

VALIDUS HOLDINGS LTD

Form S-4/A

August 05, 2009

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As filed with the Securities and Exchange Commission on August 5, 2009

Registration Number 333-159148

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Amendment No. 7
to
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

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

BERMUDA
*(State or Other Jurisdiction of
Incorporation or Organization)*

6331
*(Primary Standard Industrial
Classification Code Number)*

98-0501001
*(I.R.S. Employer
Identification Number)*

**19 Par-La-Ville Road, Hamilton, HM 11 Bermuda
(441) 278-9000**

*(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)*

**CT Corporation System
111 Eighth Avenue
New York, New York 10011
(212) 590-9200**

*(Name, address, including zip code, and telephone number, including area code,
of agent for service)*

Copies to:

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General Counsel

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IPC Holdings, Ltd.

Cahill Gordon & Reindel LLP	Skadden, Arps, Slate, Meagher & Flom LLP	Validus Holdings, Ltd.	Sullivan & Cromwell LLP	American International Building
80 Pine Street		19 Par-La-Ville Road	125 Broad Street	29 Richmond Road
New York, New York 10005	Four Times Square	Hamilton, HM 11	New York, New York	Bermuda
(212) 701-3000	New York, New York 10036	(441) 278-9000	(212) 558-4000	(441) 298-5100
	(212) 735-3000			

Approximate date of commencement of proposed sale of securities to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ☐

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ☐

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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PRELIMINARY COPY SUBJECT TO COMPLETION, DATED AUGUST 5, 2009

The information in this joint proxy statement/prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is declared effective. This joint proxy statement/prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale of these securities is not permitted.

AN AMALGAMATION PROPOSAL YOUR VOTE IS VERY IMPORTANT

To the shareholders of Validus Holdings, Ltd. (Validus) and the shareholders of IPC Holdings, Ltd. (IPC):

On July 9, 2009, IPC, Validus and Validus Ltd., a direct wholly owned subsidiary of Validus, entered into an Agreement and Plan of Amalgamation (the Amalgamation Agreement).

Subject to shareholder approval as described herein and satisfaction or waiver of the other conditions specified in the Amalgamation Agreement, on the date the Amalgamation is consummated (the Closing Date), IPC will amalgamate with Validus Ltd. (the Amalgamation). IPC shareholders (including the shareholders that do not vote in favor of the Amalgamation) will have the right to receive 0.9727 common shares, par value \$0.175 per share, of Validus (Validus Shares), \$7.50 in cash (less any applicable withholding taxes and without interest) and cash in lieu of fractional shares in exchange for each common share, par value \$0.01 per share, of IPC (an IPC Share) they hold, unless they exercise appraisal rights pursuant to Bermuda law.

The Validus Special Meeting. Validus will hold a special meeting of its shareholders (the Validus special meeting), on [1], 2009, at [1], 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 pursuant to the Amalgamation Agreement (the Share Issuance);

to approve an adjournment proposal in respect of the Validus special meeting for the solicitation of additional proxies in favor of the above proposal, if necessary; and

to transact such other further business, if any, as may lawfully be brought before the Validus special meeting.

Validus is soliciting proxies from holders of Validus Shares at the Validus special meeting in order to be able to issue the Validus Shares to IPC shareholders in connection with the Amalgamation. The Share Issuance will become effective only if it is approved by Validus shareholders and the Amalgamation is consummated. 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. Even if you previously voted on the issuance of Validus Shares at the special general meeting of Validus shareholders held on June 26, 2009, because the composition of the consideration being offered by Validus to IPC shareholders was subsequently changed, your vote is necessary at the Validus special meeting in order to approve the Share Issuance.

Shareholders of record as of the close of business on July 27, 2009 will be entitled to vote at the Validus special meeting. As of July 27, 2009, there were 59,253,652 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-

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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 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 and Section 13(d)(3) of the Securities Exchange Act of 1934, as amended).

Aquiline Capital Partners LLC, Vestar Capital Partners, and New Mountain Capital, LLC, which collectively owned approximately 38% of Validus outstanding voting common shares as of July 27, 2009, have agreed to vote in favor of the Share Issuance.

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.

The IPC Special Meeting. IPC will hold a special general meeting of its shareholders (the IPC special meeting) on [1], 2009, at [1], Atlantic Time, at the registered office of IPC located at the American International Building, 29 Richmond Road, Pembroke HM 08, Bermuda. IPC shareholders will be asked at the IPC special meeting:

to approve an amendment to IPC s bye-laws to reduce the shareholder vote required to approve an amalgamation with any other company from the affirmative vote of three-fourths of the votes cast thereon at a general meeting of the shareholders to a simple majority (the IPC bye-law amendment);

to adopt the Amalgamation Agreement and approve the Amalgamation;

to approve an adjournment proposal in respect of the IPC special meeting for the solicitation of additional proxies in favor of either of the above proposals, if necessary; and

to transact such other further business, if any, as may lawfully be brought before the meeting.

The affirmative vote of a majority of the votes cast at the IPC special meeting, at which a quorum is present in accordance with IPC s bye-laws, is required to approve the IPC bye-law amendment, which will become immediately effective if so approved. If the IPC bye-law amendment is approved, the affirmative vote of a majority of the votes cast at the IPC special meeting will be required to adopt the Amalgamation Agreement and approve the Amalgamation. If the IPC bye-law amendment is not approved, the affirmative vote of three-fourths of the votes cast at the IPC special meeting shall be required to adopt the Amalgamation Agreement and approve the Amalgamation. The affirmative vote of a majority of the votes cast at the IPC special meeting is required to approve each other matter to be acted on, including the approval of any adjournment proposal.

Under IPC s bye-laws, with limited exceptions, any shareholder owning, directly, indirectly or, in the case of any U.S. person, constructively or by attribution, shares of IPC with 10% or more of the total combined voting power of all shares entitled to vote will have the voting rights attached to such shares reduced so that it may not exercise more than approximately 9.9% of the total voting rights. The reduction in votes is generally applied in declining order based on the number of such shares owned by each shareholder. Under these provisions of IPC s bye-laws, certain shareholders may have their voting rights limited to less than one vote per share. Moreover, these provisions could have the effect of reducing the voting power of certain shareholders who would not otherwise be subject to the limitation by virtue of their direct share ownership.

* * *

Based on Validus and IPC's respective capitalizations as of August 4, 2009 and the exchange ratio of 0.9727, Validus estimates that former IPC shareholders would own, in the aggregate, approximately 38% of the issued and outstanding Validus Shares on a fully-diluted basis following closing of the Amalgamation. Validus will issue approximately 54,959,648 Validus Shares in connection with the Amalgamation. Validus will apply to list these Validus Shares on the New York Stock Exchange (NYSE), subject to official notice of issuance.

Before the Amalgamation can close, Validus shareholders must approve the Share Issuance at the Validus special meeting (or any adjournment thereof) and IPC shareholders must adopt the Amalgamation Agreement and approve the Amalgamation at the IPC special meeting (or any adjournment thereof).

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Validus Shares are quoted on the NYSE under the symbol VR. The closing price of a Validus Share on the NYSE on August 4, 2009, the last practicable date prior to the filing of this joint proxy statement/prospectus, was \$23.61. IPC Shares, which are currently quoted on the NASDAQ Global Select Market (NASDAQ) under the symbol IPCR and the Bermuda Stock Exchange under the symbol IPCR BH , would be delisted upon completion of the Amalgamation. The closing price of an IPC Share on NASDAQ on August 4, 2009, the last practicable date prior to the filing of this joint proxy statement/prospectus, was \$29.98. All references to dollars and \$ in this joint proxy statement/prospectus refer to U.S. dollars.

Validus board of directors has authorized and approved the Share Issuance and deems it fair, advisable and in the best interests of Validus and its shareholders to consummate the Share Issuance, the Amalgamation 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.

IPC s board of directors has adopted the Amalgamation Agreement and authorized and approved the Amalgamation of IPC with Validus Ltd. upon the terms and subject to the conditions set forth in the Amalgamation Agreement, authorized and approved the IPC bye-law amendment, and deems it fair, advisable and in the best interests of IPC to enter into the Amalgamation Agreement and to consummate the Amalgamation and the other transactions contemplated by the Amalgamation Agreement. IPC s board of directors recommends that IPC shareholders vote FOR each proposal submitted to IPC shareholders on the attached IPC proxy card.

This joint proxy statement/prospectus provides Validus and IPC shareholders with detailed information about the Validus special meeting, the IPC special meeting and the Amalgamation. You can also obtain information from publicly available documents filed by Validus and IPC with the SEC. **Validus and IPC encourage you to read this entire document carefully, including the section entitled *Risk Factors* beginning on page 34.**

Your vote is very important. Whether or not you plan to attend the Validus special meeting or the IPC special meeting, please take time to vote by completing and mailing your enclosed proxy card or by following the voting instructions provided to you if you own your shares through a bank, broker or other nominee. If you do not receive such instructions, you may request them from that firm.

Sincerely,

Edward J. Noonan
Chairman and Chief Executive Officer
Validus Holdings, Ltd.

John R. Weale
Interim President and Chief Executive Officer
IPC Holdings, Ltd.

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 joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

Important notice regarding the availability of proxy materials for the Validus special meeting to be held on [1], 2009 and the IPC special meeting to be held on [1], 2009

The joint proxy statement/prospectus and the related proxy materials are available free of charge on Validus' website at www.validusre.bm and on IPC's website at www.ipcre.bm.

**This joint proxy statement/prospectus is dated [1], 2009
and is first being mailed to Validus and IPC shareholders on or about [1], 2009**

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SOURCES OF ADDITIONAL INFORMATION

This joint proxy statement/prospectus includes information, including important business and financial information, also set forth in documents filed by Validus and IPC with the Securities and Exchange Commission (SEC), and those documents include information about Validus and IPC that is not included in or delivered with this joint proxy statement/prospectus. 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 and IPC shareholders also may obtain documents filed with the SEC or documents incorporated by reference in this joint proxy statement/prospectus free of cost, by directing a written or oral request to the appropriate company at:

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

IPC Holdings, Ltd.
American International Building
29 Richmond Road
Pembroke HM 08
Bermuda
Attention: Melanie J. Saunders
(441) 298-5100

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 relevant meeting. This means you must request this information no later than [1], 2009. Validus or IPC, as the case may be, 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.

See Where You Can Find More Information on page 158.

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**19 Par-La-Ville Road
Hamilton HM11
Bermuda**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON [1], 2009**

[1], 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 [1], 2009, at [1], Atlantic Time, for the following purposes:

to approve the issuance of Validus voting common shares, par value \$0.175 per share, pursuant to the Amalgamation Agreement (as defined in the joint proxy statement/prospectus on the following pages);

to approve an adjournment proposal in respect of the meeting for the solicitation of additional proxies in favor of the above proposal, if necessary; and

to transact such other further business, if any, as may be lawfully brought before the meeting.

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

If you are a Validus shareholder of record, please complete, sign, date and return the enclosed proxy in the return envelope furnished for that purpose, as promptly as possible, whether or not you plan to attend the meeting, or follow the instructions on the Validus proxy card to complete your proxy card on the Internet at the website indicated or by telephone. If you own your shares through a bank, broker, or other nominee, you will receive instructions from that institution on how to instruct them to vote your shares, including by completing a voting instruction form, or providing instructions by Internet or telephone. If you do not receive such instructions, you may contact that institution to request them. If you later desire to revoke your proxy for any reason, you may do so in the manner described in the attached joint proxy statement/prospectus. Only shareholders of record as shown on the transfer books of Validus at the close of business on July 27, 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 112 in the joint proxy statement/prospectus for more information.

By Order of the Board of Directors,

/s/ Lorraine Dean
Lorraine Dean
Secretary

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**American International Building
29 Richmond Road
Pembroke HM 08, Bermuda**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD [1], 2009**

[1], 2009

Notice is hereby given that a Special Meeting of Shareholders of IPC Holdings, Ltd. (IPC) will be held at the registered office of IPC, located at the American International Building, 29 Richmond Road, Pembroke HM 08, Bermuda, commencing at [1], Atlantic Time, on [1], 2009, for the following purposes:

to approve an amendment to IPC's bye-laws to reduce the shareholder vote required to approve an amalgamation with any other company from the affirmative vote of three-fourths of the votes cast thereon at a general meeting of the shareholders to a simple majority, pursuant to the Agreement and Plan of Amalgamation, dated as of July 9, 2009, between IPC, Validus Holdings, Ltd. (Validus) and Validus Ltd. (the Amalgamation Agreement);

to adopt the Amalgamation Agreement and approve the resulting amalgamation;

to approve an adjournment of the meeting for the solicitation of additional IPC proxies in favor of either of the above proposals, if necessary; and

to transact such other further business, if any, as may lawfully be brought before the meeting.

Information concerning the matters to be acted upon at the IPC special meeting is set forth in the accompanying joint proxy statement/prospectus.

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 shares as to which appraisal rights have been exercised pursuant to Bermuda law), will be cancelled and converted into the right to receive 0.9727 common shares of Validus, \$7.50 in cash, less any applicable withholding tax and without interest, and cash in lieu of fractional shares upon closing of the amalgamation.

Under Bermuda law, in the event of an amalgamation of a Bermuda company with another company or corporation, any shareholder of the Bermuda company is entitled to receive fair value for its shares. IPC's board of directors considers the fair value for each IPC common share to be \$7.50 plus 0.9727 Validus common shares, providing IPC shareholders with a value of \$29.48 for each IPC common share as based on the closing price of Validus common shares on July 8, 2009, the day immediately preceding the public announcement of the proposed amalgamation.

Any IPC shareholder that is not satisfied that it has been offered fair value for its IPC common shares and whose shares are not voted in favor of the Amalgamation Agreement and the amalgamation may exercise its appraisal rights under the Companies Act 1981 of Bermuda, as amended (the Companies Act) to have the fair value of its IPC common shares appraised by the Supreme Court of Bermuda (the Court). Any IPC shareholder intending to exercise appraisal rights MUST file its application for appraisal of the fair value of its IPC common shares with the Court within ONE MONTH after the date the notice convening the IPC special meeting is deemed to have been received.

Only shareholders of record, as shown on IPC's register of members or branch register, at the close of business on July 27, 2009, will be entitled to notice of, and to vote at, the IPC special meeting or any adjournments thereof, or to exercise the appraisal rights conferred on dissenting shareholders by Bermuda law.

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If you are an IPC 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 IPC special meeting. If you own your shares through a bank, broker or other nominee, you will receive instructions from that institution on how to instruct them to vote your shares, including by completing a proxy card, or providing instructions by Internet or telephone. If you later desire to revoke your proxy for any reason, you may do so in the manner described in the attached joint proxy statement/prospectus. See *The IPC Special Meeting* on page 115 in the accompanying joint proxy statement/prospectus for more information.

By order of the Board of Directors,

Melanie J. Saunders
Secretary

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QUESTIONS AND ANSWERS ABOUT THE AMALGAMATION AND THE MEETINGS

The following questions and answers highlight selected information from this joint proxy statement/prospectus 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 are the shareholder meetings?

A1: The Validus special meeting will take place at [], Atlantic Time, on [], 2009, at 19 Par-La-Ville Road, Hamilton, HM11, Bermuda.

A2: The IPC special meeting will take place at [], Atlantic Time, on [], 2009, at the American International Building, 29 Richmond Road, Pembroke HM 08, Bermuda.

Q: What is happening at the shareholder meetings?

A1: At the Validus special meeting, Validus shareholders will be asked:

to approve the issuance of Validus Shares pursuant to the Amalgamation Agreement;

to approve the adjournment of the meeting for the solicitation of additional proxies in favor of the above proposal; and

to transact such other further business, if any, as may be lawfully brought before the meeting.

Even if Validus shareholders approve the Share Issuance, the Share Issuance will take effect only if and when the Amalgamation closes.

A2: At the IPC special meeting, IPC shareholders will be asked:

to approve an amendment to IPC's bye-laws to reduce the shareholder vote required to approve an amalgamation with any other company from the affirmative vote of three-fourths of the votes cast thereon at a general meeting of the shareholders to a simple majority;

to adopt the Amalgamation Agreement and approve the Amalgamation;

to approve an adjournment proposal in respect of the IPC special meeting for the solicitation of additional proxies in favor of the foregoing proposals, if necessary; and

to transact such other further business, if any, as may lawfully be brought before the meeting.

Q: What will happen in the Amalgamation?

A: If Validus shareholders approve the Share Issuance, and if IPC shareholders adopt the Amalgamation Agreement and approve the Amalgamation, and all other conditions to the Amalgamation have been satisfied or waived, IPC will 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. Upon the closing of the Amalgamation, the separate corporate existence of Validus Ltd. and IPC will cease and they will continue as a combined entity

and subsidiary of Validus and the name of the combined entity shall be Validus Ltd.

Q: Why are Validus and IPC proposing the Amalgamation?

- A1: Based on a number of factors described under *The Amalgamation Reasons Why Validus Board of Directors Recommends Approval of the Share Issuance*, Validus board of directors believes that the Amalgamation represents a compelling combination and excellent strategic fit that will enable Validus to capitalize on opportunities in the global reinsurance market. Successful completion of the Amalgamation would allow Validus shareholders to benefit from the superior growth potential of a combined company that would be a leading carrier in Bermuda's short-tail reinsurance and insurance markets, with a strong balance sheet and quality diversification in profitable business lines.
- A2: Based on a number of factors, including those described under *The Amalgamation Reasons Why IPC's Board of Directors Recommends Approval of the Amalgamation and the IPC Bye-law Amendment*, IPC's board of directors adopted the Amalgamation Agreement and authorized and approved the IPC bye-law amendment. IPC's board of directors believes that each of the Amalgamation and the IPC bye-law amendment is in the best interests of IPC. In making this determination, IPC's board of directors considered

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factors including the amount and type of consideration pursuant to the Amalgamation, the certainty for IPC and its shareholders, the anticipated timing of signing and closing, and the other terms and conditions of Validus offer.

Q: What would IPC shareholders receive in the Amalgamation?

A: Under the terms of the Amalgamation Agreement, each outstanding IPC Share (including any shares held by IPC shareholders that do not vote in favor of the Amalgamation, but excluding any dissenting shares as to which appraisal rights have been exercised pursuant to Bermuda law and excluding any shares held by Validus, IPC or any of their respective subsidiaries) would be cancelled and converted into the right to receive (i) 0.9727 Validus Shares, (ii) \$7.50 in cash, less any applicable withholding taxes and without interest, and (iii) cash in lieu of fractional shares, upon closing of the Amalgamation.

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.

Q: What percentage of Validus Shares will the former holders of IPC Shares own, in the aggregate, after the Amalgamation?

A: Based on Validus' and IPC's respective capitalizations as of August 4, 2009, and the exchange ratio of 0.9727, Validus estimates that former IPC shareholders would own, in the aggregate, approximately 38% of the issued and outstanding Validus Shares on a fully-diluted basis following closing of the Amalgamation.

Q: Are shareholders able to exercise appraisal rights?

A1: Validus shareholders will not be entitled to exercise appraisal rights with respect to any matter to be voted upon at the Validus special meeting.

A2: IPC shareholders who do not vote in favor of the Amalgamation Agreement and the Amalgamation and who are not satisfied that they have been offered fair value for their IPC Shares may exercise, within one month after the date the notice convening the IPC special meeting is deemed to have been received, appraisal rights under Bermuda law to have the fair value of their IPC Shares appraised by the Supreme Court of Bermuda (the "Court"), subject to compliance with all of the required procedures, as described under *The Amalgamation - Dissenters Rights of Appraisal for IPC Shareholders*.

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

A: Upon the effectiveness of the Amalgamation, Validus' board of directors would consist of the directors serving on the board of directors of Validus before the Amalgamation.

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: When do the parties expect to complete the Amalgamation?

A: The parties expect to complete the Amalgamation in the third quarter of 2009, although there can be no assurance that the parties will be able to do so. The closing of the Amalgamation is subject to customary closing conditions, including shareholder and bank approvals and receipt of certain other regulatory approvals. Please see *The Amalgamation Agreement Conditions to the Amalgamation* on page 106.

Q: Will I be taxed on the amalgamation consideration I receive?

A: IPC and Validus intend for the Amalgamation to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code), and completion of the Amalgamation is conditioned on Validus and IPC receiving tax opinions to this effect from Cahill Gordon & Reindel LLP and Sullivan & Cromwell LLP, respectively. Assuming the Amalgamation so qualifies, a U.S. holder of IPC Shares that exchanges IPC Shares for Validus Shares and cash in the Amalgamation will generally recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of cash received by such U.S. holder in the Amalgamation (excluding any cash received in lieu of a fractional

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Validus Share) and (ii) the excess, if any, of (a) the sum of the cash and the fair market value of the Validus Shares received by such U.S. holder (including the fair market value of any fractional Validus Share deemed received), over (b) the U.S. holder's tax basis in the IPC Shares exchanged pursuant to the Amalgamation. Subject to the passive foreign investment company rules or the potential application of Section 1248 of the Code, any gain recognized upon the exchange generally will be capital gain, unless the receipt of cash by a U.S. holder has the effect of the distribution of a dividend for U.S. federal income tax purposes. For more information, please see the section of this joint proxy statement/prospectus under the caption *Material U.S. Federal Income Tax Consequences*.

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

Q: What shareholder vote is required to approve the proposals at the Validus special meeting and the IPC special meeting and how many votes must be present to hold the meetings?

A1: 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's by-laws, is required to approve the Share Issuance. The quorum required at the Validus special meeting is two or more shareholders present in person and representing in person or by proxy in excess of 50% of the total issued Validus Shares throughout the meeting. The Share Issuance will become effective only if it is duly approved by Validus shareholders and all of the other conditions to the Amalgamation are satisfied or waived and the Amalgamation 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. Aquiline Capital Partners LLC, Vestar Capital Partners, and New Mountain Capital, LLC, which collectively owned approximately 38% of Validus's outstanding voting common shares as of July 27, 2009, have agreed to vote in favor of the issuance of Validus shares in connection with the transaction.

Even if you previously voted on the issuance of Validus Shares at the special general meeting of Validus shareholders held on June 26, 2009, because the composition of the consideration being offered by Validus to IPC shareholders was subsequently changed, your vote is necessary at the Validus special meeting in order to approve the Share Issuance.

A2: With respect to the IPC special meeting, the affirmative vote of a majority of the votes cast at the IPC special meeting, at which a quorum is present in accordance with IPC's by-laws, is required to approve the IPC bye-law amendment, which will become immediately effective if so approved. The quorum required at the IPC special meeting is two or more shareholders present in person and representing in person or by proxy more than 50% of the issued and outstanding IPC Shares throughout the meeting. If the IPC bye-law amendment is approved, the affirmative vote of a majority of the votes cast at the IPC special meeting is required to adopt the Amalgamation Agreement and approve the Amalgamation. If the IPC bye-law amendment is not approved, the affirmative vote of three-fourths of the votes cast at the IPC special meeting will be required to adopt the Amalgamation Agreement and approve the Amalgamation. The affirmative vote of a majority of the votes cast at the IPC special meeting is required to approve each other matter to be acted on, including any adjournment proposal.

Q: Do the boards of directors recommend approval of the proposals?

A1: Yes. Validus's board of directors, taking into consideration the reasons discussed under *The Amalgamation Reasons Why Validus's Board of Directors Recommends Approval of the Share Issuance*, adopted the Amalgamation Agreement and authorized and approved the Share Issuance. Validus's board of directors deems it

fair, advisable and in the best interests of Validus to enter into the Amalgamation Agreement and to acquire all of the outstanding IPC Shares and to consummate the Share Issuance. **Validus board of directors recommends that Validus shareholders vote FOR each matter submitted on the Validus proxy card.**

A2: Yes. IPC's board of directors, taking into consideration the reasons discussed under *The Amalgamation Reasons Why IPC's Board of Directors Recommends Approval of the Amalgamation and the IPC bye-law*

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amendment, adopted the Amalgamation Agreement and authorized and approved the amalgamation of IPC with Validus Ltd. upon the terms and subject to the conditions set forth in the Amalgamation Agreement, authorized and approved the IPC bye-law amendment, and deems it fair, advisable and in the best interests of IPC to enter into the Amalgamation Agreement and to consummate the Amalgamation and the other transactions contemplated thereby. **IPC's board of directors recommends that you vote FOR each matter submitted on the IPC proxy card.**

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

- A1: The record date for the Validus special meeting is July 27, 2009 (the Validus record date). Only Validus shareholders at the close of business on the Validus record date will be entitled to notice of, and to vote at, the Validus special meeting or any adjournment or postponement thereof.
- A2: The record date for the IPC special meeting is July 27, 2009 (the IPC record date). Only IPC shareholders at the close of business on the IPC record date will be entitled to notice of, and to vote at, the IPC special meeting or any adjournment or postponement thereof.

Q: What do I need to do now?

- A: The parties urge you to read carefully this joint proxy statement/prospectus, 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* and consult with your accounting, legal and tax advisors. Once you have considered all relevant information, the parties encourage you to fill in and return the relevant proxy card (if you are a shareholder of record) or voting instruction form you receive from your bank, broker or other nominee (if you hold your shares through a bank, broker or other nominee (in *street name*)).

Q: How can I vote my shares in person at the Validus special meeting or the IPC special meeting?

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

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

- A: If you are the shareholder of record, you may direct your vote without attending the Validus special meeting or the IPC special meeting by completing and mailing your proxy card in the enclosed pre-paid envelope. If you

hold your shares in street name you should complete and return the voting instruction form you receive from your bank, broker or other nominee in accordance with the instructions you receive from your bank, broker or other nominee. Your voting instruction form may contain instructions from your bank, broker or other nominee that allow you to vote your shares using the Internet or by telephone. Please consult with your bank, broker or other nominee if you have any questions regarding the voting of shares held in street name.

In addition, if you are a Validus 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

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day prior to the Validus special meeting. Alternatively, as a Validus 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.

Q: What do I need for admission to the Validus special meeting or the IPC special meeting?

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

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

- A: If you own your shares through a bank, broker or other nominee, you will receive instructions from that institution on how to instruct them to vote your shares, including by completing a voting instruction form, or providing instructions by Internet or telephone. If you do not receive such instructions, you may contact that institution to request them. In accordance with NYSE rules, banks, brokers and other nominees who hold shares in street-name for customers may not exercise their voting discretion with respect to the proposals. Accordingly, if you do not provide your bank, broker or other nominee with instructions on how to vote your street name shares, your bank, broker or other nominee will not be permitted to vote them at the Validus special meeting or IPC special meeting, possibly resulting in a broker non-vote.

A broker non-vote with respect to the Validus special meeting or IPC special meeting will not be considered as a vote cast with respect to any matter presented at the Validus special meeting or IPC special meeting, but will be counted for purposes of establishing a quorum, *provided* that your bank, broker or other nominee is in attendance in person or by proxy.

Because your bank, broker or other nominee will not have discretionary authority to vote your shares, you must provide your bank, broker or other nominee with instructions on how to vote your shares or arrange to attend the Validus special meeting or IPC special meeting and vote your shares in person if you want your shares to be voted and to avoid a broker non-vote.

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 or IPC special meeting. Because the vote required to approve the proposals is the affirmative vote of the required percentage of the votes cast assuming a

quorum is present, a broker non-vote with respect to any proposal to be voted on at the Validus or IPC special meeting will not have the effect of a vote for or against the relevant proposal, but will reduce the number of votes cast and therefore increase the relative influence of those shareholders voting. See also *The Validus Special Meeting Record Date and Shares Entitled to Vote* and *The IPC 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?

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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 proposals on the proxy card 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 or IPC 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 or the IPC special meeting. If you are a shareholder of record, you may change your vote or revoke your proxy by: (1) delivering to Validus or IPC, a written notice of revocation of your proxy; (2) delivering to Validus or IPC an authorized proxy bearing a later date (including, for Validus shareholders, a proxy by telephone or over the Internet); or (3) attending the Validus special meeting or IPC special meeting and voting in person as described above under the question entitled *How can I vote my shares in person at the Validus special meeting or IPC special meeting?* Attendance at the Validus special meeting or IPC special meeting in and of itself, without voting in person at the Validus special meeting or IPC special meeting, will not cause your previously granted proxy to be revoked. For shares you hold in street name, you should follow the instructions of your bank, broker or other nominee or, if you have obtained a valid proxy or power of attorney from the bank, broker or other nominee that holds your shares (and who has received a legal proxy, with a power of subdelegation, from the shareholder of record as of the record date) giving you the right to vote your shares at the Validus special meeting or IPC special meeting, by attending the Validus special meeting or IPC special meeting and voting in person.

Q: Who can I contact with any additional questions?

A1: Validus shareholders:

If you have additional questions about the Amalgamation, if you would like additional copies of this joint proxy statement/prospectus, or if you need assistance voting your Validus Shares, you should contact Georgeson Inc. (Georgeson) at:

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

A2: IPC shareholders:

If you have additional questions about the Amalgamation, if you would like additional copies of this joint proxy statement/prospectus, or if you need assistance voting your IPC Shares, you should contact Innisfree M&A Incorporated (Innisfree) at:

Innisfree M&A Incorporated
501 Madison Avenue
20th Floor
New York, NY 10022

Toll-Free for Shareholders: (877) 825-8621

Banks and Brokers Call Collect: (212) 750-5834

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*.

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SUMMARY

*This summary highlights the material information in this joint proxy statement/prospectus. To fully understand the proposals, and for a more complete description of the terms of the Amalgamation, you should read carefully this entire document, including the exhibits, 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, please see the section of this joint proxy statement/prospectus entitled *Where You Can Find More Information*.*

The Companies (page 33)

Validus

Validus is a Bermuda exempted company with its principal executive offices located at 19 Par-La-Ville Road, Hamilton HM11, Bermuda. The telephone number of Validus is (441) 278-9000. Validus is a provider of reinsurance and insurance, conducting its operations worldwide through two wholly owned subsidiaries, Validus Reinsurance Ltd. (Validus Re) and Talbot. 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. As of March 31, 2009, Validus had total shareholders' equity of \$2.023 billion and total assets of \$4.763 billion. Validus Shares are traded on the NYSE under the symbol VR and, as of August 4, 2009, the last practicable date prior to the filing of this joint proxy statement/prospectus, Validus had a market capitalization of approximately \$1.797 billion. Validus has approximately 280 employees.

As of the date of the filing of this joint proxy statement/prospectus with the SEC, Validus was the registered holder of 100 IPC Shares, or less than 1% of the outstanding IPC Shares.

IPC

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 Limited (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 IPC's gross premiums written, excluding reinstatement premiums. As of March 31, 2009, IPC had total shareholders' equity of \$1.849 billion and total assets of \$2.453 billion.

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

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The Validus Special Meeting (page 112)

The Validus special meeting will be held on [1], at [1], 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 Share Issuance;

to approve the adjournment of the Validus special meeting for the solicitation of additional proxies in favor of the above proposal, if necessary; and

to transact such other further business, if any, as may lawfully be brought before the Validus special meeting.

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 July 27, 2009, which is the record date for the Validus special meeting.

The IPC Special Meeting (page 115)

The IPC special meeting will be held on [1], 2009, at [1], Atlantic Time, at the registered office of IPC, located at the American International Building, 29 Richmond Road, Pembroke, HM 08, Bermuda. IPC shareholders will be asked at the IPC special meeting:

to approve the IPC bye-law amendment;

to adopt the Amalgamation Agreement and approve the Amalgamation;

to approve an adjournment of the meeting for the solicitation of additional proxies in favor of either of the above proposals, if necessary; and

to transact such other further business, if any, as may lawfully be brought before the meeting.

You can vote at the IPC special meeting only if you are a shareholder of record, as shown on IPC's register of members or branch register at the close of business on July 27, 2009, which is the record date for the IPC special meeting.

The Amalgamation (page 38)

General Description (page 38)

On July 9, 2009, IPC, Validus and Validus Ltd., a wholly owned subsidiary of Validus, entered into an Agreement and Plan of Amalgamation (the "Amalgamation Agreement"). Validus' board of directors unanimously adopted the Amalgamation Agreement on that date and deemed 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 thereby. IPC's board of directors unanimously adopted the Amalgamation Agreement on that date and authorized and approved the amalgamation of IPC with Validus Ltd. upon the terms and subject to the conditions set forth in the Amalgamation Agreement and deemed it fair to, advisable to and in the best interests of IPC to enter into the Amalgamation Agreement and to consummate the Amalgamation and the other transactions contemplated thereby.

Subject to shareholder approval as described in this joint proxy statement/prospectus and the satisfaction or waiver of the other conditions specified in the Amalgamation Agreement, on the Closing Date of the Amalgamation, IPC will amalgamate with Validus Ltd. Pursuant to the Amalgamation Agreement, after the effective time of the Amalgamation, IPC shareholders (other than shareholders that exercise appraisal rights pursuant to Bermuda law, and other than Validus and its subsidiaries) will have the right to receive 0.9727 Validus Shares, \$7.50 in cash, less any applicable withholding tax and without interest, and cash in lieu of fractional shares (the amalgamation consideration) in exchange for each IPC Share they hold.

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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*.

Recommendation of Validus Board of Directors (page 118)

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 consummate the Share Issuance, the Amalgamation and the other transactions contemplated thereby. Validus board of directors recommends that Validus shareholders vote FOR the proposals submitted to Validus shareholders on the attached Validus proxy card.

Recommendation of IPC's Board of Directors (page 119)

IPC's board of directors has adopted the Amalgamation Agreement and authorized and approved the Amalgamation upon the terms and subject to the conditions set forth in the Amalgamation Agreement, authorized and approved the IPC bye-law amendment, and deems it fair, advisable and in the best interests of IPC to enter into the Amalgamation Agreement and to consummate the Amalgamation and the other transactions contemplated by the Amalgamation Agreement. IPC's board of directors recommends that IPC shareholders vote FOR each proposal submitted to IPC shareholders on the attached IPC proxy card.

Reasons Why Validus Board of Directors Recommends Approval of the Share Issuance (page 59)

Validus board of directors recommends approval of the Share Issuance in order to issue shares that are necessary to effect the Amalgamation. Validus board of directors believes that the Amalgamation represents a compelling combination and excellent strategic fit that will enable Validus to capitalize on opportunities in the global reinsurance market. Successful completion of the Amalgamation would allow Validus shareholders to benefit from the superior growth potential of a combined company that would be a leading carrier in Bermuda's short-tail reinsurance and insurance markets, with a strong balance sheet and quality diversification in profitable business lines.

In reaching these conclusions and in determining that the Share Issuance is fair, advisable and in the best interests of Validus, and in recommending the approval of the Share Issuance, Validus board of directors consulted with Validus management as well as legal and financial advisors and considered a number of factors. Those factors included, but were not limited to, those set forth under *The Amalgamation* *Reasons Why Validus Board of Directors Recommends Approval of the Share Issuance*.

Reasons Why IPC's Board of Directors Recommends Approval of the Amalgamation and the IPC Bye-Law Amendment (page 62)

IPC's board of directors recommends approval of the Amalgamation and the IPC bye-law amendment based on a number of factors including those described under *The Amalgamation* *Reasons Why IPC's Board of Directors Recommends Approval of the Amalgamation and the IPC Bye-law Amendment*. IPC's board of directors believes that each of the Amalgamation and the IPC bye-law amendment is in the best interests of IPC. In making this determination, IPC's board of directors considered factors including the amount and type of consideration pursuant to the Amalgamation, the certainty for IPC and its shareholders, the anticipated timing of signing and closing, and the other terms and conditions of Validus offer.

In the course of making the above determinations and recommendations, IPC's board of directors considered a number of potential benefits of the Amalgamation, which in the aggregate IPC's board of directors believes supported its decision, including those set forth under *The Amalgamation* *Reasons Why IPC's Board of Directors Recommends*

Approval of the Amalgamation and the IPC Bye-law Amendment.

Opinion of Greenhill & Co., LLC, Financial Advisor to Validus Board (page 67)

Validus board of directors received an oral opinion, subsequently confirmed in writing, from Greenhill & Co., LLC (Greenhill) that, based upon and subject to the various limitations and assumptions described in the written opinion, as of July 8, 2009, the consideration pursuant to the proposed Amalgamation was fair, from a financial point of view, to Validus.

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The full text of the written opinion of Greenhill, dated July 8, 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 C to this joint proxy statement/prospectus 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 Agreement or any other matter.

Opinion of J.P. Morgan Securities Inc., Financial Advisor to IPC's Board (page 74)

At the meeting of IPC's board of directors on July 8, 2009, J.P. Morgan Securities Inc. (JPMorgan) rendered its oral opinion, subsequently confirmed in writing, to IPC's board of directors that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the amalgamation consideration to be paid to the holders of IPC Shares in the proposed Amalgamation was fair, from a financial point of view, to such holders (other than Validus and its affiliates).

The full text of the written opinion of JPMorgan, dated July 8, 2009, which sets forth the assumptions made, matters considered and limits on the review undertaken, is attached as Annex D to this joint proxy statement/prospectus and is incorporated herein by reference. IPC's shareholders are urged to read the opinion in its entirety. JPMorgan's written opinion is addressed to IPC's board of directors, addresses only the fairness, from a financial point of view, to the holders of IPC Shares (other than Validus and its affiliates) of the amalgamation consideration to be paid to such holders of IPC Shares in the proposed Amalgamation and does not constitute a recommendation to any shareholder of IPC as to how such shareholder should vote at the IPC special meeting.

Interests of IPC Directors and Executive Officers in the Amalgamation (page 86)

In considering the recommendations of IPC's board of directors that IPC shareholders vote FOR the IPC bye-law amendment, and the approval and adoption of the Amalgamation Agreement, IPC shareholders should be aware that John R. Weale, Peter J. A. Cozens, and Stephen F. Fallon, individually, and all the members of IPC's board of directors as a group, have interests in the Amalgamation that are different from, and/or in addition to, the interests of IPC shareholders generally. As described under *The Amalgamation Interests of IPC Directors and Executive Officers in the Amalgamation*, Messrs. Weale, Cozens and Fallon have each entered into an employment agreement with IPC under which they would receive cash severance benefits in the respective amounts of \$1,798,500, \$1,476,000 and \$1,466,750 upon experiencing a termination without Cause (as such term is defined in the employment agreements), assuming a termination date of October 1, 2009 following the Amalgamation. Additionally, assuming a termination date of October 1, 2009 following the Amalgamation, the employment agreements provide that Messrs. Weale, Cozens and Fallon would be paid retention bonuses in the amounts of \$646,250, \$432,000 and \$429,000, respectively. Messrs. Weale, Cozens and Fallon and each of IPC's other officers and directors have rights to indemnification by virtue of their positions as officers and/or directors of IPC. IPC's board of directors was aware of and considered these differing interests and potential conflicts, among other matters, in evaluating and negotiating the Amalgamation Agreement with Validus and in recommending that the IPC shareholders approve the proposals to be voted upon at the IPC special meeting.

The rights of IPC's executive officers under the applicable employment agreements, and the rights of IPC's directors and officers to indemnification and the maintenance of directors' and officers' liability insurance are described under *The Amalgamation Interests of IPC Directors and Executive Officers in the Amalgamation*.

Dividends and Distributions (page 90)

Each of Validus and IPC regularly pays a quarterly cash dividend, *i.e.*, \$0.20 per common share in Validus' case and \$0.22 per common share in IPC's case. Validus expects to continue to pay its regular quarterly dividends consistent with past practice. 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

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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 case.

Anticipated Accounting Treatment (page 90)

The Amalgamation will be accounted for under the purchase method of accounting, with Validus treated as the accounting acquirer, in accordance with Statement of Financial Accounting Standards (FAS) 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 the 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 as a gain to be recognized through the income statement at the consummation of the Amalgamation in accordance with FAS 141(R). Validus anticipates the Amalgamation will result in an excess of the fair values of the acquired assets and liabilities assumed over the total consideration paid in the Amalgamation.

Material U.S. Federal Income Tax Consequences (page 126)

IPC and Validus intend for the Amalgamation to qualify as a reorganization within the meaning of Section 368(a) of the Code, and completion of the Amalgamation is conditioned on Validus and IPC receiving tax opinions to this effect from Cahill Gordon & Reindel LLP and Sullivan & Cromwell LLP, respectively. Assuming the Amalgamation so qualifies, a U.S. holder of IPC Shares that exchanges IPC Shares for Validus Shares and cash in the Amalgamation will generally recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of cash received by such U.S. holder in the Amalgamation (excluding any cash received in lieu of a fractional Validus Share) and (ii) the excess, if any, of (a) the sum of the cash and the fair market value of the Validus Shares received by such U.S. holder (including the fair market value of any fractional Validus Share deemed received), over (b) the U.S. holder's tax basis in the IPC Shares exchanged pursuant to the Amalgamation. Subject to the passive foreign investment company rules or the potential application of Section 1248 of the Code, any gain recognized upon the exchange generally will be capital gain, unless the receipt of cash by a U.S. holder has the effect of the distribution of a dividend for U.S. federal income tax purposes. For more information, please see the section of this joint proxy statement/prospectus under the caption *Material U.S. Federal Income Tax Consequences*.

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

The Amalgamation Agreement (page 94)

The Amalgamation Agreement is attached as Annex A. You should read the Amalgamation Agreement in its entirety because it, and not this joint proxy statement/prospectus, is the legal document that governs the Amalgamation.

Amalgamation Consideration (page 94)

Under the Amalgamation Agreement, each outstanding IPC Share (including any shares held by IPC shareholders that do not vote in favor of the Amalgamation, but excluding any dissenting shares as to which appraisal rights have been exercised pursuant to Bermuda law, and excluding any shares held by Validus, IPC

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or any of their respective subsidiaries) will be cancelled and converted into the right to receive (i) 0.9727 Validus Shares, (ii) \$7.50 in cash, less any applicable withholding taxes and without interest, and (iii) cash in lieu of fractional 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 price of Validus Shares (such average price is determined by valuing Validus Shares based on the volume weighted average price per Validus 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 Boards of Directors of IPC or Validus (page 102)

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. Additionally, IPC must comply with certain additional procedures in order for the board of directors of IPC to change its recommendation as a result of receiving an Acquisition Proposal (as defined in the Amalgamation Agreement) from any third party. Even if IPC or Validus has had a change in recommendation, each will still be required to submit such matters to its respective shareholders meeting. See *The Amalgamation Agreement Restrictions on Change in Recommendation by the Boards of Directors of IPC or Validus* and *Restrictions on Solicitation of Acquisition Proposals by IPC*.

Restrictions on Solicitation of Acquisition Proposals by IPC (page 102)

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 shares of its subsidiaries), or 10% or more of its total voting power or the voting power of any of its subsidiaries. IPC may withdraw or modify its recommendation as described under *The Amalgamation Agreement Restrictions on Change in Recommendation by the Boards of Directors of IPC or Validus*. See *The Amalgamation Agreement Restrictions on Solicitation of Acquisition Proposals by IPC*.

Conditions to the Amalgamation (page 106)

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;

authorization 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 or obtained, or will have occurred;

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a registration statement registering the Validus Shares to be issued in the Amalgamation will have become effective under the Securities Act of 1933, 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 law, or any other action, any term, condition, obligation or restriction that would, individually or in the aggregate, reasonably be expected to have a material adverse effect on Validus and its subsidiaries (including the combined entity) after the effective time of the Amalgamation;

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

all amendments or waivers under Validus credit facilities, as reasonably determined by each of IPC and Validus to be necessary to consummate the Amalgamation and the other transactions contemplated thereby, shall be in full force and effect or new credit facilities and/or amendments or waivers under any of the parties existing credit facilities (*Replacement Financing*) 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*.

Termination of the Amalgamation Agreement (page 107)

The Amalgamation Agreement may be terminated, at any time prior to the effective time of the Amalgamation, by mutual written consent of IPC and Validus, and, subject to certain limitations described in the 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 nonappealable (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 Amalgamation has not been consummated on or prior to January 31, 2010 (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 joint proxy statement/prospectus, or (3) 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; or

the Validus shareholders have not approved the Share Issuance at the Validus special meeting or the IPC shareholders have not approved and adopted the Amalgamation Agreement and approved the amalgamation at the IPC special meeting.

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Effects of Termination, Remedies (page 107)

If either Validus or IPC terminates the Amalgamation Agreement, a party may be required to pay the other party a termination fee of \$16 million in certain circumstances, and IPC will be required to pay Validus an amount equal to \$50 million in respect of the termination fee (the Max Termination Fee) payable under the Agreement and Plan of Amalgamation among Max Capital Group Ltd. (Max), IPC and IPC Limited (the Max Amalgamation Agreement), which amount was advanced by Validus on July 9, 2009, in certain circumstances, as described under *The Amalgamation Agreement Termination of the Amalgamation Agreement Effects of Termination; Remedies and The Amalgamation Agreement Repayment or Retention of the Reimbursement Amount.*

Voting Agreements (page 88)

In connection with the Amalgamation Agreement, affiliates of Aquiline Capital Partners LLC, Vestar Capital Partners, and New Mountain Capital, LLC, which collectively owned approximately 38% of Validus Shares as of July 27, 2009, have agreed to vote in favor of the issuance of Validus Shares in connection with the Amalgamation. Each of the voting agreements will terminate upon the earlier of: (i) the mutual consent of IPC and a shareholder; (ii) the holding of a duly called meeting of the shareholders of Validus (or an adjournment or postponement thereof) relating to the approval of the issuance of Validus Shares in connection with the Amalgamation at which a shareholder is present and votes its Validus Shares in favor of such issuance; and (iii) the date of termination of the Amalgamation Agreement in accordance with its terms.

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 Validus' Quarterly Report on Form 10-Q for the three months ended March 31, 2009, which is incorporated by reference into this joint proxy statement/prospectus (the "Validus 10-Q") and Validus' Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference into this joint proxy statement/prospectus (the "Validus 10-K"). You should not take historical results as necessarily indicative of the results that may be expected for any future period. This financial data should be read in conjunction with the financial statements and the related notes and other financial information contained in the Validus 10-Q and 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-Q and Validus 10-K, and the following summary is qualified in its entirety by reference to the Validus 10-Q and Validus 10-K and all of the financial information and notes contained therein. Please see the section of this joint proxy statement/prospectus entitled *Where You Can Find More Information*.

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

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Other income	757	935	5,264	3,301		
Foreign exchange gains (losses)	(4,200)	8,179	(49,397)	6,696	2,157	
Total revenues	340,820	329,788	1,279,367	994,372	365,590	2,071
Expenses						
Losses and loss expenses	131,834	140,024	772,154	283,993	91,323	
Policy acquisition costs	61,449	56,701	234,951	134,277	36,072	
General and administrative expenses(1)	38,079	37,107	123,948	100,765	38,354	2,367
Share compensation expenses	7,354	6,535	27,097	16,189	7,878	290
Finance expenses	7,723	21,517	57,318	51,754	8,789	
Fair value of warrants issued				2,893	77	49,122
Total expenses	246,439	261,884	1,215,468	589,871	182,493	51,779
Net income before taxes	94,381	67,904	63,899	404,501	183,097	(49,708)
Taxes	526	(1,429)	(10,788)	(1,505)		
Net income (loss)	94,907	66,475	53,111	402,996	183,097	(49,708)
Comprehensive income (loss)						
Unrealized gains arising during the period(2)					(332)	144
Foreign currency translation adjustments	(196)	67	(7,809)	(49)		
Adjustment for reclassification of losses realized in income					1,102	(39)
Comprehensive income (loss)	\$ 94,711	\$ 66,542	\$ 45,302	\$ 402,947	\$ 183,867	\$ (49,603)
Earnings per share(3)						
Weighted average number of common shares and common share equivalents						

outstanding							
Basic	75,744,577	74,209,371	74,677,903	65,068,093	58,477,130	58,423,174	
Diluted	79,102,643	78,329,727	75,819,413	67,786,673	58,874,567	58,423,174	
Basic earnings per share	\$ 1.23	\$ 0.87	\$ 0.62	\$ 6.19	\$ 3.13	\$ (0.85)	
Diluted earnings per share	\$ 1.20	\$ 0.85	\$ 0.61	\$ 5.95	\$ 3.11	\$ (0.85)	
Cash dividends per share	\$ 0.20	\$ 0.20	\$ 0.80	\$	\$	\$	
Selected financial ratios							
Losses and loss expenses ratio(4)	41.4%	48.0%	61.5%	33.1%	29.8%		
Policy acquisition cost ratio(5)	19.3%	19.4%	18.7%	15.6%	11.8%		
General and administrative expense ratio(6)	14.3%	15.0%	12.0%	13.3%	15.1%		
Expense ratio(7)	33.6%	34.4%	30.7%	28.9%	26.9%		
Combined ratio(8)	75.0%	82.4%	92.2%	62.0%	56.7%		
Annualized return on average equity(9)	19.2%	13.5%	2.7%	26.9%	17.0%	NM	

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

	As of March 31, 2009	As of March 31, 2008	As of December 31, 2008	As of December 31, 2007	As of December 31, 2006
(Dollars in thousands, except share and per share amounts)					

Summary Balance Sheet**Data:**

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

NM Not meaningful

- (1) General and administrative expenses for the years ended December 31, 2007 and 2006 include \$4,000,000 and \$1,000,000 respectively, related to Validus' advisory agreement with Aquiline Capital Partners, LLC, which, together with its related companies, we refer to as Aquiline. Validus' advisory agreement with Aquiline terminated upon completion of Validus' initial public offering, in connection with which Validus recorded general and administrative expense of \$3,000,000 in the year ended December 31, 2007.
- (2) Validus adopted FAS 157 and FAS 159 as of January 1, 2007 and elected the fair value option on all securities previously accounted for as available-for-sale. Unrealized gains and losses on available-for-sale investments at December 31, 2006 of \$875,000, previously included in accumulated other comprehensive income, were treated as a cumulative-effect adjustment as of January 1, 2007. The cumulative-effect adjustment transferred the balance of unrealized gains and losses from accumulated other comprehensive income to retained earnings and had no impact on the results of operations for the annual or interim periods beginning January 1, 2007. Validus investments were accounted for as trading for the annual or interim periods beginning January 1, 2007 and as such all unrealized gains and losses are included in net income.
- (3) FAS 123(R) requires that any unrecognized stock-based compensation expense that will be recorded in future periods be included as proceeds for purposes of treasury stock repurchases, which is applied against the unvested restricted shares balance. On March 1, 2007 we effected a 1.75 for 1 reverse stock split of Validus' outstanding common shares. The stock split does not affect Validus' financial statements other than to the extent it decreases the number of outstanding shares and correspondingly increases per share information for all periods presented.

The share consolidation has been reflected retroactively in these financial statements.

- (4) The losses and loss expense ratio is calculated by dividing losses and loss expenses by net premiums earned.
- (5) The policy acquisition cost ratio is calculated by dividing policy acquisition costs by net premiums earned.
- (6) The general and administrative expense ratio is calculated by dividing the sum of general and administrative expenses and share compensation expenses by net premiums earned. The general and administrative expense ratio for the year ended December 31, 2007 is calculated by dividing the total of general and

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administrative expenses plus share compensation expenses less the \$3,000,000 termination fee payable to Aquiline by net premiums earned.

- (7) The expense ratio is calculated by combining the policy acquisition cost ratio and the general and administrative expense ratio.
- (8) The combined ratio is calculated by combining the losses and loss expense ratio, the policy acquisition cost ratio and the general and administrative expense ratio.
- (9) Annualized return on average equity is calculated by dividing the net income for the period by the average shareholders' equity during the period. Annual average shareholders' equity is the average of the beginning, ending and intervening quarter-end shareholders' equity balances.
- (10) Book value per common share is defined as total shareholders' equity divided by the number of common shares outstanding as at the end of the period, giving no effect to dilutive securities.
- (11) Diluted book value per common share is calculated based on total shareholders' equity plus the assumed proceeds from the exercise of outstanding options and warrants, divided by the sum of common shares, unvested restricted shares, options and warrants outstanding (assuming their exercise). Diluted book value per common share is a Non-GAAP financial measure as described under Item 7, Management's Discussion and Analysis of Financial condition and Results of Operations Financial Measures, in the Validus 10-K.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF IPC**

Set forth below is certain selected historical consolidated financial data relating to IPC. The financial data has been derived from IPC's Quarterly Report on Form 10-Q for the three months ended March 31, 2009 which is incorporated by reference into this joint proxy statement/prospectus (the "IPC 10-Q"), and IPC's Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference into this joint proxy statement/prospectus (the "IPC 10-K"). You should not take historical results as necessarily indicative of the results that may be expected for any future period. This financial data should be read in conjunction with the financial statements and the related notes and other financial information contained in the IPC 10-Q and the IPC 10-K. More comprehensive financial information, including Management's Discussion and Analysis of Financial Condition and Results of Operations, is contained in the IPC 10-K and the IPC 10-Q, 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. Please see the section of this joint proxy statement/prospectus entitled *Where You Can Find More Information*.

	Three months ended March 31,		Year Ended December 31,					
	2009	2008	2008	2007	2006	2005	2004	
	(Dollars in thousands, except share and per share amounts)							
Amount of (Loss)								
Premiums	\$ 234,610	\$ 197,875	\$ 403,395	\$ 404,096	\$ 429,851	\$ 472,387	\$ 372,000	
Premiums	98,708	89,697	387,367	391,385	397,132	452,522	352,000	
Investment	21,866	23,874	94,105	121,842	109,659	71,757	50,000	
(Losses) gains on	(35,572)	(6,020)	(168,208)	67,555	12,085	(10,556)		
Investments	7	26	65	1,086	3,557	5,234		
Income and loss								
Investment expenses	39,109	5,324	155,632	124,923	58,505	1,072,662	210,000	
Acquisition costs	9,838	8,674	36,429	39,856	37,542	39,249	30,000	
and								
Administrative	24,281	7,079	26,314	30,510	34,436	27,466	20,000	
Expense	383		2,659					
Sign								
Net loss (gain)	3,146	(303)	1,848	1,167	(2,635)	2,979		
Net income (loss)	\$ 8,252	\$ 86,803	\$ 90,447	\$ 385,412	\$ 394,585	\$ (623,399)	\$ 130,000	
And dividend		4,234	14,939	17,128	17,176	2,664		
Net income (loss),								
And to common								
holders	\$ 8,252	\$ 82,569	\$ 75,508	\$ 368,284	\$ 377,409	\$ (626,063)	\$ 130,000	

me (loss)									
mon share(1) \$	0.15	\$ 1.31	\$ 1.45	\$ 5.53	\$ 5.54	\$ (12.30)	\$		
d average									
ing(1)	55,916,256	66,182,883	59,301,939	69,728,229	71,212,287	50,901,296		48,37	
idend per									
share	\$ 0.22	\$ 0.22	\$ 0.88	\$ 0.80	\$ 0.64	\$ 0.88	\$		
ata:									
loss									
ent expense									
	39.6%	5.9%	40.2%	31.9%	14.7%	237.0%			
ratio(2)	34.6%	17.6%	16.2%	18.0%	18.1%	14.8%			
ed ratio(2)	74.2%	23.5%	56.4%	49.9%	32.8%	251.8%			
n average									
)	1.8%	15.5%	4.2%	20.1%	24.0%	(38.0)%			
Sheet Data									
of period):									
sh and									
ents	\$ 2,189,966	\$ 2,475,860	\$ 2,235,187	\$ 2,473,244	\$ 2,485,525	\$ 2,560,146	\$	1,90	
nce									
s receivable	199,241	161,474	108,033	91,393	113,811	180,798		8	
ets	2,453,085	2,712,037	2,388,688	2,627,691	2,645,429	2,778,281		2,02	
for losses									
adjustment									
s	354,467	355,276	355,893	395,245	548,627	1,072,056		27	
d premiums	219,641	181,889	85,473	75,980	80,043	66,311		6	
bilities	603,611	563,904	537,741	501,946	654,474	1,161,881		35	
areholders									
	\$ 1,849,474	\$ 2,148,133	\$ 1,850,947	\$ 2,125,745	\$ 1,990,955	\$ 1,616,400	\$	1,66	
book value									
mon share(4) \$	33.05	\$ 33.26	\$ 32.85	\$ 32.42	\$ 27.94	\$ 22.26	\$		
(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									

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effect of employee stock options, stock grants and convertible preferred shares. The net income per common share for the year ended December 31, 2008 is calculated on the weighted average number of shares outstanding during the year, excluding the anti-dilutive effect of stock-based compensation and convertible preferred shares.

- (2) The loss and loss adjustment expense ratio is calculated by dividing the net losses and loss expenses incurred by the net premiums earned. The expense ratio is calculated by dividing the sum of acquisition costs and general and administrative expenses by net premiums earned. The combined ratio is the sum of the loss and loss expense ratio and the expense ratio.
- (3) Return on average equity is calculated as the annual net income (loss), available to common shareholders divided by the average of the common shareholders' equity, which is total shareholders' equity, excluding convertible preferred shares, on the first and last day of the respective year.
- (4) Diluted book value per common share is calculated as shareholders' equity divided by the number of common shares outstanding on the balance sheet date, after considering the dilutive effects of stock-based compensation, calculated using the treasury stock method. At December 31, 2008 the average weighted number of shares outstanding, including the dilutive effect of employee stock-based compensation and convertible preferred shares (which were converted on November 15, 2008) using the treasury stock method was 59,301,939.

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UNAUDITED CONDENSED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

The following unaudited condensed consolidated pro forma financial statements are based on the historical financial statements of Validus and IPC and are intended to provide you with information about how the Amalgamation might have affected the historical financial statements of Validus if it had been consummated at an earlier time. 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 Amalgamation occurred as of the dates indicated, nor should they be taken as necessarily indicative of the future financial position or results of operations of Validus.

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

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

	Historical		Pro Forma		
	Validus Holdings, Ltd.	Historical IPC Holdings, Ltd.	Purchase adjustments	Notes	Pro Forma Consolidated
Assets					
Fixed maturities, at fair value	\$ 2,644,496	\$ 1,772,805	\$		\$ 4,417,301
Short-term investments, at fair value	282,363				282,363
Equity investments, at fair value		295,091			295,091
Cash and cash equivalents	535,798	122,070	(527,109)	3(a) 3(b), 4	130,759
Total investments and cash	3,462,657	2,189,966	(527,109)		5,125,514
Premiums receivable	600,943	199,241	(160)	3(e)	800,024
Deferred acquisition costs	143,510	23,302			166,812
Prepaid reinsurance premiums	59,510	3,585	(199)	3(e)	62,896
Securities lending collateral	99,727				99,727
Loss reserves recoverable	204,197	4,274			208,471
Paid losses recoverable	4,438				4,438
Accrued investment income	20,511	27,907			48,418
Current taxes recoverable	1,244				1,244
Intangible assets	126,177				126,177
Goodwill	20,393				20,393
Other assets	19,491	4,810			24,301
Total assets	\$ 4,762,798	\$ 2,453,085	\$ (527,468)		\$ 6,688,415
Liabilities					
Unearned premiums	\$ 795,233	\$ 219,641	\$ (199)	3(e)	\$ 1,014,675
Reserve for losses and loss expense	1,318,732	354,467			1,673,199
Reinsurance balances payable	66,180	4,483	(160)	3(e)	70,503
Deferred taxation	20,914				20,914
Securities lending payable	105,369				105,369
Net payable for investments purchased	57,434				57,434
Accounts payable and accrued expenses	71,650	25,020			96,670
Debentures payable	304,300				304,300
Total liabilities	2,739,812	603,611	(359)		3,343,064

Shareholders equity

Ordinary shares	13,271	561	9,057	3(a) 3(c) 3(d)	22,889
Additional paid-in capital	1,419,602	1,091,491	87,119	3(a) 3(c) 3(d)	2,598,212
Accumulated other comprehensive loss	(8,054)	(876)	876	3(d)	(8,054)
Retained earnings	598,167	758,298	(624,161)	3(b) 3(d) 3(f)	732,304
Total shareholders equity	2,022,986	1,849,474	(527,109)		3,345,351
Total liabilities and shareholders equity	\$ 4,762,798	\$ 2,453,085	\$ (527,468)		\$ 6,688,415
Common shares outstanding	75,828,922	55,948,821	54,425,368		130,254,290
Common shares and common share equivalents outstanding	90,317,793	57,008,096	55,455,724		145,773,517
Book value per share	\$ 26.68	\$ 33.06		8	\$ 25.68
Diluted book value per share	\$ 24.65	\$ 32.75		8	\$ 24.47
Diluted tangible book value per share	\$ 23.03	\$ 32.75			\$ 23.46

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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) giving effect to the Amalgamation as if it had occurred at January 1, 2008:

	Historical		Pro Forma			
	Validus Holdings, Ltd.	Historical IPC Holdings, Ltd.	Purchase adjustments	Notes	Pro Forma Consolidated	
Revenues						
Gross premiums written	\$ 1,362,484	\$ 403,395	\$ (251)	3(e), 5	\$ 1,765,628	
Reinsurance premiums ceded	(124,160)	(6,122)	251	3(e)	(130,031)	
Net premiums written	1,238,324	397,273			1,635,597	
Change in unearned premiums	18,194	(9,906)			8,288	
Net premiums earned	1,256,518	387,367			1,643,885	
Net investment income	139,528	94,105	(20,203)	3(b)	213,430	
Realized gain on repurchase of debentures	8,752				8,752	
Net realized (losses) gains on investments	(1,591)	49,290			47,699	
Net unrealized (losses) gains on investments	(79,707)	(217,498)			(297,205)	
Other income	5,264	65			5,329	
Foreign exchange gains (losses)	(49,397)	(1,848)			(51,245)	
Total revenues	1,279,367	311,481	(20,203)		1,570,645	
Expenses						
Losses and loss expense	772,154	155,632		6	927,786	
Policy acquisition costs	234,951	36,429			271,380	
General and administrative expenses	123,948	20,689			144,637	
Share compensation expense	27,097	5,625			32,722	
Finance expenses	57,318	2,659			59,977	
Total expenses	1,215,468	221,034			1,436,502	
Income before taxes	63,899	90,447	(20,203)		134,143	
Income tax expense	(10,788)				(10,788)	
Income after taxes	\$ 53,111	\$ 90,447	\$ (20,203)		\$ 123,355	
Preferred dividend and warrant dividend	6,947	14,939	(14,939)	3(g)	6,947	
Net income available to common shareholders	\$ 46,164	\$ 75,508	\$ (5,264)		\$ 116,408	

Earnings per share

Weighted average number of
common shares and common
share equivalents outstanding

Basic	74,677,903	52,124,034	54,426,286		129,104,189
Diluted	75,819,413	59,301,939	54,960,566		130,779,979
Basic earnings per share	\$ 0.62	\$ 1.45		7	\$ 0.90
Diluted earnings per share	\$ 0.61	\$ 1.45		7	\$ 0.89

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

	Historical		Pro Forma			
	Validus Holdings, Ltd.	Historical IPC Holdings, Ltd.	Purchase adjustments	Notes	Pro Forma Consolidated	
Revenues						
Gross premiums written	\$ 609,892	\$ 234,610	\$ (265)	3(e), 5	\$ 844,237	
Reinsurance premiums ceded	(72,512)	(3,154)	265	3(e)	(75,401)	
Net premiums written	537,380	231,456			768,836	
Change in unearned premiums	(218,621)	(132,748)			(351,369)	
Net premiums earned	318,759	98,708			417,467	
Net investment income	26,772	21,866	(4,191)	3(b)	44,447	
Net realized (losses) gains on investments	(23,421)	(35,572)			(58,993)	
Net unrealized (losses) gains on investments	22,153				22,153	
Other income	757	7			764	
Foreign exchange gains (losses)	(4,200)	(3,146)			(7,346)	
Total revenues	340,820	81,863	(4,191)		418,492	
Expenses						
Losses and loss expense	131,834	39,109		6	170,943	
Policy acquisition costs	61,449	9,838			71,287	
General and administrative expenses	38,079	21,792	(11,638)	3(b)	48,233	
Share compensation expense	7,354	2,489			9,843	
Finance expenses	7,723	383			8,106	
Total expenses	246,439	73,611	(11,638)		308,412	
Income before taxes	94,381	8,252	7,447		110,080	
Income tax credit	526				526	
Income after taxes	\$ 94,907	\$ 8,252	\$ 7,447		\$ 110,606	
Preferred dividend and warrant dividend	1,736				1,736	
Net income available to common shareholders	\$ 93,171	\$ 8,252	\$ 7,447		\$ 108,870	

Earnings per share

Weighted average number of
common shares and common
share equivalents outstanding

Basic	75,744,577	55,903,740	54,425,368		130,169,945
Diluted	79,102,643	55,916,256	54,959,648		134,062,290
Basic earnings per share	\$ 1.23	\$ 0.15		7	\$ 0.84
Diluted earnings per share	\$ 1.20	\$ 0.15		7	\$ 0.83

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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 Amalgamation as if it had occurred at March 31, 2009 for the purposes of the unaudited condensed consolidated pro forma balance sheet and at January 1, 2008 for the purposes of the unaudited condensed consolidated pro forma statements of operations for the year ended December 31, 2008 and three months ended March 31, 2009. The unaudited condensed consolidated pro forma financial information has been prepared by Validus management, after discussion with IPC's 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.

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

- (a) Audited historical consolidated financial statements of Validus as of December 31, 2008 and for the year ended December 31, 2008;
- (b) Audited historical consolidated financial statements of IPC as of December 31, 2008 and for the year ended December 31, 2008;
- (c) Unaudited historical consolidated financial statements of Validus as of March 31, 2009 and for the three months ended March 31, 2009;
- (d) Unaudited historical consolidated financial statements of IPC as of March 31, 2009 and for the three months ended March 31, 2009; and
- (e) Such other known supplementary information as considered necessary to reflect the Amalgamation in the unaudited condensed consolidated pro forma financial information.

The pro forma adjustments reflecting the Amalgamation 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 Amalgamation 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 Amalgamation. 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 Amalgamation. In addition, the unaudited condensed consolidated pro forma financial information does not include any additional expenses that may result from the Amalgamation. 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 Amalgamation been effected on

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Validus Holdings, Ltd.

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

the dates indicated and if the companies had been managed as one entity. The unaudited condensed consolidated pro forma financial information should be read in conjunction with the Validus 10-Q, the Validus 10-K, the IPC 10-Q and the IPC 10-K, as filed with the SEC. See *Where You Can Find More Information*.

2. Recent Accounting Pronouncements

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

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

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

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

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

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

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

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

interest's share of goodwill was recognized, the controlling interest's share of identifiable net assets was recognized at fair value and the noncontrolling interest's share of identifiable net assets was recognized at carrying value. Under FAS 160, a noncontrolling interest is now recognized in the equity section, presented separately from the controlling interest's equity. Previously, noncontrolling interest in general was recorded in the mezzanine section.

Table of Contents**Validus Holdings, Ltd.****Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)**
(Expressed in thousands of U.S. dollars, except share and per share data)**3. Purchase Adjustments**

On July 9, 2009, Validus and IPC signed an agreement providing for the amalgamation of Validus and IPC. Pursuant to the amalgamation, IPC shareholders will receive \$7.50 in cash and 0.9727 Validus Shares for each IPC Share.

In connection with the Amalgamation, transaction costs currently estimated at \$64,981 will be incurred and expensed. Of this amount, \$24,830 relates to Validus expenses and \$40,151 relates to IPC expenses as set forth in *The Amalgamation Sources of Funds, Fees and Expenses*. In addition, in connection with the Amalgamation, the Max Termination Fee has been incurred and expensed. Approximately \$11,638 of the estimated \$64,981 total transaction costs have been incurred and expensed by IPC in the three months ended March 31, 2009.

As discussed above, these pro forma purchase adjustments are based on certain estimates and assumptions made as of the date of the unaudited condensed consolidated pro forma financial information. The actual adjustments will depend on a number of factors, including changes in the estimated fair value of net balance sheet assets and operating results of IPC between March 31, 2009 and the effective date of the Amalgamation. Validus expects to make such adjustments at the effective date of the Amalgamation. 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 July 14, 2009. The preliminary total purchase price is calculated as follows:

Calculation of Total Purchase Price

IPC Shares outstanding as of May 8, 2009	55,948,821
IPC Shares issued pursuant to option exercises	4,061
IPC Shares issued following vesting of restricted shares, RSUs and PSUs	549,275
Total IPC Shares and share equivalents prior to transaction	56,502,157
Exchange ratio	0.9727
Total Validus Shares to be issued	54,959,648
Validus closing share price on July 14, 2009	\$ 21.62
Total value of Validus Shares to be issued	\$ 1,188,228
Total cash consideration paid at \$7.50 per IPC share	\$ 423,766
Total purchase price	\$ 1,611,994

The allocation of the purchase price is as follows:

Allocation of Purchase Price

IPC shareholders' equity(b)	\$ 1,849,474
Total purchase price(a)	\$ 1,611,994
Negative goodwill (a – b)	\$ 237,480

- (a) In connection with the Amalgamation, 54,959,648 shares are expected to be issued in exchange for all of IPC's common shares, common shares issued pursuant to option exercises, and common shares issued following vesting of restricted shares, restricted share units and performance share units resulting in additional share capital of \$9,618 and Additional Paid-In Capital of \$1,178,610. In addition, cash consideration of \$7.50 per IPC share, or \$423,766 in total, is expected to be paid to IPC shareholders.

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Validus Holdings, Ltd.

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

- (b) It is expected that total transaction costs currently estimated at \$64,981 and the Max Termination Fee of \$50,000 will be incurred and expensed by the consolidated entity. Based on an expected investment return of 3.75% per annum, investment income of \$20,203 would have been foregone during the year end December 31, 2008 had these payments of \$538,754 been made.

Approximately \$11,638 of the estimated \$64,981 total transaction costs have been incurred and expensed by IPC in the three months ended March 31, 2009. These expenses have been eliminated from the unaudited condensed consolidated pro forma results of operations for the three months ended March 31, 2009. In addition, an adjustment of \$103,343 was recorded to cash and to retained earnings as at March 31, 2009 to reflect the remaining transaction costs and Max Termination Fee. Based on an expected investment return of 3.18% per annum, investment income of \$4,191 would have been foregone during the three months ended March 31, 2009 had these remaining payments of \$527,109 been made.

- (c) Employees of IPC hold 522,000 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 \$34.40. It is expected that 4,061 net shares would be issued upon exercise of these options.
- (d) Elimination of IPC's Ordinary Shares of \$561, Additional Paid in Capital of \$1,091,491, Accumulated Other Comprehensive Loss of \$876 and Retained Earnings of \$758,298.
- (e) A related party balance of \$265 for the three months ended March 31, 2009 and \$251 for the year ended December 31, 2008 representing reinsurance ceded to IPC by Validus was eliminated from gross premiums written and reinsurance ceded. Corresponding prepaid reinsurance premiums and unearned premiums of \$199 and premiums receivable and reinsurance balances payable of \$160 have been eliminated from the pro forma balance sheet.
- (f) The 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 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 \$237,480 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.
- (g) On November 15, 2008, IPC's 9,000,000 Series A Mandatory Convertible preferred shares automatically converted pursuant to their terms into 9,129,600 common shares. Therefore, dividends of \$14,939 on these preferred shares of IPC have been eliminated from the unaudited pro forma results of operations for the year ended December 31, 2008.

(h)

The share prices of both Validus and IPC used in preparing these unaudited condensed consolidated pro forma financial statements are based on the closing share prices on July 14, 2009, and were \$21.62 and \$27.49, respectively. As of August 4, 2009, the share prices were \$23.61 and \$29.98, respectively. The effect of using the August 4, 2009 closing share price in preparation of these unaudited condensed consolidated pro forma financial statements would have resulted in entries to additional paid in capital of \$109,694 and to cash of \$106 reflecting additional purchase price, and an offsetting entry to retained earnings of \$109,800 reflecting reduced negative goodwill. Using August 4, 2009 share prices would have had no material effect on calculation of book value per share, diluted book value per share, basic earnings per share and diluted earnings per share.

Table of Contents**Validus Holdings, Ltd.****Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)**
(Expressed in thousands of U.S. dollars, except share and per share data)**4. Adjustments to cash and cash equivalents**

The Amalgamation will result in the payment of cash and cash equivalents by IPC of \$78,513 and by Validus of \$448,596.

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

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

Sources of funds	
IPC cash and cash equivalents	\$ 78,513
Validus cash and cash equivalents	448,596
Total	\$ 527,109
Uses of funds	
Cash consideration for IPC shares	\$ 423,766
IPC transaction costs	28,513
Validus transaction costs	24,830
Max Termination Fee	50,000
Total	\$ 527,109

Table of Contents**Validus Holdings, Ltd.****Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)**
(Expressed in thousands of U.S. dollars, except share and per share data)**5. Gross Premiums Written**

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

	Validus	IPC(a)	Purchase Adjustments	Combined
<u>Validus Re</u>				
Property Cat XOL(b)	\$ 328,216	\$ 333,749	\$	\$ 661,965
Property Per Risk XOL	54,056	10,666		64,722
Property Proportional(c)	110,695			110,695
Marine	117,744			117,744
Aerospace	39,323	18,125	(151)	57,297
Life and A&H	1,009			1,009
Financial Institutions	4,125			4,125
Other		8,318	(100)	8,218
Terrorism	25,502			25,502
Workers Comp	7,101			7,101
Total Validus Re Segment	687,771	370,858	(251)	1,058,378
<u>Talbot</u>				
Property	152,143			152,143
Marine	287,694			287,694
Aviation & Other	40,028			40,028
Accident & Health	18,314			18,314
Financial Institutions	42,263			42,263
War	128,693			128,693
Contingency	22,924			22,924
Bloodstock	16,937			16,937
Total Talbot Segment	708,996			708,996
<u>Intersegment revenue</u>				
Property	(21,724)			(21,724)
Marine	(8,543)			(8,543)
Specialty	(4,016)			(4,016)

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

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

The following table sets forth the gross premiums written for the three months ended March 31, 2009 by Validus, IPC and pro forma combined:

	Validus	IPC(a)	Purchase Adjustments	Combined
<u>Validus Re</u>				
Property Cat XOL(b)	\$ 185,922	\$ 198,948	\$	\$ 384,870
Property Per Risk XOL	15,698	8,150		23,848
Property Proportional(c)	43,751	0		43,751
Marine	121,548			121,548
Aerospace	14,033	9,351	(156)	23,228
Life and A&H	2,028			2,028
Financial Institutions	138			138
Other		14,594	(109)	14,485
Terrorism	21,974			21,974
Workers Comp	5,034			5,034
Total Validus Re Segment	410,126	231,043	(265)	640,904
<u>Talbot</u>				
Property	60,726			60,726
Marine	92,410			92,410
Aviation & Other	12,933			12,933
Accident & Health	4,974			4,974
Financial Institutions	9,098			9,098
War	38,778			38,778
Contingency	5,915			5,915
Bloodstock	3,086			3,086
Total Talbot Segment	227,920			227,920
<u>Intersegment revenue</u>				
Property	(13,108)			(13,108)
Marine	(7,858)			(7,858)
Specialty	(7,188)			(7,188)
Total Intersegment Revenue Eliminated	(28,154)			(28,154)

Adjustments for reinstatement premium		3,567		3,567
Total	\$ 609,892	\$ 234,610	\$ (265)	\$ 844,237

- (a) For IPC, this includes annual (deposit) and adjustment premiums. Excludes reinstatement premiums of \$32,537 for the year ended December 31, 2008 and \$3,567 for the three months ended March 31, 2009 which are not classified by class of business by IPC.

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

- (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.

6. Selected Ratios

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

	Year Ended December 31, 2008			Three Months Ended March 31, 2009		
	Validus	IPC	Pro forma combined	Validus	IPC	Pro forma combined
Losses and loss expense ratios	61.5%	40.2%	56.4%	41.4%	39.6%	40.9%
Policy acquisition costs ratios	18.7	9.4	16.5	19.3	10.0	17.1
General and administrative cost ratios	12.0	6.8	10.8	14.3	24.6	13.9
Combined ratio	92.2%	56.4%	83.7%	75.0%	74.2%	71.9%

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

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

IPC's losses and loss expense ratio, which is defined as losses and loss expenses divided by net premiums earned, for the year ended December 31, 2008 was 40.2%. IPC incurred net losses and loss adjustment expenses of \$155,632 for the year ended December 31, 2008. Total net losses for the year ended December 31, 2008 relating to the current year were \$206,578, while reductions to estimates of ultimate net loss for prior year events were \$50,946. During 2008, IPC's incurred losses included: \$23,012 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; \$10,500 from the flooding in Iowa in June and tornadoes that affected the mid-west United States in May 2008; together with \$160,000 from Hurricane Ike and \$7,600 from Hurricane Gustav, which both occurred in September 2008. The impact on IPC's 2008 losses and loss expense ratio from these events was 51.9 percentage points. The losses from these events were partly offset by reductions to IPC's estimates of ultimate loss for a number of prior year events, including \$11,000 for Hurricane Katrina, \$18,609 for the storm and flooding that affected New South Wales, Australia in 2007 and \$22,871 for the floods that affected parts of the U.K. in June and July 2007. The cumulative \$52,480 of favorable loss reserve development benefited the IPC's losses and loss expense ratio for the year ended December 31, 2008 by 13.5 percentage points.

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

Validus' losses and loss expense ratio, which is defined as losses and loss expenses divided by net premiums earned, for the three months ended March 31, 2009, was 41.4%. During the three months ended March 31, 2009, Validus incurred \$6,889 and \$6,625 of loss expense attributable to Windstorm Klaus and

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

Australian wildfires, respectively, which represent 2.2 and 2.1 percentage points of the losses and loss expense ratio, respectively. Favorable loss development on prior years totaled \$8,079. Favorable loss reserve development benefited Validus' losses and loss expense ratio for the months ended March 31, 2009 by 2.5 percentage points.

IPC's losses and loss expense ratio, which is defined as losses and loss expenses divided by net premiums earned, for the three months ended March 31, 2009, was 39.6%. In the quarter ended March 31, 2009, IPC incurred net losses and loss adjustment expenses of \$39,109, compared to \$5,324 in the first quarter of 2008. Net losses incurred in the first quarter of 2009 included \$15,000 from Winter Storm Klaus that affected southern France and \$13,326 from the bushfires in south eastern Australia, as well as net adverse development to their estimates of ultimate losses for several prior year events. The impact on IPC's losses and loss expense ratio from these events was 28.7 percentage points.

7. Earnings per Common Share

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

(b) The pro forma weighted average number of common shares outstanding for the year ended December 31, 2008 and three months ended March 31, 2009, after giving effect to the exchange of shares as if the shares issued pursuant to the Amalgamation had been issued and outstanding for the whole year, is 129,104,189 and 130,779,979, basic and diluted, and 130,169,945 and 134,062,290, basic and diluted, respectively.

(c) In the basic earnings per share calculation, dividends and distributions declared on warrants are deducted from net income. In calculating diluted earnings per share, we consider the application of the treasury stock method and the two-class method and which ever is more dilutive is included into the calculation of diluted earnings per share.

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

	Historical Validus Holdings	Pro Forma Consolidated
Net income	\$ 94,907	\$ 110,606
Weighted average shares basic ordinary shares outstanding	75,744,577	130,169,945
Share Equivalents		
Warrants	2,307,094	2,307,094

Restricted Shares	683,468	1,217,747
Options	367,504	367,504
Weighted average shares diluted	79,102,643	134,062,290
Basic earnings per share	\$ 1.23	\$ 0.84
Diluted earnings per share	\$ 1.20	\$ 0.83

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

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

	Historical Validus Holdings	Pro Forma Consolidated
Net income available to common shareholders	\$ 46,164	\$ 116,408
Weighted average shares basic ordinary shares outstanding	74,677,903	129,104,189
Share equivalents		
Warrants		
Restricted Shares	1,004,809	1,539,089
Options	136,701	136,701
Weighted average shares diluted	75,819,413	130,779,979
Basic earnings per share	\$ 0.62	\$ 0.90
Diluted earnings per share	\$ 0.61	\$ 0.89

8. Book Value per Share

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

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

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

	Historical Validus Holdings	Pro Forma Consolidated
Book value per common share calculation		
Total shareholders' equity	\$ 2,022,986	\$ 3,345,351
Shares	75,828,922	130,254,290
Book value per common share	\$ 26.68	\$ 25.68
Diluted book value per common share calculation		
Total Shareholders' equity	\$ 2,022,986	\$ 3,345,351
Proceeds of assumed exercise of outstanding warrants	\$ 152,316	\$ 152,316
Proceeds of assumed exercise of outstanding stock options	\$ 50,969	\$ 68,709
Unvested restricted shares		
	\$ 2,226,271	\$ 3,566,376
Shares	75,828,922	130,254,290
Warrants	8,680,149	8,680,149
Options	2,795,868	3,291,945
Unvested restricted shares	3,012,854	3,547,133
	90,317,793	145,773,517
Diluted book value per common share	\$ 24.65	\$ 24.47

9. Capitalization

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

	Historical Validus Holdings	Pro Forma Consolidated
Total debt		
Borrowings drawn under credit facility	\$	\$
Debentures payable	304,300	304,300

Total debt	\$ 304,300	\$ 304,300
Total capitalization		
Total shareholders' equity	\$ 2,022,986	\$ 3,345,351
Borrowings drawn under credit facility		
Debentures payable	304,300	304,300
Total capitalization	\$ 2,327,286	\$ 3,649,651
Total debt to total capitalization	13.1%	8.3%
Debt (excluding debentures payable) to total capitalization	0.0%	0.0%

Table of Contents**COMPARATIVE PER SHARE DATA**

The pro forma combined data is taken from the *Unaudited Condensed Consolidated Pro Forma Financial Information* above.

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

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

	Per share data at or for the year ended December 31, 2008			
	Historical Validus	Historical IPC	Validus Pro Forma combined	Equivalent Per IPC Share(1)
Basic earnings per common share	\$ 0.62	\$ 1.45	\$ 0.90	\$ 0.88
Diluted earnings per common share	\$ 0.61	\$ 1.45	\$ 0.89	\$ 0.87
Cash dividends declared per common share	\$ 0.80	\$ 0.88	\$ 0.80	\$ 0.78
Book value per common share	\$ 25.64	\$ 33.00	\$ 25.00	\$ 24.32(2)

	Per share data at or for the three months ended March 31, 2009			
	Historical Validus	Historical IPC	Validus Pro Forma combined	Equivalent Per IPC Share(1)
Basic earnings per common share	\$ 1.23	\$ 0.15	\$ 0.84	\$ 0.82
Diluted earnings per common share	\$ 1.20	\$ 0.15	\$ 0.83	\$ 0.81
Cash dividends declared per common share	\$ 0.20	\$ 0.22	\$ 0.20	\$ 0.19
Book value per common share (at period end)	\$ 26.68	\$ 33.06	\$ 25.68	\$ 24.98(2)

(1) Equivalent per share amounts are calculated by multiplying Validus pro forma per share amounts by the Amalgamation exchange ratio of 0.9727.

- (2) For purposes of calculating equivalent per IPC Share values for book value per common share, the equivalent per share amounts do not include the \$7.50 per IPC Share cash consideration.

Table of Contents**COMPARATIVE MARKET PRICE AND DIVIDEND INFORMATION**

Validus Shares and IPC Shares are quoted on the NYSE and NASDAQ, respectively, under the ticker symbols VR and IPCR, respectively. The following table sets forth the high and low closing prices per share of Validus Shares and IPC Shares for the periods indicated (commencing, in the case of Validus, from Validus' initial public offering on July 25, 2007) as reported on the consolidated tape of the NYSE or NASDAQ Global Select Market, as applicable, as well as cash dividends per common share, as reported in the Validus 10-K and the IPC 10-K, respectively, with respect to the years 2007 and 2008, and thereafter as reported in publicly available sources.

	High	Validus Low	Dividend	High	IPC Low	Dividend
Year ended December 31, 2009						
First Quarter	\$ 26.30	\$ 21.25	\$ 0.20	\$ 30.25	\$ 20.89	\$ 0.22
Second Quarter	\$ 24.55	\$ 20.93	\$ 0.20	\$ 28.14	\$ 24.55	\$ 0.22
Third Quarter (through August 4, 2009)	\$ 23.61	\$ 21.17	\$ 0.20(1)	\$ 29.98	\$ 27.03	\$ 0.22(1)
December 31, 2008						
First Quarter	\$ 26.22	\$ 23.00	\$ 0.20	\$ 28.25	\$ 24.82	\$ 0.22
Second Quarter	\$ 23.72	\$ 20.11	\$ 0.20	\$ 30.38	\$ 26.55	\$ 0.22
Third Quarter	\$ 24.70	\$ 20.00	\$ 0.20	\$ 33.00	\$ 26.58	\$ 0.22
Fourth Quarter	\$ 26.16	\$ 14.84	\$ 0.20	\$ 29.90	\$ 19.52	\$ 0.22
Year ended December 31, 2007						
First Quarter	N/A	N/A	N/A	\$ 31.53	\$ 27.82	\$ 0.20
Second Quarter	N/A	N/A	N/A	\$ 32.53	\$ 28.57	\$ 0.20
Third Quarter	\$ 25.28	\$ 21.11	N/A	\$ 33.01	\$ 24.01	\$ 0.20
Fourth Quarter	\$ 26.59	\$ 24.73	N/A	\$ 30.13	\$ 26.87	\$ 0.20

- (1) On July 28, 2009, Validus' board of directors declared a quarterly dividend of \$0.20 per Validus Share and \$0.20 per common share equivalent for which each outstanding warrant is then exercisable. The dividend is payable on September 30, 2009 to shareholders and warrant holders of record on August 20, 2009. On July 23, 2009, IPC's board of directors declared a quarterly dividend of \$0.22 per IPC share, payable on September 2, 2009 to shareholders of record on August 20, 2009.

The following table sets out the trading information for Validus Shares and IPC Shares on March 30, 2009, the last full trading day before Validus' public announcement of delivery of its initial offer to the board of directors of IPC, July 8, 2009, the last trading day immediately preceding the public announcement of the proposed Amalgamation, and August 4, 2009, the last practicable trading day prior to the filing of this joint proxy statement/prospectus.

	Validus Common Share Close	IPC Common Share Close	Equivalent Validus Per-Share Amount
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March 30, 2009	\$	24.91	\$	25.41	\$	24.23
July 8, 2009	\$	22.60	\$	27.61	\$	21.98
August 4, 2009	\$	23.61	\$	29.98	\$	22.97

Equivalent per-share amounts are calculated by multiplying Validus per-share amounts by the Amalgamation exchange ratio of 0.9727, but do not include the \$7.50 per IPC Share cash consideration.

The value of the Amalgamation will change as the market prices of Validus Shares and IPC Shares fluctuate prior to the consummation of the Amalgamation, and may therefore be different from the prices set forth above and at the time you receive the amalgamation consideration. See *Risk Factors*. IPC shareholders are encouraged to obtain current market quotations for Validus Shares and IPC Shares.

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Please also see *The Amalgamation Agreement*, *NYSE Listing and NASDAQ Delisting; Reservation for Issuance* for a discussion regarding the delisting of IPC Shares from the NASDAQ Global Select Market and the Bermuda Stock Exchange after the effective time of the Amalgamation.

As of July 27, 2009, directors and executive officers of Validus (exclusive of those shareholders who Validus deems to be qualified sponsors (as defined in this joint proxy statement/prospectus)) held and were entitled to vote approximately 1.92% of the outstanding Validus Shares. As of July 27, 2009, directors and executive officers of IPC held and were entitled to vote approximately 0.8% of the outstanding IPC Shares.

RATIO OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges and ratio of earnings to fixed charges excluding Funds at Lloyd's costs (FAL Costs) are measures of Validus' ability to cover fixed costs with current period earnings. For purposes of computing the following ratios, earnings consist of net income before income tax expense plus fixed charges to the extent that such charges are included in the determination of earnings. Fixed charges consist of interest, amortization of debt issuance costs and credit facility fees and an imputed interest portion on operating leases. The following table is derived from unaudited results for the three months ended March 31, 2009 and audited results for the years ended December 31, 2008, 2007, 2006 and the period from October 19, 2005, the date of Validus' incorporation, to December 31, 2005. In addition, the table presents the pro forma combined ratio of earnings to fixed charges for the three months ended March 31, 2009 and year ended December 31, 2008.

	Pro Forma Combined(1)			Validus			
	Three Months	Year	Three Months	Year Ended			Period
	Ended	Ended	Ended	December 31,			Ended
	March 31,	December 31,	March 31,	2008	2007	2006	December 31,
	2009	2008	2009				2005(2)
Ratio of Earnings to Fixed Charges	14.3	3.2	13.0	2.1	8.7	21.7	NM
Ratio of Earnings to Fixed Charges Excluding FAL Costs(3)	14.9	5.0	13.6	3.1	15.7	21.7	NM

- (1) The Pro Forma Combined reflects the Amalgamation and related adjustments using the pro forma financial information presented pursuant to Article 11 of Regulation S-X. For a discussion of the assumptions and adjustments made in preparation of the pro forma financial information presented in this joint proxy statement/prospectus, see *Unaudited Condensed Consolidated Pro Forma Financial Information*.
- (2) Validus commenced underwriting activities on January 1, 2006. There were no earnings from underwriting activities during the period ended December 31, 2005.
- (3) FAL Costs represent both fixed and variable costs paid for financing Validus' operations at Lloyd's. The ratio of earnings to fixed charges excluding FAL Costs demonstrates the degree to which the ratio changes if FAL Costs are treated as variable rather than fixed costs.

NM: Not meaningful

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RECENT DEVELOPMENTS

Validus Unaudited Second Quarter Earnings

On July 29, 2009, Validus announced its financial results for the fiscal quarter ended June 30, 2009. Net income for the three months ended June 30, 2009 was \$137.6 million compared to net income of \$75.9 million for the three months ended June 30, 2008, an increase of \$61.6 million or 81.2%. The primary factors driving the increase in net income were:

Increase in net unrealized gains on investments of \$80.2 million; and

Increased foreign exchange gains of \$7.5 million due to strengthening of British pounds sterling in comparison to the U.S. dollar;

The items above were partially offset by the following factors:

Transaction expenses of \$15.9 million in relation to the acquisition and Amalgamation Agreement;

Decrease in net investment income of \$9.5 million due to increased balances of cash and cash equivalents and lower returns on cash and fixed income investments; and

Gain on repurchase of debentures of \$8.8 million realized during the three months ended June 30, 2008. No such gain was realized during the three months ended June 30, 2009.

On July 28, 2009, Validus board of directors declared a quarterly dividend of \$0.20 per Validus Share and \$0.20 per common share equivalent for which each outstanding warrant is then exercisable. The dividend is payable on September 30, 2009 to shareholders and warrant holders of record on August 20, 2009.

IPC Unaudited Second Quarter Earnings

On July 23, 2009, IPC announced net income for the quarter ended June 30, 2009, of \$173.9 million, or \$3.11 per diluted IPC Share, compared to \$47.4 million, or \$0.78 per diluted IPC Share, for the second quarter of 2008. For the six months ended June 30, 2009, IPC reported net income of \$182.1 million, or \$3.25 per diluted IPC Share, compared to \$134.3 million, or \$2.12 per diluted IPC Share, for the first six months of 2008. IPC's first half earnings were impacted by, among other things, improvements in pricing, a general absence of significant catastrophe events, and an improvement in the equity and debt markets.

On July 23, 2009, IPC's board of directors declared a quarterly dividend of \$0.22 per IPC share, payable on September 2, 2009 to shareholders of record on August 20, 2009.

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THE COMPANIES

Validus

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 Re and Talbot. Validus Re is a Bermuda-based reinsurer focused on short-tail lines of reinsurance. Talbot is the Bermuda parent of the specialty insurance group primarily operating within the Lloyd's insurance market through Syndicate 1183. At March 31, 2009, Validus had total shareholders' equity of \$2.023 billion and total assets of \$4.763 billion. Validus Shares are traded on the NYSE under the symbol "VR" and, as of August 4, 2009, the last practicable date prior to the filing of this joint proxy statement/prospectus, Validus had a market capitalization of approximately \$1.797 billion. Validus has approximately 280 employees.

As of the date of the filing of this joint proxy statement/prospectus with the SEC, Validus was the registered holder of 100 IPC Shares, or less than 1% of the outstanding IPC Shares.

IPC

IPC 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 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 March 31, 2009, IPC had total shareholders' equity of \$1.849 billion and total assets of \$2.453 billion.

In response to a severe imbalance between the global supply of and demand for property catastrophe reinsurance that developed during the period from 1989 through 1993, IPC and IPCRe were formed as Bermuda companies and commenced operations in June 1993 through the sponsorship of American International Group, Inc. ("AIG"). On August 15, 2006, AIG sold its entire shareholding in an underwritten public offering. As from August 15, 2006, to IPC's knowledge, AIG no longer has any direct ownership interest in IPC.

IPC Shares are quoted on the NASDAQ Global Select Market under the ticker symbol "IPCR" and the Bermuda Stock Exchange under the symbol "IPCR.BH." IPCRe Europe Limited, a subsidiary of IPCRe incorporated in Ireland, underwrites select reinsurance business. Currently, IPCRe Europe Limited retrocedes 90% of the business it underwrites to IPCRe.

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RISK FACTORS

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 consummation of the Amalgamation, described in Part I, Item 1A of each company's annual report on Form 10-K for the year ended December 31, 2008 and other documents that have been filed with the SEC and all of which are incorporated by reference into this joint proxy statement/prospectus. If any of the risks described below or in the reports incorporated by reference into this joint proxy statement/prospectus actually occurs, the respective businesses, financial results, financial conditions, operating results or share prices of Validus or IPC could be materially adversely affected.

Risk Factors Relating to the Amalgamation

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

Upon consummation of the Amalgamation each IPC Share (other than IPC Shares held by dissenting IPC shareholders or by Validus and its subsidiaries) will be exchanged into 0.9727 Validus Shares, \$7.50 in cash (less any applicable withholding taxes and without interest) and cash in lieu of fractional shares. Because the exchange ratio is fixed at 0.9727 Validus Shares for each IPC Share, the market value of the Validus Shares issued in exchange for IPC Shares will depend upon the market price of a Validus Share at the date the Amalgamation is consummated. If the price of Validus Shares declines, IPC shareholders could receive less value for their shares upon the consummation of the Amalgamation than the value calculated pursuant to the exchange ratio on the date the Amalgamation was announced or as of the date of the filing of this joint proxy statement/prospectus. Share price changes may result from a variety of factors that are beyond the companies' control, including general market conditions, changes in business prospects, catastrophic events, both natural and man-made, and regulatory considerations.

In connection with the Amalgamation, Validus estimates that it will need to issue approximately 54,959,648 Validus Shares. The increase in the number of outstanding Validus Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Validus Shares.

The Amalgamation remains subject to conditions and failure to complete the Amalgamation could negatively impact Validus and IPC.

The Amalgamation Agreement 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. See *The Amalgamation Agreement – Termination of the Amalgamation Agreement* for a description of the circumstances under which the Amalgamation Agreement can be terminated.

If the Amalgamation is not completed, the ongoing business of Validus and IPC may be adversely affected as follows:

the attention of management of Validus and IPC will have been diverted to the Amalgamation instead of being directed solely to each company's own operations and pursuit of other opportunities that could have been beneficial to such company;

either Validus or IPC will have to pay certain costs relating to the Amalgamation, including certain legal, accounting and financial advisory fees;

either Validus or IPC may be required, in certain circumstances, to pay a termination fee of \$16 million to the other party; and

in the case of Validus, Validus may not have a right to be reimbursed the \$50 million it advanced to IPC in respect of the Max Termination Fee upon the execution of the Amalgamation Agreement.

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Validus and/or IPC may waive one or more of the conditions to the Amalgamation without resoliciting or seeking additional shareholder approval.

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

Failure to obtain effective consents of IPC's reinsurance counterparties or Validus' lenders to the Amalgamation could materially adversely affect the Amalgamation or the business of IPC or Validus.

With regards to IPC's reinsurance arrangements, many in-force reinsurance contracts contain change of control provisions. In addition, many of these reinsurance contracts are annually renewable and whether or not they may be terminated in a change of control, reinsurance cedants may choose not to renew these contracts with the combined entity. Termination and failure to renew reinsurance agreements by contractual counterparties could result in a material adverse effect on the combined entity's business, financial condition and operating results, as well as on the market value of the combined entity's common shares. In addition, if Validus is unable to obtain the consent of the lenders under its credit facilities to the Amalgamation, Validus may be required to pay down the outstanding obligations. Currently, one requirement to the effectiveness of the amendments to Validus' credit facilities is that the financial strength rating assigned to Validus Re and IPCRe by A.M. Best is no lower than A-. Following the announcement of the Amalgamation Agreement, A.M. Best changed the outlook to negative with respect to the A- financial strength rating of Validus Re and indicated that the rating remained under review. Additionally, following the announcement of the Amalgamation Agreement, A.M. Best downgraded the financial strength rating of IPCRe to A- from A and indicated that the rating continues to be under review with negative implications. This ratings requirement is not a condition to the consummation of the Amalgamation under the terms of the Amalgamation Agreement. If the conditions to the effectiveness of the lenders' consents, such as the ratings requirement, are not met, or Validus is required to pay down any obligations, Validus may be forced to find alternative sources for secured letters of credit, which may not be available, or if available, may be on unfavorable terms.

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 notice convening the IPC special meeting, for an appraisal of the fair value of its IPC Shares. See *The Amalgamation Dissenters' Rights of Appraisal for IPC Shareholders*. Validus may be required to pay the fair value appraised by the court to such dissenting shareholder which could be less than, equal to or more than the amalgamation consideration. Any such payments may have a material adverse effect on Validus' business, financial condition and operating results, as well as the market price of the Validus Shares.

The financial analyses and forecasts considered by Validus and IPC and their respective financial advisors may not be realized, which may adversely affect the market price of the Validus Shares following the Amalgamation.

In performing their financial analyses and rendering their opinions regarding the fairness from a financial perspective of the consideration in the Amalgamation, each of the respective financial advisors to Validus and IPC independently reviewed and relied on, among other things, internal stand-alone and *pro forma* financial analyses and forecasts as separately provided to each respective financial advisor by Validus or IPC. See *The Amalgamation Projected*

Financial Information. These analyses and forecasts were prepared by, or as directed by, the managements of Validus and IPC and were also considered by Validus and IPC's boards of directors. None of these analyses or forecasts was prepared with a view towards public disclosure or compliance with the published guidelines of the SEC or the American Institute of Certified Public Accountants

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regarding projections and forecasts. These projections are inherently based on various estimates and assumptions that are subject to the judgment of those preparing them. These projections are also subject to significant economic, competitive, industry and other uncertainties and contingencies, all of which are difficult or impossible to predict and many of which are beyond the control of Validus and IPC. Accordingly, there can be no assurance that Validus or IPC's financial condition or results of operations will not be significantly worse than those set forth in such analyses and forecasts. Significantly worse financial results could have a material adverse effect on the market price of the Validus Shares following the Amalgamation.

Certain directors and executive officers of IPC have interests in the Amalgamation that are different from, or in addition to, the interests of IPC shareholders generally.

In considering the recommendation of the IPC board of directors with respect to the Amalgamation, IPC shareholders should be aware that, as discussed below under *The Amalgamation Interests of IPC Directors and Executive Officers in the Amalgamation*, certain of IPC's directors and executive officers have financial interests in the Amalgamation that are different from, or in addition to, the interests of IPC shareholders generally.

The Amalgamation Agreement contains provisions that restrict IPC from pursuing alternative transactions or engaging in discussions with third parties as to alternative transactions.

The Amalgamation Agreement contains detailed provisions that restrict IPC's and each of its subsidiaries' ability to initiate, solicit, encourage (including by providing information) or facilitate proposals regarding any amalgamation or similar transaction with another party or participate or otherwise engage in any discussions or negotiations relating to such an alternative transaction, unless such action is reasonably likely to be required in order for the directors to comply with their fiduciary duties under applicable law and certain other conditions are satisfied. Although IPC's board of directors is permitted to change its recommendation in response to a bona fide unsolicited superior acquisition proposal, such a change in its recommendation gives Validus the right to terminate the Amalgamation Agreement, receive a termination fee and receive reimbursement for the \$50 million advanced in respect of the Max Termination Fee. For more information please see *The Amalgamation Agreement Restrictions on Change in Recommendation by the Boards of Directors of IPC or Validus* and *Restrictions on Solicitation of Acquisition Proposals by IPC* and *The Amalgamation Agreement Termination of the Amalgamation Agreement Effects of Termination; Remedies*.

The Validus Shares to be received by IPC shareholders as a result of the Amalgamation will have different rights from IPC Shares.

Following completion of the Amalgamation, IPC shareholders will no longer be shareholders of IPC, but will instead be shareholders of Validus. There will be important differences between your current rights as an IPC shareholder and the rights to which you will be entitled as a shareholder of Validus. See *Comparison of Shareholders' Rights* for a discussion of the different rights associated with Validus Shares.

Risk Factors Relating to IPC's Businesses

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

Risk Factors Relating to Validus' Businesses

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

Risk Factors Relating to Validus Following the Amalgamation

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

If the Amalgamation is consummated, achieving the anticipated benefits of the Amalgamation will depend in part upon whether the two companies integrate their businesses in an effective and efficient manner. Validus may not be able to accomplish this integration process smoothly or successfully. The integration of certain operations following the Amalgamation will take time and will require the dedication of significant management resources, which may temporarily distract management's attention from the routine business of the combined entity.

Any delay or inability of management to successfully integrate the operations of the two companies could compromise the combined entity's potential to achieve the anticipated long-term strategic benefits of the Amalgamation and could have a material adverse effect on the business, financial condition, operating results and market value of Validus Shares after the Amalgamation.

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

Ratings with respect to claims paying ability and financial strength are important factors in maintaining customer confidence in Validus and its ability to market insurance and reinsurance products and compete with other insurance and reinsurance companies. Rating organizations regularly analyze the financial performance and condition of insurers and reinsurers and will likely reevaluate the ratings of Validus and its reinsurance subsidiaries following the consummation of the Amalgamation, if applicable. Following the announcement of the Amalgamation Agreement, Standard & Poor's revised its outlook on Validus to positive from stable, and affirmed its BBB- counterparty credit rating on Validus and A.M. Best changed the outlook to negative with respect to the A- financial strength rating and a- issuer credit rating of Validus' reinsurance subsidiary, Validus Re, and the bbb- issuer credit rating of Validus. In addition, Moody's affirmed its outlook of negative with respect to the A3 insurance financial strength rating of Validus Re and the Baa2 long-term issuer rating of Validus. Additionally, following the announcement of the Amalgamation Agreement, A.M. Best downgraded the financial strength ratings to A- (Excellent) from A (Excellent) and issuer credit ratings to a- from a for the reinsurance subsidiaries of IPC (including IPCRe and IPCRe Europe Limited) and also downgraded the issuer credit rating to bbb- from bbb for IPC and indicated that these ratings continue to be under review with negative implications. Following the Amalgamation, any ratings downgrades, or the potential for ratings downgrades, of Validus or its subsidiaries (including the newly acquired IPC operating companies) could adversely affect Validus' ability to market and distribute products and services and successfully compete in the marketplace, which could have a material adverse effect on its business, financial condition and operating results, as well as the market price for Validus Shares.

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

For the year ended December 31, 2008, Validus' gross premiums (excluding reinstatement 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 Amalgamation as if it had been consummated on December 31, 2008, gross premiums written on property catastrophe business would have been \$661.9 million or 37.5% of total gross premiums of Validus on a pro forma basis. Because Validus after the Amalgamation will, among other things, have larger aggregate exposures to natural and man-made disasters than it does today, Validus' aggregate loss

experience could have a significant influence on Validus net income. Please see *Unaudited Condensed Consolidated Pro Forma Financial Information*.

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THE AMALGAMATION

General Description

On July 9, 2009, IPC, Validus and Validus Ltd. entered into the Amalgamation Agreement. Validus' board of directors unanimously adopted the Amalgamation Agreement on that date and deemed it fair, advisable and in the best interests of Validus to enter into the Amalgamation Agreement and to consummate the transactions contemplated thereby. IPC's board of directors unanimously adopted the Amalgamation Agreement on that date and authorized and approved the Amalgamation upon the terms and subject to the conditions set forth in the Amalgamation Agreement and deemed it fair to, advisable to and in the best interests of IPC and its shareholders to enter into the Amalgamation Agreement and to consummate the Amalgamation and the other transactions contemplated thereby.

Subject to shareholder approval as described in this joint proxy statement/prospectus and the satisfaction or waiver of the other conditions specified in the Amalgamation Agreement, on the Closing Date of the Amalgamation, IPC will amalgamate with Validus Ltd. Pursuant to the Amalgamation Agreement, after the effective time of the Amalgamation, IPC shareholders (other than shareholders that exercise appraisal rights pursuant to Bermuda law, and other than Validus and its subsidiaries) will have the right to receive 0.9727 Validus Shares, \$7.50 in cash (less any applicable withholding tax and without interest) and cash in lieu of fractional shares in exchange for each IPC Share they hold.

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*.

Background

Since its inception in 1993, IPC has successfully operated as a monoline company focused on property catastrophe reinsurance. IPC has periodically reviewed ways to enhance its performance and prospects in light of conditions in the reinsurance and insurance markets, economic conditions, regulatory developments and competitive and other factors. Following the losses from the 2005 Atlantic hurricanes, the rating agencies increased the capital requirements for monoline property catastrophe reinsurers. By October 2007, it was evident to IPC's management and IPC's board of directors that if IPC continued to follow the monoline property catastrophe model IPC had previously pursued, it might be more challenging to optimize shareholder value in the future as compared to following a more diversified business model. IPC's board of directors, with input from IPC's management, decided that strategic options should be developed and evaluated. To drive this process forward, on October 23, 2007 IPC's board of directors established IPC's business development committee to assist IPC's management in developing such options for review by IPC's board of directors.

In the first quarter of 2008, IPC engaged JPMorgan to assist IPC with a strategic review process. As part of that strategic review process, IPC's board of directors and IPC's management confirmed their preliminary conclusion that it would be in IPC's interest to diversify beyond its monoline property catastrophe business model. IPC's board of directors and IPC's management determined to consider achieving these objectives by investigating the opportunities to do so through internal growth or a business combination with a company with diversified business lines and platforms with a market capitalization of a similar size to IPC's market capitalization.

In March of 2008, IPC's business development committee asked IPC's management to develop two business plans in order to assist IPC's directors in their strategic review: a monoline plan that assumed IPC would continue as a

monoline property catastrophe reinsurer, and an organic growth plan, consisting of an organic diversification of business lines and platforms over time leveraging existing resources of the company. During the summer of 2008, IPC's management, after discussion with IPC's board of directors, also began consideration of a run-off scenario which assumed that IPC would cease to write new business and return capital to its shareholders over time as reserves were paid out.

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From July through early November 2008, IPC's business development committee began considering early versions of the organic growth case developed by IPC's management for diversifying IPC's business lines. In addition, IPC, with JPMorgan's assistance, started to identify and evaluate potential counterparties, including Validus and Max, that were of a similar size to IPC, and with whom a combination potentially could diversify IPC's business lines and platforms for the purpose of reducing the volatility inherent in focusing on catastrophe reinsurance and spreading IPC's risk base across less correlated risks. IPC's business development committee, with assistance from JPMorgan, designed a process to narrow the field of potential counterparties to a select list and to meet with, exchange information with and select potential counterparties to continue in IPC's strategic process. In early October, after discussions among IPC management, IPC's board of directors and JPMorgan, IPC's board of directors authorized JPMorgan to contact a select list of third parties from among the potential counterparties and peer companies that IPC initially considered. The parties on the select list were those that IPC determined were most likely to satisfy its strategic objectives that IPC's board of directors had developed at that time, and it excluded parties that IPC believed were not appropriate potential counterparties for a business combination. For example, although IPC had previously identified Validus as a potential counterparty because of its similar size to IPC, after careful consideration IPC did not include Validus in its select list of potential counterparties for JPMorgan to contact because IPC determined that a business combination with Validus was not likely to satisfy IPC's strategic objectives.

During the second half of October 2008 and first half of November, IPC entered into confidentiality and standstill agreements with eight of these potential counterparties: Party A, Party B, Party C, Party D, Party E, Party F, Party G and Max.

Subsequently, JPMorgan and IPC management received an unsolicited oral indication of interest from a party (Party H) that IPC's board of directors and management had previously decided not to consider inviting into IPC's strategic process after determining that a transaction with Party H would not meet IPC's strategic objectives. IPC management also received an informal indication of interest from Flagstone Reinsurance Holdings Limited (Flagstone), a smaller Bermuda based insurance and reinsurance company than IPC as measured by market capitalization, discussions with which IPC determined not to be in the best interest of IPC to pursue further.

The initial contact between IPC and Max was made on October 14, 2008. Representatives from JPMorgan placed a call to Max's chief executive officer, W. Marston Becker, and informed him that they had been engaged to assist with a strategic review of IPC and that Max had been identified as a potential counterparty for a business combination transaction.

On October 26, 2008, Max and IPC entered into the confidentiality and standstill agreement mentioned above in order for the parties to continue discussions and exchange information.

On October 27, 2008, JPMorgan and Merrill Lynch, which was acting as Max's financial advisor with respect to a potential business combination with IPC, had a conference call to discuss the next steps in the process of a potential transaction between IPC and Max.

During this time, JPMorgan also had preliminary discussions with each of Party A, Party B, Party C, Party D, Party E and Party G to assess their interest in a combination with IPC and their fit with the strategic goals of IPC's board of directors. In the course of these discussions, Party A indicated that it was not interested in engaging in discussions regarding any transaction until after January 1, 2009, when the period in which most reinsurance contracts are renewed had ended. Party F failed to schedule any meetings with IPC or its advisors and showed little interest in further pursuing a transaction with IPC. IPC ceased discussions with Party F shortly thereafter.

On November 3, 2008, IPC received an unsolicited letter from a large, publicly traded insurance company (Party J) proposing that IPC and Party J enter into an exclusivity agreement to discuss an acquisition of IPC by Party J in a

stock-for-stock transaction.

IPC's business development committee met on November 6, 2008 with JPMorgan and IPC's outside legal counsel to consider the terms contained in Party J's letter. IPC's business development committee determined, because Party J's proposal was based on an unsatisfactory valuation of IPC's book value and was subject to

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detailed due diligence, that it was not in IPC's best interest to enter into an exclusivity agreement with Party J and authorized IPC's management to respond to Party J's letter by declining to enter into an exclusivity agreement but offering to allow Party J to otherwise participate in IPC's on-going strategic process. On November 7, 2008, IPC responded to Party J's offer by sending it a letter proposing that IPC and Party J enter into a confidentiality and standstill agreement and that Party J participate in IPC's on-going strategic process on the same basis as the other parties already in discussions with IPC. Party J responded in a letter on November 10, 2008 withdrawing its original offer and declining to participate in IPC's strategic process.

At the same meeting on November 6, 2008, IPC's business development committee also determined that it was not in IPC's best interest to delay further discussions of a business combination until after January 1, 2009 and decided to continue moving ahead in the strategic process without Party A.

From the beginning of November through December 10, 2008, IPC management engaged in discussions regarding potential business combinations of IPC with Party B, Party C, Party D, Party E and Party G. On November 10, 2008, certain officers and representatives of Max met with IPC's directors, Mark R. Bridges and Peter S. Christie and with James P. Bryce, IPC's chief executive officer at that time, John R. Weale, IPC's chief financial officer at that time, and JPMorgan to discuss the process and to present Max's preliminary views regarding a potential business combination. Max and IPC each provided updates on their respective business and operations, including an assessment of the then-current business climate. On November 26, 2008, members of Max's management met with Kenneth L. Hammond, the Chairman of IPC's board of directors, and Mr. Bridges to further discuss the potential business combination between IPC and Max. Max was invited to submit a proposal for a business combination with IPC by December 8, 2008. In connection therewith, JPMorgan and Merrill Lynch held various calls to discuss the potential amalgamation.

On December 5, 2008, after consulting with Merrill Lynch, Max developed and submitted a preliminary proposal for a business combination transaction between IPC and Max structured as a stock-for-stock transaction with an exchange ratio based on the relative book values of the two companies. Max also provided information regarding its intentions with respect to the combined business, the board of directors, and the roles of management.

During this time period, IPC's officers and directors met several times among themselves and with IPC's outside advisors to discuss the status of negotiations with each party and worked to develop the specific terms upon which IPC would be willing to enter into a business combination. IPC also asked Party B, Party C, Party D, Party E and Party G to submit formal business combination proposals before December 8, 2008.

At a meeting on December 10, 2008, IPC's directors and management reconfirmed their view that Party H did not meet IPC's strategic objectives and determined not to pursue further discussions with Party H.

Also during the meeting on December 10, 2008, IPC's directors and management reviewed the business combination proposals that had been received from other potential counterparties. In addition to Max, IPC had received formal written proposals from Party B, Party C and Party D. Party E submitted an oral proposal. After a discussion among IPC's directors and management, with input from JPMorgan and IPC's outside counsel, IPC determined not to pursue further discussions with Party E because the oral proposal did not satisfy the criteria IPC had established. Party G had communicated that a business combination with IPC did not fit within Party G's strategic plan at that time and that Party G no longer wished to continue to be considered a potential counterparty to a business combination. IPC determined to cease further negotiations with Party G.

Between December 10 and December 17, 2008, IPC's management and JPMorgan continued discussions with Party B, Party C and Party D and worked to further develop proposals from these parties.

On December 16, 2008, Merrill Lynch and JPMorgan had a conference call to review Max's proposal and provide IPC additional information regarding Max and its proposal.

On December 17, 2008, IPC's business development committee met to discuss the proposals received from Max as well as from Party B, Party C and Party D. IPC's business development committee found the

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proposals from Party C, Party D and Max to be in line with the rationale and goals IPC had set for entering into a business combination. The proposal received from Party B, despite repeated negotiations with IPC's management and JPMorgan, failed to satisfy many of IPC's desired characteristics, and included terms in which IPC's shareholders would receive non-U.S. listed stock as consideration along with a complex debt security. Accordingly, IPC determined to cease pursuing a potential transaction with Party B as that proposal was not deemed to be in the best interests of IPC.

Also on December 17, 2008, members of IPC's business development committee met with a group of individuals (Party K) who had expressed an interest in a transaction with IPC to pursue a strategy of transformational organic growth by diversifying IPC's business lines under a new senior management team.

On December 19, 2008, IPC's board of directors met and discussed the proposals from Party C, Party D and Max with IPC's management and IPC's advisors in conjunction with discussing IPC's monoline and organic growth business plans. IPC's board of directors approved IPC continuing discussions regarding a business combination with Party C, Party D and Max. IPC's board of directors also instructed IPC's management to finalize a formal presentation regarding the monoline plan, the organic growth plan and the run-off scenario. IPC's board of directors also asked IPC's management to benchmark projected growth under the monoline plan, the organic growth plan and potential business combinations against the growth achieved by selected Bermuda reinsurance companies that had pursued a transformational organic growth strategy in the past. During this meeting, one of IPC's directors, Peter Christie, confirmed a prior informal disclosure to IPC's other directors that he owned 10,667 Max common shares.

On December 22, 2008, Merrill Lynch and JPMorgan had a conference call in which JPMorgan relayed concerns from IPC's board of directors relating to the preliminary proposal submitted by Max, including the fact that Max's proposed exchange ratio did not account for the market prices of the companies at that time.

Between December 19, 2008 and January 6, 2009, IPC's management and JPMorgan engaged in several meetings and other discussions with Party C, Party D and Max to further explore issues surrounding a business combination with each party. IPC and its advisors also engaged in an assessment of the members of senior management of Party C, Party D and Max, evaluating the capabilities and qualifications of such management to manage a combined company.

On January 6, 2009, IPC's board of directors met to discuss IPC's business development committee's meeting with Party K. IPC management and JPMorgan also discussed the results of further discussions with Party C, Party D and Max, including that Max and IPC continued to be engaged in negotiations regarding the valuation methodology to be used for valuing the respective companies in a business combination transaction.

During this time, Max and its advisors conducted business and financial due diligence on IPC. On January 6, 2009, after consultation and discussions with Merrill Lynch, Max submitted a revised proposal to IPC. The revised proposal continued to be based on a stock-for-stock transaction, but the exchange ratio was amended to consider both the relative book values and the relative market values of the companies by basing the exchange ratio on the average of the two companies' market value per share and book value per share. On the following day, Merrill Lynch had a conference call with JPMorgan to review and answer clarifying questions on Max's revised proposal.

On January 8, 2009, Max, IPC, Merrill Lynch and JPMorgan had a meeting to review and discuss IPC's financial information. Following this meeting, Max had a meeting with IPC on January 12, 2008 to review its financial information.

On January 11, 2009, IPC received a formal, written proposal from Party K.

On January 13, 2009, IPC's business development committee met to discuss setting timelines for completing the process of evaluating potential transactions with Party C, Party D, Party K and Max and developed formal counterproposals with regard to Party C, Party D and Max.

On January 15, 2009, Merrill Lynch and JPMorgan had calls during which JPMorgan provided an update on the process and reviewed next steps.

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IPC's board of directors met on January 16, 2009 and reviewed the revised proposal received from Max and revised proposals IPC had received from Party C and Party D. IPC's board of directors, in conjunction with IPC's management, developed counterproposals for Party C, Party D and Max and authorized JPMorgan to communicate the respective counterproposals to each party. IPC's board of directors also discussed the written proposal that had been received from Party K, determined that it was not in IPC's best interest to pursue a transaction with Party K at that time and authorized IPC's business development committee to communicate that determination to Party K.

From January 16 until January 29, 2009, IPC and its outside advisors (including an independent consulting firm, an independent investment advisory firm, an independent accounting firm and IPC's legal advisors) engaged in due diligence on Max and Party C. IPC's management met separately several times with the management teams of Max and Party C, along with their respective advisors, and worked together with Max and Party C to develop views on preliminary business plans for potential combined companies and conduct preliminary due diligence on key threshold items. IPC also continued negotiating the terms of a business combination with Max and Party C during this time and prepared and negotiated term sheets with each of Max and Party C. During the course of those negotiations IPC and Party D, a non-publicly traded company, could not come to an agreement over the proper method for valuing Party D. As a result, IPC and Party D determined not to engage in further discussions regarding a business combination.

IPC provided a term sheet to Max on January 17, 2009 and had organizational due diligence calls with Max and Merrill Lynch on January 19, 2009 and in-person due diligence meetings with Max and Merrill Lynch on January 21, 2009.

On January 23, 2009, Max and Merrill Lynch provided comments to IPC's draft non-binding term sheet to JPMorgan and Merrill Lynch had conference calls with JPMorgan to discuss the comments.

On January 27, 2009, certain officers of Max met with Messrs. Hammond and Bridges to review each company's financial information as well as preliminary views as to how the businesses could be combined.

On January 29, 2009, IPC's board of directors met to discuss the ongoing strategic review process. IPC's management presented its formal monoline and organic growth plans to IPC's board of directors. IPC's board of directors, with input from management and IPC's outside advisors, then discussed the results of the due diligence investigations into Party C and Max and the status of ongoing negotiations with each party. IPC's board of directors also discussed its views of Party C's and Max's respective management teams. At the conclusion of the meeting, IPC's board of directors concluded that while no decision had been made to enter into a definitive transaction agreement with any party, pursuing such a transaction with Max (including performing additional due diligence and negotiating a definitive transaction agreement) would be more in IPC's interest than pursuing such a transaction with Party C. IPC's board of directors authorized IPC management to finalize a non-binding term sheet with Max, including the valuation methodology upon which the definitive transaction agreement would be entered into, and also to enter into an exclusivity agreement with Max. On January 30, 2009, Mr. Hammond informed representatives of Max about IPC's proposal to enter into an exclusivity agreement with Max.

IPC's and Max's management, along with their respective advisors, negotiated the exclusivity agreement and the non-binding term sheet between January 30 and February 2, 2009. On February 2, 2009, Max and IPC finalized the non-binding term sheet and entered into a 28-day exclusivity agreement. The non-binding term sheet provided, among other things, for the basic framework for the transaction structure, governance for the combined company and a methodology to arrive at an exchange ratio for the transaction, based on an average of the two companies' market value per share and book value per share.

On January 31, 2009, while IPC and Max were in discussions regarding the exclusivity agreement and the non-binding term sheet, Party C notified IPC that it no longer wished to engage in discussions regarding a business

combination with IPC.

In the period from February 2 to February 20, 2009, representatives of management of IPC and its advisors and independent consultants, and representatives of management of Max and its financial and legal advisors, worked to continue IPC's due diligence investigation into Max and Max's due diligence investigation

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into IPC. IPC's outside legal advisor provided to Max and Max's outside legal advisor, a form of amalgamation agreement, and worked with Max's outside legal advisor to negotiate definitive transaction documentation.

On February 11, 2009, Max announced its financial results for the fiscal quarter and year ended December 31, 2008 and Max's management held a conference call with analysts and other interested parties to discuss such results.

On February 11 and February 12, 2009, IPC and Max made joint presentations to A.M. Best Company, Standard & Poor's Financial Services LLC, and Moody's Investors Service regarding IPC's and Max's managements' views of the potential financial strength of a potential combined company.

IPC contacted Wachovia Bank, National Association (Wachovia) on February 13, 2009, to begin discussions regarding amending IPC's credit facility to permit IPC to enter into and consummate an amalgamation agreement with Max without potentially causing any default under the credit facility. During this same period, Max engaged in discussions with its lender syndicate regarding a potential amendment to its credit facility. After discussions with IPC's and Max's management and their advisors, Wachovia and several other banks who were members of IPC's and Max's respective loan syndicates signed confidentiality agreements with IPC and Max during the week of February 16, 2009. Between February 16 and March 1, 2009, IPC, Max and their advisors negotiated the terms of the amendments to both Max's and IPC's respective credit facilities.

On February 17, 2009, IPC announced its financial results for the fiscal quarter and year ended December 31, 2008 and IPC's management held a conference call on the morning of February 18, 2009 with analysts and other interested parties to discuss such results.

On February 18, 2009, directors from IPC met with Max's directors and certain of Max's officers. Max's chief executive officer made a presentation to the members of both boards of directors regarding the potential benefits of a combination of IPC and Max and described Max's management's vision for the combined company and the role that a combined Max-IPC management team would have in achieving that vision.

On February 20, 2009, IPC's board of directors met, along with JPMorgan and other of IPC's advisors, and discussed with Mr. Roberts, Max's chief financial officer, and Max's and IPC's independent accounting firm to discuss potential purchase accounting adjustments that could result from a combination of IPC and Max. Following this discussion, Mr. Roberts and Max's independent accounting firm left the meeting. Representatives of IPC's outside legal counsel discussed with IPC's directors each director's legal duties in connection with considering a transaction with Max. IPC management presented a run-off scenario to IPC's directors, as well as the results of a benchmarking of the book value growth achieved by selected Bermuda reinsurance companies that had implemented a transformational organic growth strategy between 2002 and the first half of 2005. The benchmarking analysis compared these book value growth rates to projected book value growth under the monoline case, the organic growth case and a potential combination with Max. IPC management also presented a business plan for the combined company that had been developed together with Max. IPC's directors also received due diligence reports from IPC's advisors, including an independent consulting firm, an independent investment advisory firm, an independent accounting firm and IPC's legal advisors, and discussed the results of such advisors' due diligence.

Between February 20 and February 27, 2008, IPC's and Max's officers and advisors continued to engage in negotiations and due diligence on the other company, including negotiations regarding transaction protection provisions to be contained in any definitive amalgamation agreement.

On February 25, 2009, IPC's board of directors convened by telephone along with IPC's advisors to discuss the results of further negotiations with Max. IPC's board of directors discussed a number of transaction terms that were still being negotiated, including extensive discussions regarding the transaction protections, closing conditions and termination

rights to be included in the definitive amalgamation agreement.

On February 27, 2009, a meeting of IPC's board of directors was held. JPMorgan made a presentation to IPC's board of directors regarding its financial analysis. IPC's management, JPMorgan and Sullivan &

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Cromwell LLP provided an overview of events since IPC's board of directors' telephonic meeting on February 25, 2009. IPC's management and outside advisors, including an independent consulting firm, an independent investment advisory firm, an independent accounting firm and IPC's legal advisors, reported the final results of their in-depth due diligence review of Max and its business. IPC's board of directors discussed prevailing market conditions and IPC's strategic alternatives. Representatives of IPC's outside legal counsel discussed with IPC's board of directors their legal duties in connection with any consideration of a possible strategic transaction. Sullivan & Cromwell LLP also presented a summary of the legal terms of the most recent draft of the Max Amalgamation Agreement, including the shareholder and regulatory approvals that would be required to complete the transaction and the possible timeframe for obtaining such approvals. During the remainder of February 27, February 28 and the morning of March 1, 2009, IPC's business development committee and representatives of IPC's and Max's management and their respective legal and financial advisors worked to finalize the Max Amalgamation Agreement and related definitive documentation.

On March 1, 2009, IPC and Max reached an agreement, subject to their respective board of directors' approval, on an exchange ratio by which the holders of Max common shares would receive 0.6429 IPC Shares in exchange for each Max common share held by Max shareholders.

IPC's board of directors met again on March 1, 2009. JPMorgan presented an analysis of the financial terms of the Max proposal. IPC's management also updated IPC's directors on the results of negotiations with the banks in IPC's credit facility and described the terms of the amendment that would need to be entered into if IPC intended to execute an amalgamation agreement with Max.

JPMorgan then delivered to IPC's board of directors its oral opinion, subsequently confirmed in writing on the same day, that based upon and subject to the factors and assumptions stated in that opinion, as of March 1, 2009, the exchange ratio of 0.6429 IPC Shares to be exchanged in respect of each Max common share in the transaction was fair, from a financial point of view, to IPC.

Following these discussions, and extensive review and discussion among IPC's directors, IPC's board of directors unanimously approved the Max Amalgamation Agreement and the transactions contemplated thereby and declared the amalgamation and other transactions contemplated in the Max Amalgamation Agreement, including the amendments proposed to IPC's credit facilities, to be advisable and in the best interests of IPC. IPC's board of directors resolved that a meeting of the IPC shareholders be convened to approve the bye-law amendments, approve the name change, approve the issuance of IPC Shares to Max shareholders as contemplated by the Max Amalgamation Agreement, and elect the directors named therein. IPC's board of directors then directed that management sign the definitive Max Amalgamation Agreement as soon as reasonably practicable.

In the afternoon of March 1, 2009, the parties executed the Max Amalgamation Agreement. Prior to the opening of the financial markets in New York City on March 2, 2009, IPC and Max announced that they had entered into a transaction contemplating the amalgamation of Max and IPC (the Proposed Max Amalgamation).

On March 18, 2009, Validus engaged Greenhill to assist Validus with reviewing a possible offer to acquire IPC.

Validus' board of directors met on March 25, 2009 to consider the terms of an offer to acquire each outstanding IPC Share in exchange for a number of Validus Shares based on a fixed exchange ratio, subject to the termination of the Max Amalgamation Agreement. Following discussions among Validus' directors, Validus' board of directors authorized and directed Validus' management to make an offer to IPC to exchange each outstanding IPC Share for a number of Validus Shares based on a fixed exchange ratio, subject to the termination of the Max Amalgamation Agreement.

On March 27, 2009, IPC filed a Registration Statement on Form S-4 with the SEC in connection with the Proposed Max Amalgamation (as amended from time to time, the IPC/Max S-4).

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During this period, Validus management and its financial advisors analyzed the pro forma effect of the proposed offer to acquire IPC on Validus financial position, earnings, book value and rating agency capital position and discussed the impact on Validus with its directors and its rating agencies.

On March 29, 2009, following discussions among Validus directors, Validus board of directors unanimously approved the initial Validus offer to acquire IPC (the Initial Validus Offer), pursuant to which each IPC Share would be exchanged for 1.2037 Validus Shares, and the transactions contemplated thereby and declared the Initial Validus Offer and other transactions contemplated thereby to be fair to, advisable and in the best interests of Validus, subject to receipt from Greenhill of its opinion to the board of directors of Validus that the exchange ratio of 1.2037 Validus Shares for each IPC Share was fair, from a financial point of view, to Validus.

On March 30, 2009, Greenhill, financial advisor to Validus, delivered its oral opinion to the board of directors of Validus, subsequently confirmed in writing, that, based upon and subject to the various limitations and assumptions described in the written opinion, as of March 31, 2009, the consideration pursuant to the Initial Validus Offer, pursuant to which each IPC Share would be exchanged for 1.2037 Validus Shares, was fair, from a financial point of view, to Validus.

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

Following this telephone call, in the morning of March 31, 2009, Validus delivered a proposal letter containing the Initial Validus Offer to IPC's board of directors in care of Mr. Bryce and issued a press release announcing the Initial Validus Offer. The Initial Validus Offer contemplated an acquisition of IPC by Validus pursuant to a share-for-share exchange in which each IPC Share would be exchanged for 1.2037 Validus Shares. The closing price of a Validus Share on the NYSE on March 30, 2009, the day prior to the announcement of the Initial Validus Offer, was \$24.91, resulting in an implied premium for Validus offer to IPC's market price of 18.0% (calculated based on the closing price of Validus Shares times the number of Validus Shares to be exchanged for each IPC Share). The Initial Validus Offer was based on the Max Amalgamation Agreement, but with certain differences, including:

Pursuant to the Initial Validus Offer, Validus would issue Validus Shares in exchange for IPC Shares, whereas in the Proposed Max Amalgamation IPC would issue IPC Shares in exchange for the common shares of Max.

Validus obligation to close the proposed acquisition would be conditioned on obtaining all waivers or amendments that Validus, in its sole discretion, deemed to be necessary under any of IPC's or Validus credit facilities. The Max Amalgamation Agreement did not include such a closing condition and IPC and Max had previously obtained all requisite amendments required under their respective credit facilities.

The Initial Validus Offer was not subject to U.S. insurance regulatory approvals.

Validus proposed that IPC, but not Validus, would be bound by certain deal protection and non-solicitation provisions. Under the Max Amalgamation Agreement, IPC and Max were reciprocally bound under similar provisions.

The Initial Validus Offer did not contemplate that any of IPC's directors would serve on the board of directors of Validus or any of its subsidiaries after the consummation of the acquisition, nor did it provide for IPC's management to have any role in the management of Validus or its subsidiaries after the consummation of the

acquisition. By contrast, under the Max Amalgamation Agreement, IPC and Max agreed to provide for representation from both companies' independent directors on the combined entity's board of directors (including IPC's chairman as chairman of the combined entity) and for IPC's management to have senior positions in the management of the combined entity. Validus stated in a

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press release dated April 2, 2009, that it would be willing to discuss continued board representation in the potential Validus-IPC combined entity for members of IPC's board of directors.

On that same day, IPC issued a press release announcing that IPC's board of directors would review the terms of the Initial Validus Offer in a manner consistent with its obligations under the Max Amalgamation Agreement and applicable 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 Initial Validus Offer and stating, in part, that it believed that Max's track record of building a diversified platform should lead to better long-term growth prospects and value creation following completion of the Proposed Max Amalgamation.

On April 1, 2009, IPC's board of directors met to discuss the Initial Validus Offer. At that meeting, IPC's outside legal advisors reviewed with IPC's board of directors the directors' fiduciary duties under Bermuda law and related legal considerations applicable to IPC's board of directors' review of the Initial Validus Offer, including an analysis of the applicable requirements of the Max Amalgamation Agreement. IPC's board of directors considered certain information regarding Validus and certain financial aspects of the Initial Validus Offer including the following (which to the extent relating to Validus, was based on publicly available information, including information contained in Validus SEC filings): an overview of Validus' current and historical share price and trading multiples; IPC's trading multiples implied by the Initial Validus Offer; implied premiums and discounts to IPC's common share price represented by the Initial Validus Offer over different time periods; Validus' historical financial performance; rating agency reviews; and commentary of sell-side analysts regarding Validus.

On April 2, 2009, Max delivered a letter to IPC's board of directors describing several reasons Max did not believe the Initial Validus Offer to be a superior proposal within the meaning of the Max Amalgamation Agreement. Later that same day, IPC's board of directors received a letter from Validus disputing the statements made in Max's letter.

Between April 1, 2009 and April 6, 2009, members of the business development committee of IPC's board of directors met several times, either telephonically or in person, with IPC management and IPC's advisors to discuss the Initial Validus Offer.

On April 6, 2009, IPC's board of directors met again to further review the Initial Validus Offer. IPC's outside legal advisors reviewed with IPC's board of directors their fiduciary duties under Bermuda law, the related legal considerations resulting from the Max Amalgamation Agreement, Validus' reservation of rights to withdraw the Initial Validus Offer and certain other legal, regulatory and timing aspects of the Initial Validus Offer. IPC's board of directors considered certain information regarding Validus and certain financial aspects of the Initial Validus Offer, including the following (which, to the extent relating to Validus, was based on publicly available information, including information contained in Validus' SEC filings): business mix; historical operating performance and benchmarking against peers; review of losses from hurricanes Ike and Gustav; estimates of risk exposure to certain catastrophe events; current balance sheet; investment portfolio and historical investment returns; rating agency and equity analyst information; an overview of Validus' current and historical share price, trading multiples, trading volume and float; IPC's trading multiples implied by the Initial Validus Offer over different time periods; implied premiums and discounts to the price of IPC's common shares represented by the Initial Validus Offer; implied premiums and discounts represented by the exchange ratio in the Initial Validus Offer over the exchange ratio implied by market prices, exchange ratio implied by book value and exchange ratio implied by tangible book value; an illustration of potential value creation that could result from an acquisition of IPC by Validus at various price to book value trading multiples; and a preliminary analysis of the accretion (or dilution) that would result from an acquisition of IPC by Validus. In certain instances, the information presented was on a comparative basis to Max and IPC or to the Proposed Max Amalgamation. IPC's board of directors did not request, and JPMorgan did not provide, an opinion

as to the fairness or inadequacy of the Initial Validus Offer. IPC's board of directors determined not to request an updated fairness opinion from JPMorgan regarding the Proposed Max Amalgamation or an opinion as to the fairness or inadequacy of the Initial Validus Offer after consideration of (1) the fact that IPC was already bound by the terms of the Max Amalgamation Agreement, (2) IPC's rights and obligations under the

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Max Amalgamation Agreement and Bermuda law to perform under the Max Amalgamation Agreement and/or change its recommendation to IPC's shareholders regarding the Proposed Max Amalgamation and (3) the proposed terms of the Initial Validus Offer. IPC's board of directors also took into consideration its determination that an acquisition of IPC by Validus would not satisfy the strategic objective IPC had identified at that time of diversifying its risk base and would involve other significant risks inherent in the Validus Shares and the Initial Validus Offer.

IPC's board of directors met again on the morning of April 7, 2009. After thoroughly reviewing the Initial Validus Offer and after consulting with management and its outside legal and financial advisors and upon consideration of a variety of factors, IPC's board of directors unanimously determined that the Initial Validus Offer did not constitute a superior proposal as defined in the Max Amalgamation Agreement and reaffirmed its recommendation of the Proposed Max Amalgamation.

On April 7, 2009, following IPC's board of directors meeting, IPC advised Max of the determination of IPC's board of directors that the Initial Validus Offer did not represent a superior proposal under the terms of the Max Amalgamation Agreement.

Also on April 7, 2009, IPC issued a press release announcing that IPC's board of directors, after thorough consideration and consultation with management and its legal and financial advisors, determined that the Initial Validus Offer did not constitute a superior proposal under the terms of the Max Amalgamation Agreement, and reaffirming its recommendation that IPC shareholders approve the Proposed Max Amalgamation. IPC's board of directors also sent a letter to Validus setting forth several of the reasons why IPC's board of directors did not determine the Initial Validus Offer to be a superior proposal.

On April 8, 2009, Validus sent a letter to IPC's board of directors regarding the IPC press release and letter and issued a press release announcing the letter, which stated that Validus intended to file proxy solicitation materials opposing the Proposed Max Amalgamation and that it was commencing litigation to seek to have reduced the \$50 million termination fee payable in certain circumstances under the Max Amalgamation Agreement.

On April 9, 2009, Validus filed a preliminary proxy statement with the SEC which, in its definitive form, was used to solicit votes from IPC shareholders against the Proposed Max Amalgamation.

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

On April 16, 2009, Validus filed a preliminary proxy statement with the SEC with respect to soliciting votes from Validus shareholders to approve the issuance of Validus Shares in connection with the Initial Validus Offer.

On April 21, 2009, Validus filed with the SEC an amendment to the preliminary proxy statement with respect to soliciting votes from IPC shareholders against the Proposed Max Amalgamation.

On April 28, 2009, Validus filed a claim in the Supreme Court of Bermuda against IPC, IPC Limited and Max (the Bermuda Claim), challenging the validity of the termination fee under the Max Amalgamation Agreement and provisions which restricted the ability of IPC to discuss competing proposals with third parties (no-talk provisions) in the Max Amalgamation Agreement.

Also on April 28, 2009, IPC filed a second amendment to the IPC/Max S-4 with the SEC.

On April 30, 2009, Validus issued a press release outlining its three-part plan to expedite the acquisition of IPC. *First*, Validus would solicit proxies from IPC shareholders to vote against the Proposed Max Amalgamation. *Second*, Validus would commence an exchange offer (the Exchange Offer) for all of the outstanding IPC Shares, subject to the

terms and conditions described in the prospectus/offer to exchange included in the Registration Statement on Form S-4 filed by Validus with the SEC on May 12, 2009, as amended, including the receipt of at least 90% of the IPC Shares, termination of the Max Amalgamation Agreement and other conditions consistent with the Initial Validus Offer. Under Bermuda law, if Validus acquired at least 90% of the IPC Shares which it sought to acquire in the Exchange Offer, Validus believes it would have the right to acquire the remaining IPC Shares on the same terms in a second-step acquisition.

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Third, Validus would pursue a scheme of arrangement (the *Scheme of Arrangement*) under Part VII of The Companies Act 1981 of Bermuda, as amended. In order to implement the Scheme of Arrangement, IPC shareholders would have to approve the Scheme of Arrangement at a court-ordered IPC meeting, IPC would have to separately approve the Scheme of Arrangement, the IPC shareholders would have to approve certain Validus proposals and the Scheme of Arrangement would have to be sanctioned by the Supreme Court of Bermuda.

Also on April 30, 2009, IPC's board of directors met to discuss Validus' announcement. At that meeting, IPC's board of directors unanimously reaffirmed its belief that the Initial Validus Offer did not represent a superior proposal and that IPC's board of directors continued to recommend IPC shareholders vote in favor of the Proposed Max Amalgamation.

On May 1, 2009, Validus filed with the SEC an amendment to its preliminary proxy statement with respect to soliciting votes from IPC shareholders against the Proposed Max Amalgamation.

Also on May 1, 2009, Validus filed an application to expedite the trial of the Bermuda Claim.

On May 4, 2009, IPC filed a third amendment to the IPC/Max S-4 with the SEC.

On May 7, 2009, Validus filed an amendment to its preliminary proxy statement with the SEC with respect to soliciting votes from IPC shareholders against the Proposed Max Amalgamation.

Also on May 7, 2009, IPC (1) filed with the SEC a joint proxy statement/prospectus on Form 424B4 for the Proposed Max Amalgamation, (2) filed with the SEC a letter to IPC shareholders soliciting proxies in support of the Proposed Max Amalgamation and (3) commenced mailing both documents to its shareholders.

On May 8, 2009, Validus filed the definitive proxy statement with the SEC and commenced mailing definitive proxy materials and proxy cards to IPC shareholders seeking proxies from IPC shareholders to vote against the Proposed Max Amalgamation.

On May 11, 2009, Validus filed with the SEC two amendments to its preliminary proxy statement with respect to soliciting votes from Validus shareholders to approve the issuance of Validus Shares in connection with the acquisition of IPC.

On May 11 and 12, 2009, Validus' application to expedite the trial of the Bermuda Claim was heard by the Supreme Court of Bermuda.

Also on May 12, 2009, in addition to filing the preliminary copy of its proxy statement to solicit proxies for the proposed court-ordered IPC meeting, Validus filed two preliminary proxy statements with the SEC which, when filed in their definitive forms, Validus intended to use to, respectively, (1) solicit written requisitions from IPC shareholders to compel the board of directors of IPC to call a special general meeting of IPC shareholders and (2) solicit votes from IPC shareholders to approve certain Validus proposals at that IPC special general meeting.

Also on May 12, 2009, Validus filed a tender offer statement on Schedule TO relating to the Exchange Offer, in connection with which Validus also filed a preliminary prospectus/offer to exchange on Form S-4, and Validus commenced the Exchange Offer.

On May 13, 2009, the Supreme Court of Bermuda declined to grant Validus' request for an expedited trial on Validus lawsuit against IPC, IPC Limited and Max related to certain provisions of the Max Amalgamation Agreement.

On that same date, IPC's board of directors met to consider Validus' Exchange Offer. After careful consideration, including a review of the terms and conditions of the Exchange Offer in consultation with IPC's management and its financial and legal advisors, and consistent with its fiduciary duties under applicable law, IPC's board of directors unanimously concluded that the Exchange Offer did not constitute a superior proposal as defined in the Max Amalgamation Agreement and reaffirmed its approval of the Proposed Max Amalgamation.

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On that same date, IPC and Max announced that IPC and Max had satisfied all of the regulatory filing, notification and approval conditions required to complete the Proposed Max Amalgamation.

On May 14, 2009, IPC filed with the SEC a Solicitation/Recommendation Statement on Schedule 14D-9 stating IPC's board of directors' recommendation that IPC's shareholders reject the Exchange Offer and not tender their IPC Shares to Validus pursuant to the Exchange Offer.

Also on May 14, 2009, Validus filed with the SEC an amendment to its Registration Statement on Form S-4 in connection with the Exchange Offer.

Also on May 14, 2009, Validus filed an application to the Supreme Court of Bermuda to convene a court-ordered IPC meeting to approve the Scheme of Arrangement.

During this period, Validus' management and its financial advisors analyzed the pro forma effect of a revised offer to acquire IPC on Validus' financial position, earnings, book value and rating agency capital position and discussed the impact on Validus with its directors and its rating agencies.

Validus' board of directors met on May 17, 2009 to consider an amendment to the terms of the Initial Validus Offer reflecting improved economic terms and containing an amendment to the proposed Validus amalgamation agreement. Following discussions among Validus' directors, Validus' board of directors authorized and directed management to make a revised offer to IPC with improved economic terms and with an amendment to the proposed Validus amalgamation agreement.

On May 18, 2009, Validus delivered an offer letter to IPC advising IPC of an amendment to the terms of the Initial Validus Offer and containing an amendment to the proposed Validus amalgamation agreement. Under its revised offer (the Revised Validus Offer), Validus offered to deliver 1.1234 Validus Shares and \$3.00 in cash, less any applicable