

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

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

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):

No fee required.

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' by-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 March 13, 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' by-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.**

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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.

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*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.

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*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.

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*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.

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*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](mailto: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](mailto: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.

**Table of Contents****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

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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

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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.

**Table of Contents****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.

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*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.



**Table of Contents****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.

	<b>Year Ended December 31, 2008</b>	<b>Year Ended December 31, 2007</b>	<b>Year Ended December 31, 2006</b>	<b>Period Ended December 31, 2005</b>
	<b>(Dollars in thousands, except share and per share amounts)</b>			
<b>Revenues</b>				
Gross premiums written	\$ 1,362,484	\$ 988,637	\$ 540,789	\$
Reinsurance premiums ceded	(124,160)	(70,210)	(63,696)	&nb