly cash dividend. Under the terms of the 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 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 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 common 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 57)

The amalgamation 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 amalgamation 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 amalgamation 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 amalgamation 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 amalgamation, the excess will be accounted for in accordance with FAS 141(R). The excess resulting from the amalgamation will be recognized in earnings as a gain attributable to the acquirer on the acquisition date. Validus anticipates the amalgamation agreement will result in an excess of the fair values of the acquired assets and liabilities assumed over the total consideration paid in the amalgamation.

The Amalgamation Agreement (page 58)

The amalgamation agreement is attached as Annex A to this proxy statement. This description of the amalgamation agreement assumes that it is signed by IPC in the form delivered by Validus to IPC. You should read the 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 Offer, Validus is engaging in efforts to move forward with the transaction without IPC s cooperation. These efforts will necessitate certain changes to the amalgamation agreement which are not material to Validus or IPC shareholders. For example, the 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 59)

Under the amalgamation agreement, each outstanding IPC common 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) 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 65)

Pursuant to the 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 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 IPC or Validus* below.

Restrictions on Solicitation of Acquisition Proposals by IPC (page 65)

The 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 IPC or Validus* below. See *The Amalgamation Agreement Restrictions on Solicitation of Acquisition Proposals by IPC* below.

Conditions to the Amalgamation (page 68)

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 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, 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 amalgamation agreement, the representations and warranties of each other party in the amalgamation agreement will be true and correct, and each party will have performed its obligations under the 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 amalgamation agreement, as described under *The Amalgamation Agreement Amendments and Waivers under the Amalgamation Agreement* below.

Termination of the Amalgamation Agreement (page 69)

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

- a regulatory approval required by the 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

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amalgamation by that date is due to a breach by the party seeking to terminate the 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 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 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 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 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 amalgamation agreement if the total number of dissenting IPC common shares for which appraisal rights have been properly exercised in accordance with Bermuda law exceeds 15% of the issued and outstanding IPC common 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 70)

If either of the parties terminates the 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 the audited financial statements filed as part of Validus Annual Report on Form 10-K for the year ended December 31, 2008. This financial data should be read in conjunction with the financial statements and the related notes and other financial information contained in Validus Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference into this proxy statement and which we refer to as the *Validus 10-K.* 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 87.

	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)
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

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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 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 the Company recorded general and administrative expense of $3,000,000 in the year ended December 31, 2007.

(2) The Company 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. The Company s 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.

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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. See *Sources of Additional Information* above.

Set forth below is certain selected historical consolidated financial data relating to IPC. The financial data has been derived from the audited financial statements filed as part of IPC s Annual Report on Form 10-K for the year ended December 31, 2008. 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 87.

	Year Ended December 31,				
	2008	2007	2006	2005	2004
	(in thousands, 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 shareholders	$ 75,508	$ 368,284	$ 377,409	$ (626,063)	$ 138,613
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%
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 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.

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(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 amendment to the IPC/Max S-4.

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UNAUDITED CONDENSED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

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

You should read the following condensed consolidated pro forma financial information in conjunction with Validus Annual Report on Form 10-K for the year ended December 31, 2008 and IPC s Annual Report on Form 10-K for the year ended December 31, 2008, each as filed with the Securities and Exchange Commission.

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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
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 Pur-chase 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

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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 the dates indicated and if the companies had been managed as one entity. The unaudited condensed consolidated pro forma

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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)

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 a binding 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)
(Expressed in thousands of U.S. dollars, except share and per share data)

The Board of Directors of Validus has unanimously approved the submission of its binding 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.

Validus has reserved the right to withdraw its binding offer if the Board of Directors of IPC has not reached a determination (i) that Validus binding offer constitutes a Superior Proposal (as defined in the Max Plan of Amalgamation), (ii) to withdraw its recommendation for the transaction contemplated by the Max Plan of Amalgamation and (iii) to make a recommendation for the transaction contemplated by Validus binding offer by 5:00 p.m., Bermuda time, on Wednesday, April 15, 2009. Validus has further reserved the right to withdraw its binding offer if IPC subsequently withdraws its recommendation in favor of Validus offer or if IPC does not sign the Amalgamation Agreement within two business days after the termination of the Max Plan of Amalgamation.

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

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)

return of 3.75%, investment income of $2,438 would have been foregone during 2008 had these payments been made.

(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.

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)

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
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.

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)

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 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.

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Validus Holdings, Ltd.
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(Expressed in thousands of U.S. dollars, except share and per share data)

(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.

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

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Validus Holdings, Ltd.
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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 proposed amalgamation

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.

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MARKET PRICE AND DIVIDEND INFORMATION

The IPC market price and dividend information is taken in its entirety from the IPC/Max S-4. See *Sources of Additional Information* above.

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 out the high and low prices for Validus common shares per fiscal quarter commencing from Validus IPO on July 25, 2007 as reported by the NYSE and for IPC s common shares per fiscal quarter for the last three fiscal years as reported by Nasdaq. These prices reflect inter-dealer prices, without retail mark-up, mark-down or commission, and do not necessarily represent actual transactions.

	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
December 31, 2008						
First Quarter	$26.22	$23.00	$0.20	$29.10	$24.67	$0.22
Second Quarter	$23.72	$20.11	$0.20	$31.11	$26.51	$0.22
Third Quarter	$24.70	$20.00	$0.20	$33.75	$26.29	$0.22
Fourth Quarter	$26.16	$14.84	$0.20	$31.40	$19.01	$0.22
Year ended						
December 31, 2007						
First Quarter	N/A	N/A	N/A	$34.35	$27.64	$0.20
Second Quarter	N/A	N/A	N/A	$32.67	$28.41	$0.20
Third Quarter	$25.28	$21.11	N/A	$33.18	$23.30	$0.20
Fourth Quarter	$26.59	$24.73	N/A	$30.45	$26.67	$0.20
Year ended						
December 31, 2006						
First Quarter	N/A	N/A	N/A	$28.70	$25.71	$0.16
Second Quarter	N/A	N/A	N/A	$28.25	$23.81	$0.16
Third Quarter	N/A	N/A	N/A	$30.63	$24.50	$0.16
Fourth Quarter	N/A	N/A	N/A	$31.97	$29.11	$0.16

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 public announcement of delivery of the Validus Offer to the board of directors of IPC with respect to the proposed amalgamation with 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 proposed amalgamation 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. 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 IPC will enter into and consummate the proposed amalgamation on the terms set forth in the Validus Offer; 2) unpredictability and severity of catastrophic events; 3) rating agency actions; 4) adequacy of risk management and loss limitation methods; 5) cyclicality of demand and pricing in the insurance and reinsurance markets; 6) Validus limited operating history; 7) Validus or IPC s ability to successfully implement their respective business strategies during soft as well as hard markets; 8) adequacy of loss reserves; 9) continued availability of capital and financing; 10) retention of key personnel; 11) competition; 12) potential loss of business from one or more major insurance or reinsurance brokers; 13) the 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; 14) general economic and market conditions (including inflation, volatility in the credit and capital markets, interest rates and foreign currency exchange rates); 15) the integration of Talbot Holding, Ltd., with respect to Validus, or other businesses Validus may acquire or new business ventures Validus may start including, without limitation, the amalgamation with IPC; 16) the effect on the investment portfolios of changing financial market conditions including inflation, interest rates, liquidity and other factors; 17) acts of terrorism or outbreak of war; and 18) availability of reinsurance and retrocessional coverage, as well as management s response to any of the aforementioned factors.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and elsewhere, including the Risk Factors included in 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 Securities and Exchange Commission. 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 businesses or operations. 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 and the adjournment proposal. This proposal is described in this proxy statement under* Proposals to Be Submitted to Validus Shareholders Vote; Voting Requirements and Recommendations *beginning on page 78. 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 amalgamation, described in Item 1A of each company s annual report on Form 10-K for the year ended December 31, 2008, each of which is 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 Validus could be materially adversely affected.*

Risks Related to the Validus Offer

The Validus Offer remains subject to conditions that Validus may not control.

The Validus 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 Offer will be satisfied. If the conditions to the Validus 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 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 Offer, including certain legal, accounting and financial advisory fees.

The Validus Offer is not conditioned on due diligence in respect of IPC.

Pursuant to the terms of the Max Amalgamation Agreement, IPC is not permitted to engage in discussions with Validus. Although Validus has requested information from IPC, Validus access to information is limited to IPC s publicly available information, including IPC s annual report on Form 10-K and the IPC/Max S-4. As a result, the Validus Offer is not subject to Validus or its advisors performing a due diligence investigation. As a U.S. public reporting entity, IPC is subject to the federal securities laws and the Sarbanes-Oxley Act of 2002, which carry civil and criminal penalties for false and misleading statements. However, there can be no assurance that there does not exist a material adverse fact or circumstance about IPC that has not been publicly disclosed and that could materially adversely affect Validus.

Risks Related to the Amalgamation if the Amalgamation Agreement Is Signed by IPC

Failure to complete the amalgamation could negatively impact Validus.

The 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 amalgamation agreement may be terminated under certain circumstances. In addition to customary termination provisions contained in agreements of this nature, Validus may terminate the amalgamation agreement if the total number of dissenting IPC common shares for which appraisal rights have been exercised pursuant to Bermuda law exceeds 15% of the issued and outstanding IPC common 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 69 for a complete description of the circumstances under which the amalgamation agreement can be terminated.

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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 amalgamation without resoliciting or seeking additional shareholder approval for the amalgamation.

Each of the conditions to Validus obligations to complete the amalgamation, may be waived, in whole or in part, to the extent permitted by applicable law, by Validus. The board of directors of Validus will evaluate the materiality of any such waiver to determine whether amendment of this proxy statement and resolicitation of proxies is necessary or, if shareholder approval 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 companies may complete the amalgamation without seeking further shareholder approval.

If the 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 amalgamation agreement.

Any IPC shareholder may apply, within one month after the date of giving of notice convening the IPC special meeting in connection with the Validus Offer, for an appraisal of the fair value of its IPC common shares. Unless Validus has terminated the amalgamation agreement because the number of dissenting shares is greater than 15% of the issued and outstanding IPC common shares (see *The Amalgamation Agreement Termination of the Amalgamation Agreement Termination* on page 69), 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 efficient and effective 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 and operating results of Validus after the acquisition.

The acquisition may result in a ratings downgrade of one or more of Validus reinsurance subsidiaries (including the newly acquired IPC operating companies) which may adversely affect Validus business, financial condition and operating results, as well as the market price of its common shares.

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

The occurrence of severe catastrophic events after the acquisition may cause Validus net income to be more volatile than if the acquisition did not take place.

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

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THE AMALGAMATION

General Description

On March 31, 2009, Validus publicly announced that it had delivered a binding offer to IPC presenting a proposal, which we refer to as the *Validus Offer*, for the amalgamation of Validus and IPC whereby each IPC common share would be exchanged for 1.2037 Validus voting common shares, par value $0.175 per share, which we refer to as the *Validus Shares*. In connection with the delivery of the Validus Offer to IPC, Validus delivered a signed amalgamation agreement that would be binding on Validus upon countersignature by IPC, which we refer to as the *amalgamation agreement*. IPC announced on April 7, 2009 that its board of directors determined that the Validus Offer does not constitute a superior proposal under the terms of the Max Amalgamation Agreement and reaffirmed its support of the Proposed Max Amalgamation. As of March 31, 2009 the Validus Offer had a value of $29.98 per IPC common share, or approximately $1.68 billion in the aggregate, which represented an 18% premium to the closing market price of the IPC common shares on March 30, 2009, and a 24% premium over $24.26, which was the average closing price of the IPC common shares between March 2, 2009, the day IPC and Max announced the Proposed Max Amalgamation, and March 30, 2009, the last trading day before Validus announced the Validus Offer.

Subject to IPC signing the amalgamation agreement, shareholder approval as described in this proxy statement and the satisfaction or waiver of the other conditions specified in the amalgamation agreement, on the closing date of the amalgamation, which we refer to as the *closing date* or *closing*, IPC will amalgamate with Validus Ltd. Pursuant to the amalgamation agreement, after the effective time, which we refer to as the *effective time,* IPC shareholders (including the shareholders that do not vote in favor of the amalgamation) will 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 exercised appraisal rights pursuant to Bermuda law.

Further details relating to the structure of the amalgamation and the amalgamation consideration are described in *The Amalgamation Agreement Structure of the Amalgamation* and *The Amalgamation Agreement Amalgamation Consideration* below.

Background of the Amalgamation

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

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

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

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March 31, 2009

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

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

Dear Sirs:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

'

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

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

We look forward to your prompt response.

Sincerely,

/s/ Edward J. Noonan

Edward J. Noonan
Chairman and Chief Executive
Officer

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

John J. Schuster
Cahill Gordon & Reindel llp

In the afternoon on March 31, 2009, IPC issued a press release acknowledging receipt of the letter from Validus outlining the Validus Offer and indicating that IPC s Board of Directors would review the terms of the Validus Offer in a manner consistent with its obligations under the Max Amalgamation Agreement and applicable Bermuda law.

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

In the morning on April 2, 2009, Max sent a letter to IPC s Board of Directors purporting to outline the relative advantages of the pending Proposed Max Amalgamation as well as the business and financial issues raised by the Validus Offer and issued a press release announcing the letter. The letter presented Max s analysis of the Validus Offer asserting 12 purported advantages to the Proposed Max Amalgamation and concluded that Validus had not presented a Superior Proposal or a proposal that could reasonably be expected to lead to a Superior Proposal pursuant to the Max Amalgamation Agreement. The text of the letter was filed by Max with the SEC.

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

April 2, 2009

The Board of Directors of IPC Holdings, Ltd.

c/o James P. Bryce, President and Chief Executive Officer

American International Bldg.
29 Richmond Road
Pembroke, HM 08
Bermuda

Dear Members of the Board:

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

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

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

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

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

2. *The IPC/Max Plan creates significant value for IPC shareholders.* This statement is simply incorrect. According to data calculated from the proxy statement filed by IPC on March 27, 2009, IPC s book value per share would decrease from $33.00 to $32.30, or 2.1% as a result of the combination with Max (this obviously implies the deal is accretive to Max at your expense). That can hardly be described as the best opportunity to deliver shareholders value. Moreover, while it is true that the Validus

proposal delivers an immediate premium for IPC shareholders, it wrong of Max to suggest that such a premium will compromise value creation for IPC shareholders in the longer term. We believe that receiving a better currency, in a stronger, better capitalized company, offers a more likely starting point for long term value creation than retaining shares in IPC, whose previously conservatively managed balance sheet will be negatively impacted by assets of questionable value in the IPC/Max combination.

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

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

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

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

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

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

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

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

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

9. *Max has a proven, long term history of successful acquisitions without incurring good will.* Validus has a proven track record of acquiring a high quality premier business with a leading position in its market. Max s pointing to its acquisition of Imagine Group (UK) Limited as an example of a successful acquisition is ironic, especially relative to our successful acquisition of Talbot. In that transaction, Validus acquired a strong balance sheet with excess reserves at a multiple of 3.1x earnings demonstrating Validus commitment to creating value for our shareholders. When we acquired Talbot, Validus booked $154 million of goodwill and intangible assets; however, from acquisition closing until December 31, 2008, we benefited from $105 million in reserve releases from the Talbot business, emanating from periods prior to the acquisition. Max s acquisition history, on the other hand, is that of acquiring subscale small businesses that significantly lag the leaders in their respective markets.

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

11. *IPC and Max have compatible cultures.* Max has mentioned that it has a compatible culture with IPC. If that is in fact the case, we find the paucity of IPC management that will continue in

senior roles at IPC/Max curious and an indication that such cultural fit may be only skin deep. We have successfully integrated large acquisitions in the past, and believe that experience is most relevant in this regard.

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

* * *

In closing, I would like to reiterate that we have submitted to you a proposal which we are confident the IPC Board will agree is a Superior Proposal as defined in your Amalgamation Agreement. We have submitted this proposal because we deeply and honestly believe that the combination of IPC and Validus will result in a far better value proposition for the IPC shareholders than the combination of IPC and Max. Validus is absolutely committed to our Superior Proposal and we simply do not understand how Max can characterize our actions as opportunistic. If Max truly believes its combination with IPC is superior, we call upon Max to free the IPC Board from the shackles that your Amalgamation Agreement has placed on the ability of the members of the IPC Board to exercise their fiduciary duties under Bermuda law, so as to create a level playing field on which the shareholders of IPC will be able to decide which of the two proposals is indeed superior.

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

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

April 5, 2009
The Board of Directors of IPC Holdings, Ltd.
c/o James P. Bryce, President and Chief Executive Officer
American International Bldg.
29 Richmond Road
Pembroke, HM 08
Bermuda

Dear Members of the Board:

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

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with Validus Holdings, Ltd. (Validus) on the terms we proposed to you in our letter dated March 31, 2009 (the Validus Proposal).

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

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

We look forward to your response to the Validus Proposal.

Sincerely,

/s/ Edward J. Noonan

Edward J. Noonan
Chairman and Chief Executive Officer

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

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

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

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

April 6, 2009
The Board of Directors of IPC Holdings, Ltd.
c/o James P. Bryce, President and Chief Executive Officer
American International Bldg.
29 Richmond Road
Pembroke, HM 08
Bermuda

Dear Members of the Board:

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

In today s press release, Max modified its description of its calculation of pro forma book value per share. In essence, the Max calculation now describes what an IPC shareholder would receive on a

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standalone basis from either Validus or Max. We disagree with this basis for valuation. Our approach is focused on a comparison of what an IPC shareholder would own as a result of either transaction.

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

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

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

Sincerely,

/s/ Edward J. Noonan

Edward J. Noonan
Chairman and Chief Executive Officer

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

Adjustments to Max Book Value Upon Combination with IPC

(in millions, except per share values)	
Net book value of net assets acquired prior to fair value adjustments[(1)]	$ 1,280.3
Preliminary adjustments for fair value	
Adjustment to deferred acquisitions costs[(2)]	(51.3)
Adjustment to goodwill and intangible assets[(3)]	(12.0)
Adjustment to reserve for property and casualty losses and loss adjustment expenses[(4)]	(60.0)
Adjustment to life and annuity benefits[(4)]	(70.0)
Adjustment to unearned property and casualty premiums[(5)]	51.3
Adjustment to senior notes[(6)]	24.6
Total adjustments	(117.4)
Fair value of net assets acquired	$ 1,162.9
Total adjustments	$ (117.4)
Max diluted shares outstanding[(7)]	64.9
Adjustment per diluted share	**$ (1.81)**

Source: Note 1 to unaudited pro forma consolidated financial information of IPC in Form S-4 filed 3/27/2009 (S-4). Notes 1-6 are excerpts from the S-4.

(1) Represents historical net book value of Max.

(2)

Represents adjustment to reduce the deferred acquisition costs of Max to their estimated fair value at December 31, 2008.

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(3) Represents adjustment to reduce goodwill and intangible assets of Max to their estimated fair value at December 31, 2008.

(4) The fair value of Max s reserve for property and casualty losses and loss adjustment expenses, life and annuity benefits, and loss and loss adjustment expenses recoverable were estimated based on the present value of the underlying cash flows of the loss reserves and recoverables. In determining the fair value estimate, IPC s management estimated a risk premium deemed to be reasonable and consistent with expectations in the marketplace given the nature and the related degree of uncertainty of such reserves. Such risk premium exceeded the discount IPC s management would use to determine the present value of the underlying cash flows.

(5) Represents the estimated fair value of the profit within Max s unearned property and casualty premiums. In determining fair value, IPC s management estimated the combined ratio associated with Max s net unearned property and casualty premiums.

(6) Represents adjustment to record Max s senior notes to their estimated fair value at December 31, 2008.

(7) Common shares outstanding plus the gross amount of all warrants, options, restricted shares, RSUs, restricted common shares and performance share units outstanding as of the 12/31/2008 balance sheet date (Source: Max 2008 Form 10-K)

In the afternoon on April 7, 2009, Kenneth L. Hammond, Chairman of the Company s Board of Directors, sent a letter to Mr. Noonan indicating that the Company s Board of Directors had reaffirmed its recommendation to combine with Max. The text of the letter reads as follows:

April 7, 2009
Edward J. Noonan
Chairman & Chief Executive Officer
Validus Holdings Ltd.
19 Par-La-Ville Road
Hamilton HM11
Bermuda

Dear Mr. Noonan:

I am writing to respond to your letter of March 31, 2009, submitting an offer pursuant to which Validus would combine with IPC.

IPC s board of directors, after careful consultation with management and our financial and legal advisors, has unanimously concluded that the Validus proposal does not constitute a Superior Proposal as defined in the Agreement and Plan of Amalgamation with Max Capital Group Ltd. dated March 1, 2009. Furthermore, IPC s board of directors has unanimously reaffirmed its recommendation that IPC shareholders vote in favor of the transaction with Max.

In reaching its decision, IPC s board of directors considered several factors, including the following:

The Validus Offer Fails to Meet IPC s Diversification Goals During 2008, IPC s board of directors concluded that it would be in IPC s best interest to diversify beyond its monoline property catastrophe business model in order to reduce the volatility inherent in focusing on catastrophe reinsurance and to spread our risk base across less correlated risks. A key factor in our decision to choose Max over other options is our belief that Max s diversified operations offer the best path to achieve this goal. The decision was the result of a robust and thorough

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review of strategic alternatives. A transaction with Validus would not accomplish that strategic objective given Validus s substantial correlated catastrophe exposure.

The Max Transaction Has Significant Value Creation Potential and Upside for IPC Shareholders The combination with Max has the potential to create significant value for IPC shareholders, as detailed in the filed S-4 registration statement dated March 27, 2009. It also provides greater book value per share to IPC shareholders. Furthermore, Max s balance sheet has significantly lower goodwill and intangibles, resulting in an even greater tangible book value per share to IPC s shareholders. We are concerned that Validus s proposal enables Validus to raise capital at a discount to book value at the expense of IPC shareholders, on the other hand, the combination with Max allows deployment of capital under a combined business plan that benefits IPC s shareholders. Max s diversified book, when combined with IPC s, has the potential to reduce earnings volatility. Earnings volatility affects share price volatility, ratings and other important financial measures. A combination with Max carries less risk, as this combination is less exposed to catastrophe events and other risk concentrations. On the other hand, Validus s earnings and share price are more affected by catastrophe losses. At the time of the Validus offer, its share price was near the high end of its 52-week trading range, resulting in an exchange ratio that poses potential downside risk to IPC shareholders. In contrast, we entered into the transaction with Max at an exchange ratio determined at a time that Max was trading at 53% of its 52-week high.

The Validus Amalgamation Proposal Is Less Certain, Is Riskier for IPC s Shareholders and Would Take Longer to Close We currently expect to be able to complete the transaction with Max in June, with all regulatory approvals obtained. In contrast, in our view, any transaction with Validus likely could not be completed before September, right in the middle of the wind season. Our transaction with Max would have to be rejected by IPC shareholders before IPC would be able to conduct due diligence on and negotiate with Validus. There is no assurance IPC would, at that time, choose to enter into a transaction with Validus. Even if IPC were to proceed with Validus at that time, Validus and IPC would both need to obtain consents under their credit facilities before the deal could close, whereas no such additional consents would be necessary to close the IPC/Max transaction. Validus and IPC would also need to achieve satisfactory indications from the ratings agencies regarding the ratings outcomes of such a combination.

Given these considerations and others, the board of directors unanimously determined that the Validus proposal does not constitute a Superior Proposal as defined in our amalgamation agreement with Max. IPC remains committed to completing our transaction with Max, which we believe will create a diversified and balanced platform for growth that should drive stronger performance and value for shareholders for many years.

Sincerely,

Kenneth L. Hammond
Chairman of the Board of Directors
On Behalf of the IPC Holdings Board of Directors

In the afternoon on April 8, 2009, Validus sent a letter to Mr. Hammond, the Chairman of IPC s Board of Directors, regarding the IPC letter press release and letter and issued a press release announcing the letter. The text of our letter reads as follows:

April 8, 2009

Kenneth L. Hammond
Chairman
IPC Holdings, Ltd.

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American International Bldg.
29 Richmond Road
Pembroke, HM 08
Bermuda
Dear Mr. Hammond,

I am writing in response to your letter of April 7, 2009, in which you confirm the continuing support of the IPC board for the Max takeover of IPC s operations.

I am disappointed with the Board s decision and respectfully disagree with your assessment of our Superior Proposal. I am confident that had your Amalgamation Agreement with Max allowed you to engage in dialogue with us, you would have instead supported the Validus Superior Proposal on behalf of your shareholders. In particular, although you cite a robust and thorough review of strategic alternatives, I am greatly disappointed that you never invited us to participate in that process, although you spoke with numerous potential buyers. To the extent that Max will release you from the restrictive terms of the Amalgamation Agreement, we continue to stand ready to discuss your objectives and how our business meets those objectives. Until you agree to discuss our proposal with us, we have no choice except to communicate directly with your shareholders. We believe the facts will demonstrate that our proposal is truly a Superior Proposal.

We hereby advise the shareholders of IPC that:

1. We have retained Georgeson as our proxy solicitor. We will shortly file proxy solicitation materials with the SEC and those materials will contain, among other things, the many reasons why we believe you should vote against the Max takeover. Once the proxy is effective, Georgeson will be in touch with IPC s shareholders to solicit their votes AGAINST the Max takeover. If, as we expect, IPC s shareholders vote down the Max takeover, you will be unencumbered by the restrictive Amalgamation Agreement and free to execute the Validus Agreement.

2. In our capacity as an IPC shareholder, we object to the punitive nature of the $50 million Max Termination Fee. The Termination Fee is an unenforceable penalty under Bermuda law and we are commencing litigation to reduce this penalty. If successful, we will permit IPC to pay the amount by which such penalty is reduced as a dividend to IPC shareholders, so that IPC shareholders and not Max or Validus shareholders will share in the value obtained.

I regret that the terms of the Max takeover preclude the management teams of IPC and Validus from cooperating in delivering a superior outcome for IPC shareholders, but we are pleased to work directly with your shareholders to achieve the same end. We remain fully committed to our proposal.

Sincerely,

/s/ Edward J. Noonan

Edward J. Noonan
Chairman and Chief Executive Officer

On April 9, 2009, Validus filed a preliminary proxy statement with the SEC with respect to soliciting votes from IPC shareholders against the approval of the Proposed Max Amalgamation.

On April 13, 2009, IPC filed an amendment to the IPC/Max S-4 with the SEC.

Reasons Why Validus Board of Directors Recommends Approval of the Share Issuance

By approving the share issuance, you will be enabling Validus to issue the shares necessary to effect the acquisition. Validus board of directors believes that the amalgamation will represent a compelling combination and

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excellent strategic fit that will be able to better capitalize on opportunities in the global reinsurance market. In addition, Validus board of directors believes that a combination of Validus and IPC will create a larger entity that will bring Validus the benefits of additional client penetration, greater scale and greater market position as a leading Bermuda short-tail focused global underwriter. In reaching these conclusions and in determining that the amalgamation agreement, the acquisition of all of IPC s outstanding shares and the share issuance are 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. The factors included, but were not limited to, the following:

Validus board of directors analysis and understanding of the business, operations, financial performance, financial condition, earnings and future prospects of Validus and its assessment, based on such analysis and understanding, that Validus will have:

- lines of business concentrated in short-tail lines where pricing momentum is strongest;
- enhanced market position and client penetration that will make Validus a more significant player in short-tail reinsurance placements globally;
- ability to add a significant amount of short-tail reinsurance premium to Validus existing Bermuda infrastructure;
- global and diversified operating platforms, with offices and underwriting facilities in Bermuda, at Lloyd s in London, Dublin, Singapore, New York and Miami;
- enhanced size and scope, with GAAP capitalization of approximately $4.1 billion and shareholders equity of approximately $3.7 billion (on a pro forma basis as of December 31, 2008);
- continuing financial flexibility, with debt/total capitalization of only 1.8% and total leverage including hybrid securities of only 9.3%; and
- the opportunity to reduce costs associated with running two separate public companies, including IPC s Nasdaq listing fees, transfer agent fees, legal and accounting fees related to SEC filings and shareholder mailings, printing and mailing expenses for periodic reports and proxy statements, annual meeting expenses and other investor relations related expenses;

the fact that Validus will experience accretion to its book value and tangible book value per share as a result of the transaction;

the fact that Validus would remain within its stated limitations of reinsurance aggregates by exposure zone;

Validus board of directors understanding of the business, operations, and financial condition of IPC;

the ongoing representation by all of Validus existing directors on Validus board of directors after the amalgamation, and the fact that Validus senior management will continue to manage Validus;

the written opinion from Greenhill, delivered to Validus board of directors on March 31, 2009, to the effect that, based upon and subject to the various limitations and assumptions described therein, as of the date thereof, the exchange ratio was fair, from a financial point of view, to Validus, as described in *Opinion of Validus Financial Advisor* below;

the fact that no external financing is required for the transaction;

Validus board of directors belief, based on advice from legal counsel, that the amalgamation is likely to receive necessary regulatory approvals in a relatively timely manner without material adverse conditions; and

the terms of the amalgamation agreement, including:

- the requirement that the share issuance be approved by holders of a majority of the outstanding Validus Shares casting votes at the Validus special meeting, as described in *The Amalgamation Agreement Conditions to the Amalgamation* below;
- Validus may terminate the amalgamation agreement if the total number of dissenting IPC common shares for which appraisal rights have been exercised pursuant to Bermuda law exceeds 15% of the outstanding IPC common shares, as described in *The Amalgamation Agreement Termination of the Amalgamation Agreement Termination* below.

Validus board of directors considered other factors in making its determination and recommendation, including the following:

the possibility that IPC would have to pay a termination fee of up to $50 million to terminate the Max Amalgamation Agreement;

the fact that, in order to agree to a transaction with IPC, the Validus board of directors thought the amalgamation agreement would need to be substantially similar to the Max Amalgamation Agreement;

the restrictions on the conduct of Validus business imposed by the amalgamation agreement prior to the consummation of the amalgamation, requiring Validus to conduct its business in the ordinary course, subject to specific limitations, which may delay or prevent Validus from undertaking business opportunities that may arise pending completion of the amalgamation;

the inability to control IPC s conduct of business before the amalgamation;

that Validus shareholders and the IPC shareholders may not react favorably to the Validus Offer or the amalgamation, and the execution risk and additional costs that would be required to complete the amalgamation as a result of any legal actions and appraisal actions brought by IPC shareholders;

the effect of public announcement of the amalgamation on Validus share price if Validus shareholders do not view the amalgamation positively or if the amalgamation is not completed;

the potential disruption to Validus business that could result from the announcement and pursuit of the amalgamation, including the diversion of management and employee attention;

that Validus may wish to purchase retrocessional protection for the 2009 wind season and the cost and availability of that protection;

the possibility that IPC would not find the Validus Offer to be a superior proposal under the Max Amalgamation Agreement, which would entail additional costs in order to enable IPC shareholders to consider the Validus Offer;

the possibility that the amalgamation might not be completed due to difficulties with terminating the Max Amalgamation Agreement, obtaining sufficient shareholder approval, the occurrence of a material adverse effect on either company s business, or the inability to obtain required credit facility consents;

the fact that Validus may be required to pay IPC a termination fee of $16 million, as described in *The Amalgamation Agreement Termination of the Amalgamation Agreement Effects of Termination; Remedies* below in certain circumstances;

the risk that A.M. Best, S&P or Moody s might lower the ratings of Validus or any of its reinsurance subsidiaries following the acquisition;

the possibility that after consummation of the amalgamation Validus might find a material adverse fact or circumstance affecting IPC that was not disclosed by IPC in its publicly available financial and other information, which could have a material adverse effect on Validus;

the risks described in this proxy statement under *Risk Factors*.

The foregoing discussion of the information and factors considered by Validus board of directors is not intended to be exhaustive, but is believed to include the material factors considered by Validus board of directors. In view of the variety of factors considered in connection with its evaluation of the amalgamation agreement, the share issuance and the other transactions contemplated by the amalgamation and the amalgamation agreement, Validus board of directors did not find it practicable to, and did not, quantify or otherwise assign specific weights to the factors considered in reaching its determination and recommendation. In addition, each of the members of Validus board of directors may have given differing weights to different factors. Validus board of directors believed that the positive factors discussed above outweighed the negative factors discussed above, especially after giving weight to the likelihood of occurrence.

Opinion of Validus Financial Advisor

The Validus board of directors received an oral opinion, subsequently confirmed in writing, from 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 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. Greenhill s opinion is not a recommendation as to how Validus shareholders should vote with respect to the issuance of Validus Shares pursuant to the amalgamation or any other matter. The summary of Greenhill s opinion that is set forth below is qualified in its entirety by reference to the full text of the opinion. Validus shareholders are urged to read the opinion in its entirety.

In connection with rendering its opinion, Greenhill, among other things:

reviewed the amalgamation agreement dated as of March 31, 2009 as executed by Validus and Validus Ltd. (but not IPC as of the date of the opinion), and certain related documents;

reviewed certain publicly available financial statements of IPC and Validus;

reviewed certain other publicly available business and financial information relating to IPC and Validus that Greenhill deemed relevant;

reviewed certain information, including financial forecasts and other financial and operating data concerning Validus prepared by the management of Validus;

discussed the past and present operations and financial condition and the prospects of Validus with senior executives of Validus;

reviewed the historical market prices and trading activity for IPC common shares and Validus common shares and analyzed their implied valuation multiples;

compared the value of the amalgamation consideration with that received in certain publicly available transactions that Greenhill deemed relevant;

compared the value of the amalgamation consideration with the trading valuations of certain publicly traded companies that Greenhill deemed relevant;

compared the value of the amalgamation consideration with the relative contribution of IPC to the pro forma combined company based on a number of metrics that Greenhill deemed relevant; and

performed such other analyses and considered such other factors as Greenhill deemed appropriate.

Given the unsolicited nature of the proposed amalgamation with IPC, Greenhill s review and analysis of IPC and its business and financial information were necessarily limited to information that was publicly available as of the date of the opinion. Greenhill did not review financial forecasts and other financial and operating data concerning IPC prepared by management of IPC or other non-public information regarding IPC, nor did Greenhill participate in discussions or negotiations among representatives of IPC and its legal or financial advisor and representatives of Validus or its legal advisor.

In giving its opinion, Greenhill assumed and relied upon, without independent verification, the accuracy and completeness of the information publicly available, supplied or otherwise made available to it by representatives and management of Validus for the purposes of its opinion. Greenhill further relied upon the assurances of the representatives and management of Validus that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the financial forecasts and projections and other data that were furnished or otherwise provided to it, Greenhill assumed that such financial forecasts and projections and other data were reasonably prepared on a basis reflecting the best currently available estimates and good faith judgments of the management of Validus as to those matters, and Greenhill relied upon such financial forecasts and projections and other data in arriving at its opinion. Greenhill expressed no opinion with respect to such financial forecasts and projections and other data or the assumptions upon which they were based. Greenhill did not make any independent valuation or appraisal of the assets or liabilities of IPC, nor was Greenhill furnished with any such appraisals. Greenhill assumed, with the consent of the Validus board of directors, that the amalgamation will be treated as a tax-free reorganization for federal income tax purposes. Greenhill assumed that the amalgamation will be consummated in accordance with the terms set forth in the final, fully executed amalgamation agreement, which Greenhill further assumed will be identical in all material respects to the proposed amalgamation agreement that Greenhill reviewed, and without amendment or waiver of any material terms or conditions set forth in the amalgamation agreement. Greenhill further assumed that all material governmental, regulatory and other consents, approvals and waivers necessary for the consummation of the amalgamation will be obtained without any effect on IPC, Validus, the amalgamation or the contemplated benefits of the amalgamation meaningful to Greenhill s analysis. Greenhill s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, March 31, 2009. It should be understood that subsequent developments may affect Greenhill s opinion, and Greenhill does not have any obligation to update, revise, or reaffirm its opinion.

Greenhill s opinion was for the information of the Validus board of directors and was not intended to be and is not a recommendation as to how Validus shareholders should vote with respect to the issuance of Validus Shares pursuant to the amalgamation or as to whether the Validus shareholders should take any other action at any meeting of the Validus shareholders convened in connection with the amalgamation or any other matter. Greenhill s opinion did not address the underlying business decision of Validus to engage in the amalgamation or the relative merits of the amalgamation as compared to any other alternative strategies that might exist for Validus, and as such was not intended to be and did not constitute a recommendation to the Validus board of directors as to whether they should approve the amalgamation, the amalgamation agreement or any related matters. Greenhill did not express an opinion as to any aspect of the amalgamation, other than the fairness to Validus of the exchange ratio from a financial point of view. In particular, Greenhill did not express any opinion as to the prices at which Validus common shares will trade at any future time. Greenhill further did not express any opinion with respect to the amount or nature of any compensation to any officers, directors or employees of Validus, or any class of such persons relative to the exchange ratio or with respect to the fairness of any such compensation.

Summary of Greenhill s Financial Analyses

The following is a summary of the material financial analyses provided by Greenhill to the Validus board of directors in connection with rendering its opinion described above. The summary set forth below does not purport to be a complete description of the analyses performed by Greenhill, nor does the order of analyses as set forth below represent the relative importance or weight given to those analyses by Greenhill. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are not alone a complete description of Greenhill s financial analyses.

Exchange Ratio Analysis

Greenhill calculated the historical range and average of exchange ratios (the price of an IPC common share divided by the price of a Validus common share). Using the daily closing prices of Validus common shares and IPC common shares, the low, high and average exchange ratios for the three-month, six-month and twelve-month periods ending on March 30, 2009 are set forth in the table below. The percent premium that the exchange ratio pursuant to the amalgamation agreement represents over the average exchange ratios for each period is set forth in the table below.

	Low	Average	High	Premium
March 30, 2009				18.0%
Previous 3 Months	0.9304x	1.1120x	1.2414x	8.3%
Previous 6 Months	0.9304x	1.1944x	1.5564x	0.8%
Previous 12 Months	0.9304x	1.2598x	1.5564x	(4.5%)

Transaction Multiple Analysis

Greenhill calculated the multiple of a range of assumed offer values per IPC common share to several operating metrics for calendar years 2009 and 2010, including estimated earnings per share based upon mean estimates obtained from Institutional Brokers Estimate System, which we refer to as IBES. The calculations were based upon IPC common shares outstanding as of December 31, 2008 on a fully diluted basis. This analysis indicated the following multiples:

Assumed Value per IPC Share	2009E P/E IBES Estimate	2010E P/E IBES Estimate	Price / Book Value(1)	Price / Tangible Book Value(1)
$26.96	5.9x	5.6x	0.81x	0.81x
$27.00	5.9x	5.7x	0.82x	0.82x
$28.00	6.1x	5.9x	0.85x	0.85x
$29.00	6.3x	6.1x	0.88x	0.88x
$30.00	6.5x	6.3x	0.91x	0.91x
$31.27	6.8x	6.5x	0.95x	0.95x
$32.27	7.0x	6.8x	0.98x	0.98x
$33.27	7.2x	7.0x	1.01x	1.01x
$34.27	7.4x	7.2x	1.04x	1.04x
$35.27	7.7x	7.4x	1.07x	1.07x
$36.27	7.9x	7.6x	1.10x	1.10x

(1) Book value per IPC common share is calculated as of December 31,

2008 and does not reflect the impact of 493,000 unvested restricted stock units, restricted common shares and performance share units to be issued upon a change of control of IPC.

Dividend Discount Analysis

Greenhill performed a dividend discount analysis of IPC to determine a range of implied present values per IPC common share assuming that IPC continues to operate as a stand-alone company. This range was determined by adding the present value of the estimated future excess capital of IPC available to be dividended in each period and the present value of the estimated terminal value of IPC common shares. To estimate present values, Greenhill discounted the estimated future excess capital of IPC available to be dividended in each period through 2013 and the estimated terminal value of IPC common shares by a range of discount rates that take into account risk, the opportunity cost of capital, expected returns and other appropriate factors.

In connection with this analysis, Greenhill utilized 5-year net income and revenue projections based on IBES estimates for 2009 and 2010, extrapolated by Greenhill to 2013. In calculating these extrapolations, Greenhill assumed, among other things, a 4.0% return on total assets, with projections based on an assumed total assets to total equity ratio of 1.30x. In addition, Greenhill assumed that 493,000 unvested restricted shares of IPC would vest at the end of 2009, and that IPC would continue to pay an aggregate annual dividend equal to $0.88 per IPC common share throughout the 5-year projection period.

Greenhill then calculated a range of implied present values per IPC common share by applying:

- a range of terminal multiples of 0.70x to 0.90x to year 2013 estimated book value of IPC common shares; and

- a range of discount rates of 9.0% to 11.0% to each of the estimated future excess capital of IPC available to be dividended in each period through 2013 and the estimated terminal value of IPC common shares.

This analysis resulted in a range of implied present values per IPC common share from $25.99 to $35.34.

Comparable Company Analysis

Greenhill reviewed and compared specific financial multiples, ratios and operating statistics of IPC to corresponding financial multiples, ratios and operating statistics for selected publicly traded reinsurance companies and compared the trading value of IPC to the trading values of the selected companies. The companies chosen by Greenhill were:

- ACE Limited
- Allied World Assurance Company Holdings Ltd
- Arch Capital Group Ltd.
- Aspen Insurance Holdings Limited
- Axis Capital Holdings Limited
- Endurance Specialty Holdings Ltd.
- Everest Re Group, Ltd.
- Flagstone Reinsurance Holdings Limited
- Greenlight Capital Re, Ltd.
- IPC Holdings, Ltd.
- Max Capital Group Ltd.
- Montpelier Re Holdings, Ltd.
- Munich Re Group

Odyssey Re Holdings Corp.

PARIS RE Holdings Limited

PartnerRe Ltd.

Platinum Underwriters Holdings, Ltd.

RenaissanceRe Holdings Ltd.

Swiss Reinsurance Company Ltd.

TransAtlantic Holdings, Inc.

XL Capital Ltd

For each of the companies identified above, Greenhill calculated and compared various financial multiples, ratios and operating statistics based on publicly available financial data and closing share prices as of March 25, 2009.

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Although none of the companies are directly comparable to IPC (other than IPC), Greenhill selected these companies because they had publicly traded equity securities and were deemed to be similar to IPC in one or more respects including the nature of their business, size, diversification, financial performance and geographic concentration. This analysis indicated the following mean and median trading multiples for the selected companies:

	Price / Book Value	Price / Tangible Book Value	Price / EPS Last 12 Months	Price / EPS 2009E	Price / EPS 2010E
Mean	0.83x	0.90x	7.9x	6.1x	5.9x
Median	0.83x	0.85x	7.5x	5.7x	5.6x

Greenhill then applied a range of selected multiples derived from the selected companies to corresponding financial data of IPC for the corresponding periods. This analysis indicated the following ranges of implied equity value and per share value for IPC:

Statistic	Implied Per Share Value[(2)]
2009E Net Income[(1)]	\$23.01 - \$29.92
2010E Net Income[(1)]	\$23.88 - \$28.66
Book Value	\$26.47 - \$28.12
Tangible Book Value	\$26.47 - \$29.78

(1) Estimates are mean IBES.

(2) Assumes 55,943,297 fully diluted IPC common shares outstanding.

Precedent Transaction Analysis

Global Reinsurance Transactions. Using publicly available information, Greenhill analyzed selected merger and acquisition transactions with transaction values over $100 million in the global reinsurance industry beginning in February 1999. The following table identifies the global reinsurance transactions reviewed by Greenhill in this analysis:

Announcement Date	Target	Acquiror
August 4, 2008	CastlePoint Holdings, Ltd.	Tower Group, Inc.
January 7, 2008	Helicon Re Holdings, Ltd.	White Mountains Insurance Group, Ltd.
November 5, 2007	PXRE Reinsurance Company	TAWA plc
December 9, 2003	ABB Insurance Holding Sweden AB	White Mountains Insurance Group, Ltd.
October 24, 2003	ERC Life Reinsurance Corporation	Scottish Re Group Limited
December 19, 1999	LaSalle Re Holdings Limited	Trenwick Group Inc.
August 15, 1999	Terra Nova (Bermuda) Holdings Ltd.	Markel Corporation

June 21, 1999	Chartwell Re Corporation	Trenwick Group Inc.
May 27, 1999	Capital Re Corporation	ACE Limited
February 15, 1999	NAC Re Corp.	XL Capital Ltd.

For the selected global reinsurance transactions, to the extent this information was available, Greenhill calculated the multiples implied by each transaction relative to a number of metrics, including the target company s book value and tangible book value at the time of such transaction. This analysis indicated the following mean and median multiples for the selected global reinsurance transactions:

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	GAAP Multiples	
	Book Value	Tangible Book Value
Mean	0.99x	1.03x
Median	0.95x	0.96x

Greenhill then applied a range of selected multiples derived from the selected global reinsurance transactions to corresponding financial data of IPC for the corresponding date. This analysis indicated the following ranges of implied equity value and per share value for IPC:

Statistic	Implied Per Share Value[(1)]
Book Value	$ 29.52 - $39.36
Tangible Book Value	$ 29.52 - $39.36

(1) Assumes 55,943,297 fully diluted IPC common shares outstanding and 493,000 unvested restricted stock units, restricted common shares and performance share units, for a total share count of 56,436,297.

Stock Transaction Premium Analysis. Greenhill analyzed the premiums paid in stock-for-stock merger and acquisition transactions since March 2004 with a transaction value of between $500 million and $5 billion. Greenhill calculated, for each of these transactions, the premium of the transaction exchange ratio over the historical closing prices for each of the one-day, one-week and one-month periods prior to announcement of such transaction. Greenhill then applied the medians and ranges of such premiums, shown in the table below, to corresponding closing prices per IPC common share, using the day immediately prior to the announcement of IPC s proposed merger with Max as the corresponding announcement date. This analysis indicated a range of implied values per IPC share shown below:

Timing	Median Premium	Premium Range	Implied Per Share Value
One Day Prior	15.8%	14.0% - 19.0%	$ 28.97 - $30.24
One Week Prior	16.7%	15.0% - 20.0%	$ 32.20 - $33.60
One Month Prior	18.1%	16.0% - 21.0%	$ 29.77 - $31.05

It should be noted that no transaction utilized in the analyses above is identical to the proposed amalgamation. A complete analysis involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved in these transactions and other factors that could affect the premiums and multiples in these transactions to which the proposed amalgamation is being compared.

Book Value Growth Analysis

Using mean Bloomberg estimates of IPC net income and book value through the end of year 2009, Greenhill calculated the implied price to book value multiple that a range of assumed offer values per IPC common share would represent at the end of each quarter during the projection period. For purposes of these calculations, Greenhill assumed that IPC would continue to pay its current quarterly dividend of $0.22 through the projection period. This analysis indicated that due to IPC s projected book value growth, the implied price to book value multiple would decrease over time, as illustrated below:

Assumed Per Share Value	December 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009
$29.97	0.906x	0.875x	0.847x	0.835x	0.811x
$30.23	0.914x	0.883x	0.854x	0.843x	0.818x
$30.49	0.922x	0.891x	0.861x	0.850x	0.825x
$30.75	0.929x	0.898x	0.869x	0.857x	0.832x
$31.01	0.937x	0.906x	0.876x	0.865x	0.839x
$31.27	0.945x	0.913x	0.884x	0.872x	0.846x

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Pro Forma Combined Company Analysis

Greenhill analyzed certain financial data on a pro forma basis for IPC and Validus as a combined company following the amalgamation. Greenhill based its analyses on publicly available information and information and projections provided by Validus as described above.

Greenhill compared, among other things, the book value per share, tangible book value per share and projected earnings per share for Validus on a standalone basis and for the pro forma combined company. Greenhill then analyzed the accretive or dilutive effects of the amalgamation to Validus shareholders for a range of assumed exchange ratios. This analysis indicated the following accretive or dilutive effects:

Assumed Exchange Ratio	Accretion / (Dilution) 2009E EPS	2010E EPS	Book Value Per Share	Tangible Book Value Per Share
1.156x	(4.3%)	(4.5%)	6.7%	10.9%
1.177x	(5.1%)	(5.3%)	5.9%	10.1%
1.198x	(5.9%)	(6.0%)	5.0%	9.2%
1.219x	(6.6%)	(6.8%)	4.2%	8.3%
1.240x	(7.4%)	(7.5%)	3.4%	7.5%
1.261x	(8.1%)	(8.3%)	2.6%	6.6%
1.282x	(8.8%)	(9.0%)	1.8%	5.8%
1.303x	(9.5%)	(9.7%)	1.0%	5.0%
1.324x	(10.2%)	(10.4%)	0.3%	4.2%
1.345x	(10.9%)	(11.1%)	0.3%	3.4%
1.366x	(11.6%)	(11.8%)	0.4%	2.6%

In addition, Greenhill analyzed the pro forma combined company s business lines, investment portfolio, balance sheet and capital base relative to each of Validus and IPC on a standalone basis. Further, Greenhill conducted a comparison regarding the pro forma combined company s equity as of December 31, 2008 relative to certain of its peers and each of Validus and IPC on a standalone basis. Greenhill also performed a contribution analysis of the relative contributions of each of Validus and IPC with respect to the pro forma combined company s balance sheet, gross written premiums and other items.

The summary set forth above does not purport to be a complete description of the analyses performed by Greenhill, but describes, in summary form, the material analyses that Greenhill conducted in connection with rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. In arriving at its opinion, Greenhill did not attribute any particular weight to any analyses or factors it considered and did not form an opinion as to whether any individual analysis or factor, considered in isolation, supported or failed to support its opinion. Rather, Greenhill considered the totality of the factors and analyses performed in determining its opinion. Accordingly, the summary set forth above and the analyses of Greenhill must be considered as a whole and selecting portions thereof, without considering all of its analyses, could create an incomplete view of the processes underlying Greenhill s analyses and opinion. Greenhill based its analyses on assumptions that it deemed reasonable, including assumptions concerning general business and economic conditions and industry-specific factors. Analyses based on forecasts or projections of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties or their advisors. Accordingly, Greenhill s analyses are not necessarily indicative of actual values or actual future results that might be achieved, which values may be higher or lower than those indicated. Moreover, Greenhill s analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. In addition, no company (other than IPC) or transaction used in Greenhill s analysis as a comparison is directly comparable to IPC, Validus or the contemplated transaction. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective

advisors, none of Validus or Greenhill or any other person assumes responsibility if future results are materially different from those forecasts or projections.

Greenhill s opinion and analyses were provided to the Validus board of directors in connection with its consideration of the proposed amalgamation and were among many factors considered by the Validus board of directors in evaluating the proposed amalgamation. While Greenhill provided advice to Validus during this process, it did not recommend any specific amount of consideration to Validus or the Validus board of directors or that any specific amount of consideration would constitute the only appropriate consideration for the amalgamation. Neither Greenhill s opinion nor its analyses should be viewed as determinative of the consideration or the views of the Validus board of directors with respect to the proposed amalgamation.

Engagement of Greenhill

Validus selected Greenhill as its financial advisor in connection with the proposed amalgamation based on its qualifications and expertise in providing financial advice to acquirors, target companies and their respective boards of directors in merger and acquisition transactions. Greenhill will receive a fee of up to $12.0 million for its services rendered in connection with the amalgamation, $2.75 million of which has already been paid and $9.25 million of which is contingent on the consummation of the acquisition. In addition, Validus has agreed to indemnify Greenhill for certain liabilities arising out of its engagement.

During the two years preceding the date of its opinion, Greenhill was not previously engaged by, did not perform any services for, and did not receive any compensation from, Validus or any other parties to the amalgamation (other than any amounts that were paid to Greenhill under its engagement in connection with the proposed amalgamation). As of the date of Greenhill s opinion, four merchant banking funds affiliated with Greenhill owned an aggregate of 2,571,427 Validus Shares, and certain employees of Greenhill and its affiliates had interests in one or more of such funds.

Interests of Validus Directors and Executive Officers in the Amalgamation

The consummation of the proposed amalgamation will not be deemed to be a change in control impacting grants under any of Validus long-term incentive or stock option plans, or a change in control under any employment agreement between Validus and any of its employees. As a result, no options or other equity grants held by such persons will vest as a result of the proposed amalgamation.

Validus Shareholder Approval of Share Issuance

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 the share issuance, as described below under *Proposals to Be Submitted to Validus Shareholders Vote; Voting Requirements and Recommendations Proposal: Share Issuance* on page 78.

Listing of Validus Common Shares

It is a condition to the closing of the amalgamation that the Validus Shares issuable to IPC shareholders in the amalgamation and the Validus Shares to be reserved for issuance upon the exercise of IPC options and the vesting of IPC common shares authorized to be issued under IPC s outstanding equity compensation plans shall have been authorized for listing on the NYSE, subject to official notice of issuance.

Dividends and Distributions

Each of Validus and IPC regularly pays a quarterly cash dividend. Under the terms of the amalgamation agreement, before the amalgamation closes, Validus and IPC are 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 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 amalgamation agreement, Validus and IPC will 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

The amalgamation 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 amalgamation 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 amalgamation 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 amalgamation 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 amalgamation, the excess will be accounted for in accordance with FAS 141(R). The excess resulting from the amalgamation will be recognized in earnings as a gain attributable to the acquirer on the acquisition date. Validus anticipates the amalgamation agreement will result in an excess of the fair values of the acquired assets and liabilities assumed over the total consideration paid in the amalgamation.

Sources of Funds, Fees and Expenses

The aggregate amalgamation consideration paid to IPC shareholders will consist of a number of shares of Validus Shares determined in accordance with the exchange ratio and cash in lieu of fractional shares, as described in *The Amalgamation Agreement Amalgamation Consideration* on page 59.

It is anticipated that Validus will incur an aggregate of approximately $15.0 million in expenses in connection with the amalgamation, including:

- approximately $14.0 million in financial, legal, accounting and tax advisory fees;
- approximately $90,000 in SEC filing fees;
- approximately $350,000 in printing, solicitation and mailing expenses associated with this proxy statement; and
- approximately $560,000 in miscellaneous expenses.

These amounts do not include the expenses IPC would incur in the amalgamation.

Whether or not the amalgamation closes, all costs and expenses incurred in connection with the amalgamation agreement and the transactions contemplated thereby will be paid by the party to the amalgamation agreement incurring such expense, except as otherwise specifically provided in the amalgamation agreement.

Validus engaged Greenhill as its financial advisor with respect to its strategic process and the amalgamation. In connection with Greenhill s services as financial advisor to Validus in connection with Validus strategic process and the amalgamation, Validus agreed to pay Greenhill an aggregate fee of up to $12.0 million, $2.75 million of which has already been paid and $9.25 million of which is contingent upon the closing of the acquisition.

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THE AMALGAMATION AGREEMENT

The following is a summary of selected material provisions of the amalgamation agreement. This summary is qualified in its entirety by reference to the amalgamation agreement which is incorporated by reference in its entirety and attached to this proxy statement as Annex A. This summary assumes that the amalgamation agreement is signed by IPC in the form delivered by Validus to IPC. In response to IPC s rejection of the Validus Offer, Validus is engaging in efforts to move forward with the transaction without IPC s cooperation. These efforts will necessitate certain changes to the amalgamation agreement which are not material to Validus or IPC shareholders. For example, the 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. The provisions of the amalgamation agreement are extensive and not easily summarized. You should read the amalgamation agreement in its entirety because it, and not this proxy statement (including this summary), is the legal document that would govern the amalgamation.

The representations, warranties and covenants contained in the amalgamation agreement will be made only for purposes of the amalgamation agreement and as of a specific date and may be subject to more recent developments, will be solely for the benefit of the parties to the amalgamation agreement, may be subject to limitations agreed upon by the contracting parties, including being qualified by disclosures made for the purposes of allocating risk between the parties to the amalgamation agreement instead of establishing these matters as facts, and may apply standards of materiality in a way that is different from what may be viewed as material by you or by other investors. For the foregoing reasons, you should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of IPC, Validus or Validus Ltd. or any of their respective subsidiaries or affiliates.

Structure of the Amalgamation

Pursuant to the amalgamation agreement, 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 all the conditions provided in the amalgamation agreement, which are summarized in *Conditions to the Amalgamation* below, are satisfied or waived. The name of the amalgamated company will be Validus Ltd.

Upon closing of the amalgamation, Validus board of directors would consist of the directors serving on the board of directors of Validus before the amalgamation; however, Validus has expressed to the IPC directors that if they desire to participate in the leadership of Validus after the amalgamation, Validus would consider that. Upon closing of the amalgamation, the officers of Validus will be the officers serving Validus before the amalgamation.

Closing; Completion of the Amalgamation

The closing is expected to occur on the third business day after the satisfaction or waiver of all closing conditions, which are summarized in *Conditions to the Amalgamation* below, unless otherwise agreed in writing by the parties, except that the closing may be postponed if either party requests a book value estimate from the other party pursuant to the amalgamation agreement, as described in *Book Value Calculations* below.

The amalgamation will become effective on the date on which the certificate of amalgamation is issued by the Registrar of Companies in Bermuda or such other time as the certificate of amalgamation may provide. The application for the certificate of amalgamation will be filed by IPC and Validus Ltd. with the Registrar of Companies in Bermuda on or prior to the closing date.

Amalgamation Consideration

At the effective time, the amalgamation agreement provides that each IPC common share issued and outstanding immediately prior to the effective time (other than dissenting shares as to which appraisal rights have been properly exercised in accordance with Bermuda law and including any shares beneficially owned by Validus) will be converted into the right to receive, subject to adjustment as described below, for each IPC common share:

Validus Shares equal to the exchange ratio; and

cash consideration in lieu of fractional shares.

This consideration is collectively referred to as the *amalgamation consideration*.

Exchange Ratio

The exchange ratio is 1.2037. Each common share of IPC issued and outstanding immediately prior to the effective time (other than dissenting shares as to which appraisal rights have been properly exercised in accordance with Bermuda law and including any shares beneficially owned by Validus) will be cancelled and converted into the right to receive Validus Shares equal to this exchange ratio.

Fractional Shares

Validus will not issue any fractional Validus common 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, upon surrender of title to all IPC common shares held by such shareholder, an amount in cash determined by multiplying such fraction by the average Validus share 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).

Example of Amalgamation Consideration

For example, with the exchange ratio being 1.2037, an IPC shareholder owning 100 IPC common shares will receive total consideration valued at 120.37 Validus Shares. Under the amalgamation agreement, such shareholder s amalgamation consideration would be 120 Validus Shares and for the fractional remainder, an amount of cash equal to the value of one Validus Share (determined in the manner described above) *times* .37.

Unless otherwise required by law or Validus agreement with the exchange agent, any portion of the exchange fund held by the exchange agent that has not been distributed to IPC shareholders six months following the effective time will be delivered to Validus, upon demand, and after such transfer, any IPC shareholder may look only to Validus for payment of the amalgamation consideration and any dividends or distributions with respect to Validus Shares.

Treatment of IPC Share Options and Other IPC Equity Awards

At the effective time, all outstanding options to purchase IPC common shares will cease to represent a right to acquire IPC common shares and will automatically be converted into new options to purchase, on substantially similar terms, such number of Validus Shares and at an exercise price per share determined as follows:

Number of Shares: the number of Validus Shares subject to new options will be equal to the product of (1) the number of IPC common shares subject to IPC share options immediately before the effective time and (2) the exchange ratio, the product being rounded, if necessary, to the nearest whole share; and

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Exercise Price: the exercise price per Validus Share purchasable upon exercise of the new options will be equal to (1) the per share exercise price of the IPC share option divided by (2) the exchange ratio, the quotient being rounded, if necessary, to the nearest cent.

At the effective time, any holder of an outstanding right of any kind to acquire IPC common shares or benefits measured by the value of IPC common shares (other than share options) will have such right automatically converted into the right to acquire or receive benefits measured by the value of the number of Validus Shares equal to the product of (1) the number of IPC common shares subject to the outstanding right immediately before the effective time and (2) the exchange ratio (rounded down, if necessary, to the nearest number of whole shares). The Validus Shares received for such IPC common shares will remain subject to the same restrictions that applied before the amalgamation was effective and will otherwise have the same terms and conditions (taking into account any accelerated vesting thereunder) as were applicable before the effective time.

Representations and Warranties of the Parties in the Amalgamation Agreement

The amalgamation agreement contains various customary representations and warranties of IPC and Validus (and Validus Ltd. with respect to specified sections) relating to, among other things:

- organization, good standing and corporate power;
- capital structure;
- authorization to enter into, and enforceability of, the amalgamation agreement;
- the absence of conflicts with, or violations of, (1) organizational documents, (2) applicable law or (3) material agreements, indentures or other instruments, in each case as a result of the amalgamation or entry into the amalgamation agreement;
- the filing, accuracy and completeness of SEC reports, the preparation and presentation of financial statements, and the absence of undisclosed liabilities;
- compliance with applicable laws and reporting requirements;
- absence of material pending or threatened legal and arbitration proceedings and investigations;
- tax matters;
- absence of certain changes or events in the business or condition of each party;
- approvals of the boards of directors in connection with the amalgamation;
- the required vote of shareholders;
- agreements with regulatory agencies or governmental authorities;
- insurance matters, including statements and reports filed with applicable insurance regulatory authorities;
- investments and derivatives;
- material and intercompany contracts;
- employee benefits and executive compensation;

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labor relations and other employment matters;

intellectual property;

real and leased properties;

broker s fees payable in connection with the amalgamation;

investment advisor status;

the opinion of each party s financial advisor as to fairness from a financial point of view; and

inapplicability of takeover statutes to the amalgamation.

Some of the representations and warranties of Validus, Validus Ltd. and IPC in the amalgamation agreement are qualified by materiality thresholds, or a *material adverse effect* clause. For purposes of the amalgamation agreement, the material adverse effect clause and its related definition contemplate any change, state of facts, circumstance, event or effect that is materially adverse to the financial condition, properties, assets, liabilities, obligations (whether accrued, absolute, contingent or otherwise), businesses or results of operations of a party and its subsidiaries, taken as whole, except any such effect to the extent resulting from any of the following is excluded from the definition of material adverse effect:

the execution, delivery and announcement of the amalgamation agreement and the transactions contemplated thereby;

changes in economic, market, business, regulatory or political conditions generally in the United States or in Bermuda or any other jurisdiction in which such party operates or in the Bermudian, U.S. or global financial markets except to the extent such changes have a materially disproportionate effect on a party relative to other similarly situated persons in the property and casualty reinsurance industry;

changes, circumstances or events generally affecting the property and casualty insurance and reinsurance industries in the geographic areas in which such party operates, except to the extent such changes have a materially disproportionate effect on a party relative to other similarly situated persons in the property and casualty reinsurance industry;

changes, circumstances or events resulting in liabilities under property catastrophe reinsurance, including any effects resulting from any earthquake, hurricane, tornado, windstorm, terrorist act, act of war or other natural or man-made disaster;

changes in any applicable law, except to the extent such changes have a materially disproportionate effect on a party relative to other similarly situated persons in the property and casualty reinsurance industry;

changes in generally accepted accounting principles or in statutory accounting principles (or local equivalents in the applicable jurisdiction) prescribed by the applicable insurance regulatory authority, including accounting and financial reporting pronouncements by the Bermuda Monetary Authority (the *BMA*), the SEC, the National Association of Insurance Commissioners and the Financial Accounting Standards Board, except to the extent such changes have a materially disproportionate effect on a party relative to other similarly situated persons in the property and casualty reinsurance industry;

- any change or announcement of a potential change in its or any of its subsidiaries credit or claims-paying rating or A.M. Best rating or the ratings of any of its or its subsidiaries businesses or securities, but not excluding the underlying cause of such change or announcement;

- a change in the trading prices or volume of such party s capital shares, but not excluding the underlying cause of such a change;

- the failure to meet any revenue, earnings or other projections, forecasts or predictions for any period ending after the date of the amalgamation agreement, but not excluding the underlying cause of such failure;

- the commencement, occurrence or continuation of any war or armed hostilities except to the extent any such changes have a materially disproportionate effect on a party relative to other similarly situated persons in the property and casualty reinsurance industry;

- any action or failure to act required to be taken by a party pursuant to the terms of the amalgamation agreement; and/or

- a party s ability to perform its obligations under the amalgamation agreement or to consummate the transactions contemplated thereby.

In most instances, the representations and warranties of Validus, Validus Ltd. and IPC in the amalgamation agreement that are qualified by material adverse effect are qualified only to the extent the failure of such representations or warranties to be true and correct would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Validus, Validus Ltd. or IPC, as the case may be.

Conduct of Business Pending the Closing of the Amalgamation

The amalgamation agreement requires that each of IPC and Validus, subject to certain exceptions, as consented to in writing by the other party or as expressly noted below as solely applicable to IPC and its subsidiaries during the period from the signing of the amalgamation agreement to the effective time, it and its subsidiaries, among other things, (1) will conduct its respective businesses in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve intact its business organization, maintain permits and licenses and preserve relationships with its employees, customers, investment advisors and managers, regulators, financing providers and others having business dealings with it and (2) will not:

- declare or pay any dividend or make other distributions, with limited exceptions including ordinary course quarterly dividends on its common shares with record and payment dates consistent with past practice and at a rate no greater than the rate it paid in the fiscal quarter immediately preceding the date of the amalgamation agreement;

- split, combine or reclassify, or propose to split, combine or reclassify, any of its share capital, or issue or authorize or propose the issuance or authorization of any other securities in respect of, in lieu of or in substitution for, shares of its share capital;

- in the case of IPC and its subsidiaries, repurchase, redeem or otherwise acquire any shares of its or any of its subsidiaries share capital or any securities convertible into or exercisable for any such shares, other than repurchases, redemptions or acquisitions by a wholly owned subsidiary of share capital or such other securities, as the case may be, of another of its wholly owned subsidiaries;

- issue, deliver or sell any shares of any class of its capital shares, any voting debt, any share appreciation rights or any securities convertible into, or exercisable or exchangeable for, any rights, warrants or options to acquire such shares or voting debt, other than as required by its existing equity benefit plans and issuances by any of its wholly owned subsidiaries to it or to another of its wholly owned subsidiaries;

amend or propose to amend its organizational documents or those of any of its subsidiaries, except as provided in the amalgamation agreement;

with limited exceptions, acquire or agree to acquire any equity interests in or a substantial portion of the assets of any other entity or any material assets, rights or properties, or sell, dispose or otherwise encumber any of its assets, rights or properties;

modify or terminate any material contract (as defined in the amalgamation agreement), or cancel, modify or waive any debts or claims held by it under, or in connection with, any material contract;

enter into any contract that would have been a material contract had it been entered into before entering into the amalgamation agreement;

fail to comply with its investment policy, or modify its investment policy in any material respect, except as may be required by (or, in its reasonable good-faith judgment, advisable under) generally accepted accounting principles or in statutory accounting principles prescribed by applicable law;

enter into, purchase, sell, amend or modify any derivative contract other than in the ordinary course of business consistent with past practice and its investment policy;

voluntarily forfeit, abandon, modify, waive or terminate any of its material permits;

take any action with the knowledge and intent that it would result in any of the conditions to the amalgamation agreement not being satisfied;

take any action that would materially adversely affect the ability of the parties to obtain any of the regulatory approvals;

change its methods of accounting except as required by changes in applicable laws, generally accepted accounting principles or in applicable statutory accounting principles;

make, change or revoke any material tax election, file any amended tax return, settle any tax matters or change its method of tax accounting (except, with respect to any amended return or any change in the accounting method, as required by changes in law (or any taxing authority s interpretation thereof)), in each case, if such action would increase any of its tax liabilities by a material amount;

alter or amend in any material respect its investment policy or any existing underwriting, claim handling and related financial protection, or the methods, guidelines or policies or any material assumptions underlying such practices, except as may be required by (or, in its reasonable good-faith judgment, advisable under) generally accepted accounting principles or in applicable statutory accounting principles or any governmental entity or applicable laws;

adopt any plan of complete or partial liquidation or dissolution, restructuring, recapitalization or reorganization;

incur, create or assume any indebtedness for borrowed money (or modify any of the material terms of any such outstanding indebtedness), other than (1) in replacement of existing or maturing debt, (2) in connection with amending existing indebtedness agreements in connection with the amalgamation agreement, (3) in the ordinary course of the insurance or reinsurance business and (4) draw-downs pursuant to existing credit facilities and letters of credit;

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modify or waive any material rights in or dispose of any material intellectual property rights;

settle or compromise any legal proceedings for an amount in excess of $1 million (excluding any amounts previously reserved for such matters in its latest audited balance sheet filed with the SEC and any insurance coverage applicable thereto) or involving any non-monetary relief;

with respect to IPC and its subsidiaries, enter into, adopt, amend or terminate any of its benefit plans, subject to limited exceptions;

with respect to IPC and its subsidiaries, except as required by its existing benefit plans, increase compensation or fringe benefits of any director, officer, employee, independent contractor or consultant, or pay any benefit not required by any benefit plan, subject to certain limited exceptions;

with respect to IPC and its subsidiaries, enter into or renew any contract providing for payment to any director, officer, employee, independent contractor or consultant of compensation or benefits contingent upon the occurrence of the amalgamation; or

agree to or make any commitment to take or authorize, any of the actions described above.

Existing Credit Facilities

IPC and Validus must mutually agree to any changes in either party s existing credit facilities and will use commercially reasonable efforts to cooperate with each other in connection with the arrangement or modification of any such financing; *provided* that (1) neither party is required to cooperate if such cooperation would unreasonably interfere with the ongoing operations of itself or its subsidiaries prior to the effective time, (2) no party or any of its subsidiaries will be required to incur any liability under such financing prior to the effective time unless such liability is contingent upon the occurrence of the amalgamation and not material to IPC and its subsidiaries (after giving effect to the amalgamation), and (3) IPC and Validus will be solely responsible for their respective costs and expenses incurred in connection with such cooperation.

Access to Information; Confidentiality

The amalgamation agreement requires that each of Validus and IPC provide to the officers, employees and representatives of the other party access, during normal business hours prior to the effective time, to all of its properties, books, contracts, records and officers and all other information concerning its business, properties and personnel as such other party may reasonably request, subject to certain restrictions. The parties will hold any such information in confidence to the extent required by, and in accordance with, the confidentiality provisions of the amalgamation agreement.

Agreements to Use Commercially Reasonable Efforts

Subject to the terms and conditions of the amalgamation agreement, the amalgamation agreement requires that each of Validus and IPC use commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or advisable under the amalgamation agreement and applicable laws to consummate the amalgamation and the other transactions contemplated by the amalgamation agreement as promptly as practicable after the date of the amalgamation agreement, including:

preparing and filing all documentation to effect all necessary applications, notices, filings and other documents and to obtain all required regulatory approvals and all other consents;

supplying any additional information and documentary material that may be requested pursuant to applicable laws or by applicable authorities and causing the expiration of applicable waiting periods, or cause the receipt of all consents from governmental entities or required under applicable law as soon as practicable;

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cooperating in all respects with the other party in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initi