

VALIDUS HOLDINGS LTD

Form S-4/A

May 21, 2009

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As filed with the Securities and Exchange Commission on May 21, 2009

Registration Number 333-159148

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

**Amendment No. 2
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)*

**C. Jerome Dill
Executive Vice President & General Counsel
Validus Holdings, Ltd.**

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

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

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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)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Outstanding Common Shares, par value \$0.175 per share	68,520,737	N/A	\$1,482,329,499.84	\$82,713.99

(1) Represents the maximum number of shares of Validus Holdings, Ltd. common shares that can be issued in the exchange offer and second-step acquisition.

(2) Pursuant to Rule 457(c) and Rule 457(f) under the Securities Act, and solely for the purpose of calculating the registration fee, the market value of the securities to be received was calculated as the product of (i) 56,925,096 IPC Holdings, Ltd. common shares (the sum of (x) 55,948,821 IPC Holdings, Ltd. common shares outstanding as of April 9, 2009 (as reported in the joint proxy/prospectus filed by IPC Holdings, Ltd. and Max Capital Group Ltd. on May 7, 2009) and (y) 976,275 IPC Holdings, Ltd. common shares issuable upon the exercise of outstanding options, restricted common shares, restricted share units and performance share units (as reported in the Quarterly Report on Form 10-Q of IPC Holdings, Ltd. filed on May 8, 2009)) and (ii) the average of the high and low sales prices of IPC Holdings, Ltd. common shares as reported on the NASDAQ Global Select Market on May 7, 2009 (\$26.04).

(3) The amount of the filing fee, calculated in accordance with Rule 457(c) and Rule 457(f) under the Securities Act, equals \$0.00005580 multiplied by the proposed maximum offering price. The amount of such registration fee was previously paid by Validus Holdings, Ltd. in connection with the payment of the \$84,262.55 fee paid in respect of the preliminary proxy statement on Schedule 14A filed with the Securities and Exchange Commission on April 16, 2009.

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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The information in this prospectus/offer to exchange may change. The registrant may not complete the exchange offer and issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus/offer to exchange is not an offer to sell these securities and Validus Holdings, Ltd. is not soliciting an offer to buy these securities in any state or jurisdiction in which such offer is not permitted.

**Offer to Exchange
Each Outstanding Common Share
of
IPC HOLDINGS, LTD.
for
1.1234 Validus Holdings, Ltd. Voting Common Shares
and
\$3.00 in Cash
by
VALIDUS HOLDINGS, LTD.**

Validus Holdings, Ltd., which we refer to as Validus or we, us or our, is offering, upon the terms and subject to the conditions set forth in this prospectus/offer to exchange and in the accompanying revised pink letter of transmittal, to exchange 1.1234 voting common shares, par value \$0.175 per share, of Validus, which we refer to as Validus common shares, and \$3.00 in cash (less any applicable withholding taxes and without interest) for each outstanding common share of IPC Holdings, Ltd., which we refer to as IPC, par value \$0.01 per share, which we refer to as IPC common shares, you validly tender and do not properly withdraw before the expiration time of the exchange offer described below. In addition, you will receive cash in lieu of any fractional Validus common share to which you may be entitled.

This prospectus/offer to exchange amends and supersedes information included in the prospectus/offer to exchange originally filed with the Securities and Exchange Commission on May 12, 2009, as amended on May 13, 2009.

THE EXCHANGE OFFER AND THE WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME (6:00 P.M. ATLANTIC TIME), ON FRIDAY, JUNE 26, 2009, OR THE EXPIRATION TIME OF THE EXCHANGE OFFER, UNLESS EXTENDED. SHARES TENDERED PURSUANT TO THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION TIME OF THE EXCHANGE OFFER, BUT NOT DURING ANY SUBSEQUENT OFFERING PERIOD.

Validus common shares trade on the New York Stock Exchange under the symbol VR. IPC common shares trade on the NASDAQ Global Select Market under the symbol IPCR and on the Bermuda Stock Exchange under the symbol IPCR BH.

FOR A DISCUSSION OF RISKS AND OTHER FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH THE EXCHANGE OFFER, PLEASE CAREFULLY READ THE SECTION OF THIS PROSPECTUS/OFFER TO EXCHANGE ENTITLED RISK FACTORS.

Validus obligation to accept IPC common shares for exchange, and to exchange any IPC common shares, for Validus common shares is subject to conditions, including a condition that 90% of the then-outstanding number of IPC common shares on a fully-diluted basis (excluding any IPC common shares beneficially owned by Validus, its subsidiaries or IPC) have been validly tendered into the exchange offer and not withdrawn and a condition that the Agreement and Plan of Amalgamation, dated as of March 1, 2009, as amended, among Max Capital Group Ltd., which we refer to as Max, IPC and IPC Limited, which we refer to as the Max amalgamation agreement, has been

terminated. The conditions to the exchange offer are described in the section of this prospectus/offer to exchange entitled "The Exchange Offer - Conditions of the Exchange Offer."

On March 31, 2009, Validus publicly announced that it had delivered an offer, which we refer to as the "initial Validus offer," to IPC for the amalgamation of Validus and IPC whereby each issued and outstanding IPC common share would be exchanged for 1.2037 Validus common shares. On May 18, 2009, Validus publicly announced that it had delivered to IPC an increased offer, which we refer to as the "Validus amalgamation offer," to acquire each outstanding IPC common share in exchange for (i) 1.1234 Validus common shares and (ii) \$3.00 in cash (less any applicable withholding taxes and without interest). Validus is making the exchange offer as an alternative to the Validus amalgamation offer in order to acquire all of the issued and outstanding IPC common shares.

Validus has not authorized any person to provide any information or to make any representation in connection with the exchange offer other than the information contained or incorporated by reference in this prospectus/offer to exchange, and if any person provides any of this information or makes any representation of this kind, that information or representation must not be relied upon as having been authorized by Validus.

VALIDUS IS NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND A PROXY TO VALIDUS. As described in this prospectus/offer to exchange, Validus is separately soliciting proxies to vote at the IPC annual general meeting against the proposed amalgamation of IPC and Max, which we refer to as the "proposed Max amalgamation," and intends to solicit proxies through separate proxy solicitation material in connection with various matters which are described in the section of this prospectus/offer to exchange entitled "Solicitation of Proxies." Any such proxy solicitation is being made, or will be made, only pursuant to separate proxy materials complying with the requirements of the rules and regulations of the Securities and Exchange Commission.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus/offer to exchange. Any representation to the contrary is a criminal offense.

The dealer manager for the exchange offer is:

The date of this prospectus/offer to exchange is May 21, 2009

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THIS PROSPECTUS/OFFER TO EXCHANGE INCORPORATES IMPORTANT BUSINESS AND FINANCIAL INFORMATION ABOUT VALIDUS AND IPC FROM DOCUMENTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION THAT HAVE NOT BEEN INCLUDED IN OR DELIVERED WITH THIS PROSPECTUS/OFFER TO EXCHANGE.

THIS INFORMATION IS AVAILABLE AT THE INTERNET WEBSITE THE SECURITIES AND EXCHANGE COMMISSION MAINTAINS AT <http://www.sec.gov>, AS WELL AS FROM OTHER SOURCES. PLEASE SEE THE SECTION OF THIS PROSPECTUS/OFFER TO EXCHANGE ENTITLED WHERE YOU CAN FIND MORE INFORMATION. YOU ALSO MAY REQUEST COPIES OF THESE DOCUMENTS FROM VALIDUS, WITHOUT CHARGE, UPON WRITTEN OR ORAL REQUEST TO

VALIDUS INFORMATION AGENT AT ITS ADDRESS OR TELEPHONE NUMBER SET FORTH ON THE BACK COVER OF THIS PROSPECTUS/OFFER TO EXCHANGE. IN ORDER TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS, YOU MUST MAKE YOUR REQUEST NO LATER THAN JUNE 19, 2009, OR FIVE BUSINESS DAYS PRIOR TO THE EXPIRATION TIME OF THE EXCHANGE OFFER, WHICHEVER IS LATER.

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The exchange offer does not constitute a solicitation of proxies. Any solicitation of proxies by Validus will be made only pursuant to separate proxy solicitation materials complying with the requirements of Section 14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act). As described in this prospectus/offer to exchange, Validus is soliciting proxies to vote at the IPC annual general meeting against the proposed Max amalgamation and intends to solicit proxies through separate proxy solicitation materials in connection with various matters which are described in the section of this prospectus/offer to exchange entitled Solicitation of Proxies. Each shareholder is urged to read any proxy statement regarding the business to be conducted at the applicable meeting, if and when it becomes available, because it will contain important information. Any such proxy statement has been, or will be, filed with the Securities and Exchange Commission. When completed, each definitive proxy statement of Validus and an accompanying proxy card of Validus will be made available to applicable shareholders and such shareholders will be able to obtain a free copy of any proxy statement, as well as other filings containing information about the parties (including information regarding the participants in any proxy solicitation (which may include Validus officers and directors and other persons) and a description of their direct and indirect interests, by security holdings or otherwise), from the Securities and Exchange Commission's web site at <http://www.sec.gov>. Each such proxy statement (when available) and these other documents may also be obtained for free from Validus' web site at <http://www.validusre.bm>.

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QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

Below are some of the questions that you as a holder of IPC common shares may have regarding the exchange offer and answers to those questions. The answers to these questions do not contain all the information relevant to your decision whether to tender your IPC common shares, and Validus urges you to read carefully the remainder of this prospectus/offer to exchange and the revised pink letter of transmittal.

Who is offering to buy my IPC common shares?

The exchange offer is made by Validus Holdings, Ltd., a Bermuda exempted company. Validus is a provider of reinsurance and insurance, conducting its operations worldwide through two wholly-owned subsidiaries, Validus Reinsurance, Ltd., which we refer to as Validus Re, and Talbot Holdings Ltd., which we refer to as Talbot. Validus Re is a Bermuda-based reinsurer focused on short-tail lines of reinsurance. Talbot is the Bermuda parent of the specialty insurance group primarily operating within the Lloyd's insurance market through Syndicate 1183.

What classes and amounts of IPC securities is Validus seeking for exchange in the exchange offer?

Validus seeks to acquire all of the issued and outstanding IPC common shares.

How has the exchange offer changed?

Validus has increased the offer consideration per IPC common share so that it now consists of 1.1234 Validus common shares and \$3.00 in cash (less any applicable withholding taxes and without interest). The offer consideration per IPC common share initially consisted of 1.2037 Validus common shares.

Why did Validus increase its offer and add cash to the consideration to be paid in the exchange offer?

Validus increased the consideration to be paid in the exchange offer in order to demonstrate its commitment to completing the acquisition of IPC. Moreover, Validus believes that by adjusting the exchange ratio in the exchange offer, Validus is able to provide IPC shareholders with a meaningful cash component, a request that Validus has heard repeatedly from IPC shareholders.

If I have already tendered my IPC common shares, do I need to do anything to tender into the revised exchange offer for the revised offer consideration?

If you have already tendered your IPC common shares, you do not need to do anything to tender into the revised exchange offer. IPC common shares validly tendered and not properly withdrawn prior to the date of this prospectus/offer to exchange will automatically be considered to have been tendered pursuant to the revised terms of the exchange offer set forth in this prospectus/offer to exchange. All IPC shareholders will receive the highest consideration received by IPC shareholders whose IPC common shares are tendered and accepted for exchange in the exchange offer. Therefore, if you have already tendered your IPC common shares, including if you did so with the blue letter of transmittal previously circulated with the prospectus/offer to exchange dated May 13, 2009, which we refer to as the original blue letter of transmittal, you do not have to take any action to be entitled to receive the offer consideration described in this prospectus/offer to exchange if your shares are accepted for exchange and exchanged pursuant to the exchange offer.

What will I receive for my IPC common shares in the exchange offer?

Validus is offering, upon the terms and subject to the conditions set forth in this prospectus/offer to exchange and in the accompanying revised pink letter of transmittal, to exchange 1.1234 Validus common shares and \$3.00 in cash (less any applicable withholding taxes and without interest) for each outstanding IPC common share you validly tender and do not properly withdraw before the expiration time of the exchange offer. Because no fractional Validus common shares will be issued, to the extent that you would be entitled to receive fractional Validus common shares, you will receive cash in lieu of the fractional share interest to which you would otherwise be entitled.

Based upon closing market prices as of May 15, 2009, the day prior to the announcement of the increased offer, the exchange offer represented a 13.2% premium to the closing price of IPC common shares that day and a 21.9%

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premium based on the closing prices of IPC common shares and Validus common shares on March 30, 2009, the last trading day before the announcement of the initial Validus offer. The price of Validus common shares fluctuates and may be higher or lower than in these examples at the time IPC common shares are exchanged pursuant to the exchange offer. On May 20, 2009, the last practicable date prior to the filing of this prospectus/offer to exchange, the closing price of a Validus common share was \$22.35. Based on the closing price of Validus common shares on May 20, 2009, the exchange offer has a value of \$28.11 per IPC common share. Shareholders are encouraged to obtain current market quotations for Validus common shares and IPC common shares prior to making any decision with respect to the exchange offer.

Please also see the section of this prospectus/offer to exchange entitled **Risk Factors** for a discussion, among other things, of the effect of fluctuations in the market price of Validus common shares.

How does the exchange offer relate to the Validus amalgamation offer?

On March 31, 2009, Validus publicly announced that it had delivered the initial Validus offer to IPC, pursuant to which each issued and outstanding IPC common share would be exchanged for 1.2037 Validus common shares.

In connection with the delivery of the initial Validus offer to IPC, Validus delivered a signed amalgamation agreement that would be binding on Validus upon countersignature by IPC, which we refer to as the **Validus amalgamation agreement**, so that, upon a termination of the Max amalgamation agreement, IPC would have the certainty of Validus transaction and would be able to sign the Validus amalgamation agreement. IPC announced on April 7, 2009 that its board of directors had determined that the initial Validus offer did not constitute a superior proposal to the Max amalgamation agreement and reaffirmed its support of the proposed Max amalgamation.

Validus is making the exchange offer as an alternative method for Validus to acquire all of the issued and outstanding IPC common shares. Validus commenced the exchange offer on May 12, 2009 on the economic terms set forth in the initial Validus offer. On May 14, 2009, IPC filed a Solicitation/Recommendation Statement on Schedule 14D-9 reporting that IPC's board had met on May 13, 2009 and determined to recommend that IPC shareholders reject the exchange offer and not tender their IPC common shares to Validus. On May 18, 2009, Validus announced that it had increased the offer consideration such that each IPC common share validly tendered into the exchange offer would be exchanged for 1.1234 Validus common shares and \$3.00 in cash (less any applicable withholding taxes and without interest) and delivered an executed amendment to the Validus amalgamation agreement to IPC. On May 21, 2009, IPC filed an amendment to its Solicitation/Recommendation Statement on Schedule 14D-9 reporting that IPC's board had met on May 20, 2009 and stating IPC's board of directors' recommendation that IPC shareholders reject the revised terms of the exchange offer and not tender their IPC common shares to Validus pursuant to the exchange offer. As of the date of this prospectus/offer to exchange, IPC has not been willing to meet or negotiate with Validus.

We are hopeful that IPC's board of directors will recognize that the Validus amalgamation offer, as amended to increase the consideration offered and revise certain other terms, is a **superior proposal** (as defined in the Max amalgamation agreement) and IPC's board of directors will approve the Validus amalgamation agreement after the Max amalgamation agreement is terminated.

What is the purpose of the exchange offer?

The exchange offer is one part of our plan to acquire all of the issued and outstanding IPC common shares. We intend to, promptly after completion of the exchange offer, seek to acquire, which we refer to as the **second-step acquisition**, all shares of those shareholders who choose not to tender their IPC common shares pursuant to the exchange offer, in accordance with either Section 102 or Section 103 of The Companies Act of 1981 of Bermuda, as amended, which we refer to as the **Companies Act**. The purpose of the second-step acquisition is for Validus to acquire all outstanding IPC

common shares that are not acquired in the exchange offer on the same terms as in the exchange offer.

Section 102 of the Companies Act permits a person acquiring shares of a Bermuda company under a scheme or contract that has been approved by at least 90% in value of the shares subject to the scheme or contract to seek to acquire the shares of any shareholders dissenting from such scheme or contract. The exchange offer will

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constitute a scheme or contract pursuant to Section 102 of the Companies Act. As a result, if Validus acquires at least 90% in value of the IPC common shares subject to the exchange offer (other than IPC common shares held by Validus, its subsidiaries or IPC), Validus will have the right, subject to compliance with the requirements of Section 102 of the Companies Act, to acquire each remaining IPC common share, subject to the rights of dissenting shareholders as set forth in Section 102, which include the right to petition the Supreme Court of Bermuda for an order as the court sees fit.

Section 103 of the Companies Act permits the holder of at least 95% of any class of shares in a Bermuda company to give notice to the remaining shareholders of such class of such holder's intention to acquire the outstanding shares of the company on the terms set out in the holder's notice. The acquisition of remaining shares will be on the terms set forth in the holder's notice unless a remaining shareholder applies to the Supreme Court of Bermuda for an appraisal of its shares. Therefore, if Validus acquires at least 95% of the outstanding IPC common shares, Validus will have the right, pursuant to Section 103, to acquire each remaining IPC common share on the same terms as in the exchange offer, or at the appraised value as determined by the court.

After the second-step acquisition, former remaining IPC shareholders will no longer have any ownership interest in IPC and will be shareholders of Validus and Validus will own all of the issued and outstanding IPC common shares. Validus intends, promptly following the second-step acquisition, to amalgamate IPC with a newly-formed, wholly-owned subsidiary of Validus in accordance with Section 107 of the Companies Act. Please see the sections of this prospectus/offer to exchange entitled *The Exchange Offer Purpose and Structure of the Exchange Offer*; *The Exchange Offer Statutory Requirements; Second-Step Acquisition*; *The Exchange Offer Short-Form Amalgamation*; and *The Exchange Offer Plans for IPC*.

Why is Validus proposing the exchange offer?

The Validus common shares to be issued and cash to be paid to IPC shareholders in exchange for IPC common shares in the exchange offer and second-step acquisition will provide IPC shareholders with an immediate premium for their IPC common shares, and will allow IPC shareholders to participate in the growth and opportunities of the combined company while receiving cash for a portion of their investment in IPC common shares. Validus believes that the acquisition of IPC represents a compelling combination and excellent strategic fit that will enable the combined company to capitalize on opportunities in the global reinsurance market. Successful completion of the exchange offer would allow IPC shareholders to benefit from the superior growth potential of a combined company that would be a leading carrier in Bermuda's short-tail reinsurance and insurance markets, with a strong balance sheet and quality diversification in profitable business lines.

Why is the exchange offer better than the proposed Max amalgamation?

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

The exchange offer provides a premium to IPC shareholders.

Based upon closing prices of IPC common shares and Validus common shares as of March 30, 2009, the last trading day prior to the announcement of the initial Validus offer, the exchange offer would have had a value of \$30.98 per IPC common share, or approximately \$1.75 billion in the aggregate, which represented a 21.9% premium to the trading value of IPC common shares as of such date and a 27.7% premium over \$24.26, which was the average closing price of IPC common shares between March 2, 2009, the day IPC and Max announced the proposed Max amalgamation, and March 30, 2009, the last trading day before we announced the initial Validus offer. The premium represented by the exchange offer may be larger or smaller depending on the

market price of each of the IPC common shares and the Validus common shares at the expiration time of the exchange offer and will fluctuate between now and then depending on the market prices. Based upon the closing prices on May 20, 2009, the last practicable date prior to the filing of this prospectus/offer to exchange, the exchange offer had a value of \$28.11 per IPC common share, or \$1.59 billion in the aggregate, which represented a 9.4% premium to the closing price of the IPC common shares as of such date and a premium of 10.6% over the March 30, 2009 closing price of the IPC common

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shares. In addition, the meaningful cash component that has been added to the exchange offer provides IPC shareholders with the opportunity to achieve immediate liquidity on a portion of their investment in IPC common shares.

Information with respect to the range of closing prices for IPC common shares for certain dates and periods is set forth in the section of this prospectus/offer to exchange entitled Comparative Market Price and Dividend Information. Validus urges IPC shareholders to obtain a current market quotation for IPC common shares.

The Validus common shares to be issued to IPC shareholders as a portion of the offer consideration in exchange for IPC common shares under the exchange offer represent what we believe is an attractive investment.

We believe that the relative performance of Validus common shares in the market indicates that the markets view Validus as a more attractive investment than Max. From July 24, 2007 (the date of Validus initial public offering) through March 30, 2009 (the last trading day prior to the announcement of the initial Validus offer), Validus common shares have appreciated 13.2% whereas Max common shares have declined 36.5% over the same period. Based on the closing prices of Validus common shares and Max common shares on March 30, 2009, the last day of trading prior to Validus announcement of the initial Validus offer, Validus common shares traded at a premium to their diluted book value and diluted tangible book value of 1.05x and 1.13x, respectively, whereas Max common shares traded at a discount of 0.76x and 0.77x, respectively.

Between December 31, 2005 and December 31, 2008, and notwithstanding the significant property catastrophe claim activity during this period (generated, for instance, by Hurricanes Ike and Gustav), Validus grew its book value per share (including accumulated dividends) at a 13.2% rate compared to Max's 8.8% growth rate over the same period. In 2008, Validus grew its book value per share by 2.4% compared to Max's decline in book value of 10.8% during the same period. Moreover, Validus common shares are more liquid than Max common shares (as measured by their respective dollar trading volumes in various periods prior to announcement of the proposed Max amalgamation). Further, as a shareholder of Validus following completion of the exchange offer, you will receive a dividend payable by Validus at an equivalent annual rate of approximately \$0.90 per IPC common share (based on Validus current annual rate of \$0.80/share multiplied by the exchange ratio of 1.1234), compared to the current IPC annual dividend of \$0.88/share, in both cases based on the most recent quarterly dividends declared and paid by each company.

Additionally, Validus common shares are significantly less volatile than Max common shares. As measured by Bloomberg, during the 260 business day (approximately one year) period prior to the announcement of the proposed Max amalgamation, the annualized daily volatility of Max's shares was 79.4 compared to 61.0 for Validus common shares. Volatility represents the standard deviation of the day-over-day difference in the daily share price change. Although we believe that the exchange offer would provide the IPC shareholders with a significant premium for their IPC common shares upon consummation, because both the proposed Max amalgamation and the exchange offer provide for stock consideration with fixed exchange ratios, the respective values of the proposed Max amalgamation and the exchange offer to IPC shareholders will vary over time based on relative changes in the market prices of each company's common shares, which could result in a smaller premium or no premium.

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

Under the proposed Max amalgamation, IPC will be assuming the entirety of Max's assets and liabilities. Despite statements by IPC's board of directors of its desire to reduce earnings volatility through a business combination, it has proposed a transaction in which IPC shareholders will assume an investment portfolio with

a significant concentration of risky assets, including alternative investments, and inadequate property and casualty and life and annuity reserves. According to Max's Annual Report of Form 10-K for the year ended December 31, 2008, which we refer to as the Max 2008 Form 10-K, Max's holdings of alternative investments totaled 61% of its tangible equity, indicating a significant amount of embedded risk. Despite Max's announced plan to reduce its exposure to alternative investments to 10% to 12% of its portfolio (according to recent Max disclosures), as a result of the

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proposed Max amalgamation, IPC's investment in alternative investments would increase from 7% of its total portfolio at December 31, 2008 to 12% of its total portfolio on a pro forma basis after giving effect to the proposed Max amalgamation, an increase of 5%. The riskiness of the Max balance sheet is evident in the fact that Max wrote down the value of its alternative assets in 2008 by \$233 million, a markdown which exceeded its underwriting income. In contrast, Validus holds no alternative investments in its investment portfolio and has specific investment policies in place prohibiting it from investing in those asset classes, which it believes are unduly risky to its shareholders and policyholders. Validus believes counterparties will view the strength of Validus' balance sheet very favorably as buyers are rethinking counterparty risk in the current environment, giving Validus a significant advantage over many of its competitors.

Also, according to the registration statement on Form S-4 filed by IPC on March 27, 2009, as amended, which we refer to as the IPC/Max S-4, IPC will have to reflect a fair value adjustment of \$130 million to Max's property and casualty and life and annuity reserves, which directly and adversely impacts the capitalization of the combined IPC/Max. We believe that this need to adjust reserves is indicative of prior under-reserving by Max in its businesses. Validus does not expect that the combination of Validus and IPC will require additions or adjustments to IPC's or Validus' existing insurance reserves. Although IPC discloses that the amount of the fair value adjustment will be amortized into the combined IPC/Max's income each year and will increase the amount of net income each year during the amortization period, any amortization will be limited to the extent that losses exceed Max's prior unadjusted reserves.

Additionally, an IPC/Validus combination will result in a combined entity with pro forma GAAP shareholders equity of approximately \$3.5 billion as of December 31, 2008 and \$3.6 billion as of March 31, 2009. This compares to a combined IPC/Max pro forma shareholders' equity of approximately \$3.0 billion at December 31, 2008, according to the IPC/Max S-4. Validus believes that a significant capital base provides an important competitive advantage for companies in Validus' industry, especially given the current economic climate in which companies face limited access to new capital and the demand for reinsurance is increasing.

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

Validus offers IPC a highly experienced, first-class management team. Validus' management team has demonstrated the ability to execute growth strategies successfully, carefully manage risk and deliver enhanced shareholder value. Under the stewardship of its current management, Validus has completed the acquisition of Talbot and established a presence in the energy and aviation markets. Similarly, between December 31, 2005 and December 31, 2008, Validus grew its book value per share (including accumulated dividends) at a 13.2% rate compared to Max's 8.8% growth rate over the same period. The superior performance of the leadership of the Validus management team is evidenced by the fact that Validus common shares traded at a premium of 1.05x and 1.13x, respectively, to Validus' diluted book value and diluted tangible book value based on the closing price of Validus common shares on March 30, 2009. In comparison, Max common shares traded at a discount of 0.76x and 0.77x, respectively, to Max's diluted book value and diluted tangible book value based on the closing price of Max common shares on March 30, 2009. Please see Schedule I to this prospectus/offer to exchange.

The exchange offer and second-step acquisition provide IPC shareholders with an opportunity for stable, profitable diversification into attractive business lines and further growth.

By entering into the proposed Max amalgamation, IPC's board of directors has chosen to combine with an entity that reported a comprehensive net loss of \$200.4 million, or \$3.10 per Max diluted share, in 2008. While Max reported a combined ratio of 91.9% in 2008, its underwriting results benefited from \$106 million in favorable reserve development. Excluding this benefit, Max's underwriting activities in the 2008 year generated

an underwriting loss and a combined ratio of 110.6%. Max's U.S. Specialty segment, the centerpiece of its diversified businesses, operated in 2008 with a combined ratio of 138.5%. The combined ratio is a commonly used measure of an insurance company's underwriting profitability. It is calculated as the sum of an insurer's net loss ratio and its expense ratio. A combined ratio below 100% indicates profitable underwriting; a combined ratio of 100% or higher indicates that premiums are less than aggregate claims and

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expenses. The net loss ratio is calculated by dividing losses and loss expenses incurred (including estimates for incurred but not reported losses) by net premiums earned. The expense ratio is calculated by dividing acquisition costs combined with general and administrative expenses by net premiums earned. As evidenced by Max's combined ratio in 2008, Max's underwriting business was loss-making in 2008. In contrast, the combined ratio at Validus in 2008, notwithstanding the unusual concurrence of two major events giving rise to claims (Hurricanes Gustav and Ike) was 92.2%, indicating profitable underwriting results.

Max's results have been significantly more volatile than those of Validus in recent years, despite statements by IPC's board of directors and Max's management alleging the reduced volatility that will result from an IPC/Max combination. For example, according to the Max 2008 Form 10-K, Max's return on average shareholders' equity has varied between -12.2% and 20.4% in the period from 2006 through 2008. In contrast, Validus' return on average shareholders' equity has varied between 2.7% and 26.9% in the same period, and has been higher than Max's in each of those years.

The decision of the IPC board of directors to combine with a volatile, underperforming entity diversifies IPC and its shareholders into businesses which have earned returns below what IPC earned on a standalone basis in the same period. In that context, we would urge you to consider that Validus generated comprehensive income of \$45.3 million, or net income of \$0.61 per Validus diluted share, in 2008.

Validus is one of the leading providers of short-tail insurance globally, writing over \$1.0 billion of non-catastrophe business in 2008 in 134 countries around the world from offices in Bermuda, London, Singapore, New York and Miami. Validus is a global leader in profitable business lines including marine, energy and war and terrorism. In independent forecasts conducted by Willis Re, the Council of Insurance Agents and Brokers and Aon, the rate trends in business lines which accounted for approximately 86% of Validus' 2008 non-reinsurance gross written premiums (marine, property, war and terrorism, and financial institutions) are currently positive, whereas the same independent forecasts predict negative rate changes in business lines which accounted for 58% of Max's 2008 non-reinsurance gross written premiums. Validus believes its diverse businesses would be highly complementary with IPC's existing operations and provide meaningful, profitable diversification. Validus' management team has consistently articulated Validus' business plan: to grow in profitable segments. It has taken significant steps in this direction in the last few years. Its acquisition of Talbot in 2007 gave Validus access to a premier underwriting franchise in the Lloyds' syndicate, which has already proven a profitable investment. In addition, Validus has set the stage for further organic growth by adding market leading teams in Latin America and the energy and aviation segments. It has global licenses that will permit Validus to expand in other lines if and when the pricing presents a profitable opportunity to do so. Validus believes that the combination of IPC and Validus will bolster all of these initiatives and give the combined company a leading platform and additional opportunities for growth.

Have you discussed the exchange offer with the board of IPC?

No, we have not. On March 31, 2009, Validus delivered the initial Validus offer to IPC, which included the Validus amalgamation agreement signed by Validus. IPC announced on April 7, 2009 that its board of directors determined that the initial Validus offer did not constitute a superior proposal to the Max amalgamation agreement and reaffirmed its support of the proposed Max amalgamation. Because of a prohibition in the Max amalgamation agreement that prevents IPC from even discussing the Validus amalgamation offer with Validus, with no provision allowing IPC's directors to enter into such discussions in order to comply with any fiduciary or other duties that they may have, we have made the exchange offer without discussing it with IPC. On May 14, 2009, IPC filed a Solicitation/Recommendation Statement on Schedule 14D-9 reporting that IPC's board had met on May 13, 2009 and determined to recommend that IPC shareholders reject the exchange offer and not tender their IPC common shares to Validus. On May 21, 2009, IPC filed an amendment to its Solicitation/Recommendation Statement on

Schedule 14D-9 reporting that IPC's board had met on May 20, 2009 and stating IPC's board of directors recommendation that IPC shareholders reject the revised terms of the exchange offer and not tender their IPC common shares to Validus pursuant to the exchange offer. Additionally, IPC has not sought any information from Validus or to have any discussions with Validus.

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When do you expect the exchange offer to be completed?

We believe that we would be able to complete the exchange offer in June 2009, promptly following termination of the Max amalgamation agreement (and subject to the satisfaction or waiver of the other conditions to the exchange offer), based on the following. The expiration time of the exchange offer will be June 26, 2009, unless extended. As a result, if the conditions of the exchange offer are satisfied or waived at the expiration time of the exchange offer, Validus would be able to acquire all of the IPC common shares that are validly tendered pursuant to the exchange offer.

Will you increase the consideration being offered in the exchange offer?

Validus believes that the offer consideration represents full and fair value for IPC common shares. **Validus is under no obligation to increase the offer consideration again and does not currently intend to do so.**

What are the conditions of the exchange offer?

The exchange offer is conditioned upon, among other things, the following:

IPC shareholders shall have validly tendered and not withdrawn prior to the expiration time of the exchange offer at least that number of IPC common shares that shall constitute 90% of the then-outstanding number of IPC common shares on a fully-diluted basis (excluding any IPC common shares beneficially owned by Validus, its subsidiaries or IPC). We refer to this condition as the minimum tender condition.

The Max amalgamation agreement shall have been validly terminated on terms reasonably satisfactory to Validus, and Validus shall reasonably believe that IPC could not have any liability, and Max shall not have asserted any claim of liability or breach against IPC in connection with the Max amalgamation agreement other than with respect to the possible payment of the \$50 million termination fee thereunder, which we refer to as the Max termination fee.

The registration statement of which this prospectus/offer to exchange is a part shall have become effective under the Securities Act of 1933, which we refer to as the Securities Act, no stop order suspending the effectiveness of the registration statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the Securities and Exchange Commission, which we refer to as the SEC, and Validus shall have received all necessary state securities law or blue sky authorizations.

The shareholders of Validus shall have approved the issuance of the Validus common shares pursuant to the exchange offer and the second-step acquisition as required under the rules of the New York Stock Exchange, which we refer to as the NYSE. All of the Validus officers, directors and those shareholders which Validus refers to as its qualified sponsors (please see the section of this prospectus/offer to exchange entitled The Exchange Offer Conditions of the Exchange Offer), in each case, who own Validus voting common shares have indicated that they intend to vote the Validus common shares beneficially owned by them in favor of such approvals. As of April 30, 2009, these persons and entities beneficially owned 42.4% of the voting interests relating to the Validus common shares.

The Validus common shares to be issued to IPC shareholders as a portion of the offer consideration in exchange for IPC common shares in the exchange offer and the second-step acquisition shall have been authorized for listing on the NYSE, subject to official notice of issuance.

There shall be no threatened or pending litigation, suit, claim, action, proceeding or investigation before any governmental authority that, in the judgment of Validus, is reasonably likely to, directly or indirectly, restrain

or prohibit (or which alleges a violation of law in connection with) the exchange offer or is reasonably likely to prohibit or limit the full rights of ownership of IPC common shares by Validus or any of its affiliates.

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

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Each of IPC and its subsidiaries shall have carried on their respective businesses in the ordinary course consistent with past practice at all times on or after the date of this prospectus/offer to exchange and prior to the expiration time of the exchange offer.

All amendments or waivers under Validus credit facilities necessary to consummate the exchange offer, the second-step acquisition and the other transactions contemplated by this prospectus/offer to exchange shall be in full force and effect.

The exchange offer is subject to additional conditions referred to in the section of this prospectus/offer to exchange entitled *The Exchange Offer Conditions of the Exchange Offer*, including that IPC shareholders shall not have approved the Max amalgamation agreement and that there shall have been no business combination consummated between IPC and Max. The exchange offer is not conditioned on the receipt of regulatory approvals or the elimination of the Max termination fee.

What actions do you propose to take with respect to the proposed Max amalgamation?

Validus has mailed definitive proxy materials and proxy cards to IPC shareholders to solicit votes at the IPC annual general meeting against the proposed Max amalgamation.

The exchange offer does not constitute a solicitation of proxies in connection with such matters. Any such solicitation will be made only pursuant to separate proxy materials complying with the requirements of the rules and regulations of the SEC.

In addition, Validus has filed legal proceedings in the Supreme Court of Bermuda against IPC, IPC Limited and Max, which we refer to as the *Bermuda claim*. The Bermuda claim challenges the validity of the Max termination fee and provisions which restrict the ability of IPC to discuss competing proposals with third parties, which we refer to as the *no talk provisions*, in the Max amalgamation agreement. Validus is seeking, among other things, an injunction to restrain payment of the Max termination fee and to restrain operation of the no-talk provisions on the bases that (1) because of its excessive size, the termination fee amounts to an unlawful penalty under Bermuda law and is accordingly unenforceable, and (2) entry into the Max amalgamation agreement, in circumstances where such agreement contained the Max termination fee and the no talk provisions, constituted a breach of the IPC directors fiduciary or other duties. Please see the section of this prospectus/offer to exchange entitled *The Exchange Offer Certain Legal Matters; Regulatory Approvals*.

How does the exchange offer relate to the Validus amalgamation offer and the Validus scheme of arrangement?

The exchange offer is one of the parts of our plan to acquire all of the issued and outstanding IPC common shares.

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

Second, Validus has commenced the exchange offer. The exchange offer is subject to the terms and conditions described in this prospectus/offer to exchange. Under Bermuda law, if Validus acquires at least 90% of the IPC common shares which it is seeking to acquire in the exchange offer, Validus will have the right to acquire the remaining IPC common shares on the same terms in the second-step acquisition. Validus believes that it would be able to complete the exchange offer in June 2009, promptly following termination of the Max amalgamation agreement (and subject to the satisfaction or waiver of the other conditions to the exchange offer), based on the following. The expiration time of the exchange offer will be June 26, 2009, unless extended. As a result, if the

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conditions of the exchange offer are satisfied or waived at the expiration time of the exchange offer, Validus would be able to acquire all of the IPC common shares that are validly tendered pursuant to the exchange offer.

Third, Validus has petitioned the Supreme Court of Bermuda to approve a scheme of arrangement under Part VII of the Companies Act, which we refer to as the Validus scheme of arrangement, pursuant to which Validus would acquire all of the issued and outstanding IPC common shares on the same economic terms as in the exchange offer and the Validus amalgamation offer. In order to implement the Validus scheme of arrangement, the IPC shareholders must approve the Validus scheme of arrangement at a meeting ordered by the Supreme Court of Bermuda, which we refer to as the court-ordered IPC meeting, IPC must separately approve the Validus scheme of arrangement and the Validus scheme of arrangement must be sanctioned by the Supreme Court of Bermuda. The Validus scheme of arrangement must be approved by a majority in number of the holders of IPC common shares voting at the court-ordered IPC meeting, whether in person or by proxy, representing 75% or more in value of the IPC common shares voting at the court-ordered IPC meeting, whether in person or by proxy. If the IPC shareholders approve the Validus scheme of arrangement at the court-ordered IPC meeting, the separate approval of IPC to the Validus scheme of arrangement can be provided by either (i) the IPC board of directors voluntarily complying with the will of the IPC shareholders as expressed at the court-ordered IPC meeting, or (ii) the shareholders of IPC approving resolutions at a special general meeting of IPC, which we refer to as the IPC special general meeting, including resolutions for IPC to approve and to be bound by the Validus scheme of arrangement and to terminate the Max amalgamation agreement. Following IPC shareholder approval at both the court-ordered IPC meeting and the IPC special general meeting, the satisfaction or, where relevant, waiver of the other conditions to the effectiveness of the Validus scheme of arrangement and the granting of a court order from the Supreme Court of Bermuda sanctioning the Validus scheme of arrangement, a copy of the court order sanctioning the Validus scheme of arrangement will be delivered to the Bermuda Registrar of Companies, at which time the Validus scheme of arrangement will be effective. Validus believes that, under the Validus scheme of arrangement, it would be able to close the contemplated acquisition as early as mid-July based on the assumptions that: (1) the Supreme Court of Bermuda will be able to accommodate the preferred hearings schedule and meeting dates and other procedural matters; (2) IPC shareholders holding at least one-tenth of the issued IPC common shares have requisitioned the IPC special general meeting to be held in late June or early July; and (3) the IPC directors, following the rejection of the Max amalgamation agreement, or the IPC shareholders, convene the IPC special general meeting, allowing it to be held in mid-July.

The Validus amalgamation offer, the exchange offer and the Validus scheme of arrangement are alternative methods for Validus to acquire all of the issued and outstanding IPC common shares on the same economic terms. Ultimately, only one of these transaction structures can be pursued to completion. Validus intends to seek to acquire IPC common shares by whatever method Validus determines is most effective and efficient.

The exchange offer does not constitute a solicitation of proxies in connection with the Validus scheme of arrangement or the Validus amalgamation offer. Any such solicitation will be made only pursuant to separate proxy materials complying with the requirements of the rules and regulations of the SEC. Such materials will contain, among other things, a summary of all material terms of the transactions to which such proxy statements relate. Validus advises shareholders to read any such proxy statements applicable to them because they contain important information. Please see the section of this prospectus/offer to exchange entitled Solicitation of Proxies.

Has IPC's board of directors made a recommendation concerning the exchange offer?

On May 14, 2009, IPC filed a Solicitation/Recommendation Statement on Schedule 14D-9 reporting that IPC's board had met on May 13, 2009 and determined to recommend that IPC shareholders reject the exchange offer and not tender their IPC common shares to us. On May 21, 2009, IPC filed an amendment to its Solicitation/Recommendation Statement on Schedule 14D-9 reporting that IPC's board had met on May 20, 2009 and stating IPC's board of directors recommendation that IPC shareholders reject the revised terms of the exchange offer and not tender their IPC common

shares to Validus pursuant to the exchange offer.

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Do I need to grant proxies to Validus in connection with any of the potential proxy solicitations described above if I wish to accept the exchange offer? Do I have to vote against the proposed Max amalgamation?

No. Your ability to tender your IPC common shares in the exchange offer is not conditioned on IPC shareholders granting proxies to Validus in connection with any of its potential proxy solicitations discussed above. However, a tendering shareholder will irrevocably appoint designees of Validus as such shareholder's agents, attorneys-in-fact and proxies, effective as of and only to the extent that Validus accepts such tendered IPC common shares for exchange. Until such time as Validus accepts such tendered IPC common shares for exchange, IPC shareholders will be able to vote on any alternative proposal.

You may validly tender your IPC common shares in the exchange offer, regardless of whether or how you vote on the proposed Max amalgamation. However, assuming a quorum is present at the annual general meeting of IPC shareholders, at which meeting IPC shareholders will vote upon the proposed Max amalgamation, a majority of votes cast at the annual general meeting must vote against the proposed Max amalgamation and a successful vote against the proposed Max amalgamation would help permit this to occur, as the exchange offer is conditioned on the termination of the Max amalgamation agreement (and such a vote would give IPC the right, but not the obligation, to terminate the Max amalgamation agreement).

Do I have to vote at any meeting to approve the exchange offer or the second-step acquisition?

No. The minimum tender condition will be satisfied only if Validus (or a wholly-owned subsidiary of Validus) acquires 90% of the then-outstanding number of IPC common shares on a fully-diluted basis (excluding any IPC common shares beneficially owned by Validus, its subsidiaries or IPC). Once the exchange offer is completed, Bermuda law does not require any additional shareholder vote or the approval of IPC's board of directors for us to complete the second-step acquisition pursuant to Section 102 or Section 103 of the Companies Act.

What will the composition of the board of directors of IPC and Validus be following the exchange offer and the second-step acquisition?

Validus currently intends to replace IPC's existing board of directors following the second-step acquisition and short-form amalgamation. Upon completion of the exchange offer and the second-step acquisition, Validus' board of directors would consist of the directors serving on the board of directors of Validus before the completion of the exchange offer and the second-step acquisition; however, Validus has publicly expressed to the IPC directors that if they desire to participate in the leadership of Validus after completion of the exchange offer and the second-step acquisition, Validus would consider that.

Will I be taxed on the Validus common shares I receive?

The exchange offer, second-step acquisition and short-form amalgamation are intended to constitute a single integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code. Assuming it does so qualify, U.S. holders of IPC common shares 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 and (ii) the excess, if any, of (a) the sum of the cash and the fair market value of the Validus common shares received by such U.S. holder, over (b) the U.S. holder's tax basis in the IPC common shares exchanged pursuant to the exchange offer and second-step acquisition. 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 prospectus/offer to exchange under the caption Material U.S. Federal Income Tax Consequences.

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

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Will I have to pay any fee or commission to exchange IPC common shares?

If you are the record owner of your IPC common shares and you tender your IPC common shares in the exchange offer, you will not have to pay any brokerage fees, commissions or similar expenses. If you own your IPC common shares through a broker, dealer, commercial bank, trust company or other nominee and your broker, dealer, commercial bank, trust company or other nominee tenders your IPC common shares on your behalf, your broker, dealer, commercial bank, trust company or other nominee may charge a fee for doing so. You should consult your broker, dealer, commercial bank, trust company or other nominee to determine whether any charges will apply.

Is Validus' financial condition relevant to my decision to tender IPC common shares in the exchange offer?

Yes. Validus' financial condition is relevant to your decision to tender your IPC common shares because the consideration you will receive if your IPC common shares are exchanged in the exchange offer will consist of a combination of Validus common shares and cash. You should therefore consider Validus' financial condition before you decide to become one of Validus' shareholders through the exchange offer. You also should consider the likely effect that Validus' acquisition of IPC will have on Validus' financial condition. This prospectus/offer to exchange contains financial information regarding Validus and IPC, as well as pro forma financial information (which does not reflect any of our expected synergies) for the acquisition of all of the issued and outstanding IPC common shares by Validus, all of which we encourage you to review.

Does Validus have the financial resources to complete the exchange offer and the second-step acquisition?

The exchange offer consideration will consist of a combination of Validus common shares and cash (less any applicable withholding taxes and without interest), including cash paid in lieu of any fractional Validus common shares to which any IPC shareholder may be entitled. The exchange offer is not subject to a financing condition.

Validus expects to have sufficient cash and cash equivalents on hand to complete the transactions contemplated by the exchange offer and the second-step acquisition, including to pay the cash portion of the offer consideration and any cash that may be required to be paid in respect of dissenter's or appraisal rights and to pay fees, expenses and other related amounts.

The estimated amount of cash required is based on Validus' due diligence review of IPC's publicly available information to date and is subject to change. For a further discussion of the risks relating to Validus' limited due diligence review, please see the section of this prospectus/offer to exchange entitled "Risk Factors - Risk Factors Relating to the Exchange Offer and the Second-Step Acquisition."

What percentage of Validus common shares will former holders of IPC common shares own after the exchange offer?

Based on Validus' and IPC's respective capitalizations as of March 31, 2009 and the exchange ratio of 1.1234, Validus estimates that if all IPC common shares are exchanged pursuant to the exchange offer and/or the second-step acquisition, former IPC shareholders would own, in the aggregate, approximately 41.3% of the issued and outstanding Validus common shares and non-voting common shares, par value \$0.175 per share, of Validus, which we refer to as Validus non-voting common shares, on a fully-diluted basis. For a detailed discussion of the assumptions on which this estimate is based, please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Ownership of Validus After the Exchange Offer."

When does the exchange offer expire?

The exchange offer is scheduled to expire at 5:00 p.m., New York City time (6:00 p.m., Atlantic Time), on June 26, 2009, which is the expiration time of the exchange offer, unless further extended by Validus. When we make reference to the expiration time of the exchange offer anywhere in this prospectus/offer to exchange, this is the time to which we are referring, including when applicable, any extension period that may apply. For more information, please see the section of this prospectus/offer to exchange entitled The Exchange Offer Extension, Termination and Amendment.

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Can the exchange offer be extended and, if so, under what circumstances?

Validus may, in its sole discretion, extend the exchange offer at any time or from time to time until the expiration time of the exchange offer. For instance, the exchange offer may be extended if any of the conditions specified in **The Exchange Offer** **Conditions of the Exchange Offer** are not satisfied prior to the scheduled expiration time of the exchange offer.

Validus may also elect to provide a subsequent offering period for the exchange offer. A subsequent offering period would not be an extension of the exchange offer. Rather, a subsequent offering period would be an additional period of time, beginning after Validus has accepted for exchange all shares tendered during the exchange offer, during which shareholders who did not tender their shares in the exchange offer may tender their shares and receive the same consideration provided in the exchange offer. Validus does not currently intend to include a subsequent offering period, although it reserves the right to do so.

The exchange offer is conditioned upon, among other things, the termination of the Max amalgamation agreement, the approval by our shareholders of the issuance of Validus common shares to be issued as a portion of the offer consideration in exchange for IPC common shares in the exchange offer and the second-step acquisition, tender without withdrawal of at least 90% of the then-outstanding number of IPC common shares on a fully-diluted basis (excluding any IPC common shares beneficially owned by Validus, its subsidiaries or IPC), no material adverse effect having occurred with respect to IPC and its subsidiaries, IPC and its subsidiaries continuing to operate in the ordinary course of business consistent with past practice and the registration statement of which this prospectus/offer to exchange is a part becoming effective. The expiration time of the exchange offer may also be subject to multiple extensions and any decision to extend the exchange offer, and if so, for how long, will be made at such time. **Any decision to extend the exchange offer will be made public by an announcement regarding such extension as described in the section of this prospectus/offer to exchange entitled **The Exchange Offer** **Extension, Termination and Amendment.****

How do I tender my IPC common shares?

To tender your IPC common shares into the exchange offer, you must deliver the certificates representing your IPC common shares, together with a completed pink letter of transmittal circulated with this prospectus/offer to exchange, which we refer to as the revised pink letter of transmittal, and any other documents required by the revised pink letter of transmittal, to BNY Mellon Shareowner Services, the exchange agent for the exchange offer, not later than the expiration time of the exchange offer. The revised pink letter of transmittal is enclosed with this prospectus/offer to exchange.

If your IPC common shares are held in street name (i.e., through a broker, dealer, commercial bank, trust company or other nominee), your IPC common shares can be tendered by your nominee by book-entry transfer through The Depository Trust Company.

If you are unable to deliver any required document or instrument to the exchange agent by the expiration time of the exchange offer, you may have a limited amount of additional time by having a broker, a bank or other fiduciary that is an eligible guarantor institution guarantee that the missing items will be received by the exchange agent by using the enclosed yellow notice of guaranteed delivery circulated with this prospectus/offer to exchange, which we refer to as the revised yellow notice of guaranteed delivery, or the green notice of guaranteed delivery previously circulated with the prospectus/offer to exchange dated May 13, 2009, which we refer to as the original green notice of guaranteed delivery. For the tender to be valid, however, the exchange agent must receive the missing items within three NASDAQ Global Select Market trading days after the date of execution of such notice of guaranteed delivery. In all cases, an exchange of tendered shares will be made only after timely receipt by the exchange agent of certificates for

such shares (or of a confirmation of a book-entry transfer of such shares) and a properly completed and duly executed revised pink letter of transmittal and any other required documents.

Tendering stockholders may continue to use the original blue letter of transmittal and the original green notice of guaranteed delivery, or they may use the revised pink letter of transmittal and the revised yellow notice of guaranteed delivery. Stockholders using the original blue letter of transmittal to tender their IPC common shares will nevertheless be deemed to be tendering pursuant to the terms and conditions contained in this prospectus/offer

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to exchange and the enclosed revised pink letter of transmittal and will receive 1.1234 Validus common shares and \$3.00 in cash, less any applicable withholding taxes and without interest. For a complete discussion on the procedures for tendering your IPC common shares, please see the section of this prospectus/offer to exchange entitled *The Exchange Offer Procedure for Tendering*.

Until what time can I withdraw tendered IPC common shares?

You may withdraw previously tendered IPC common shares any time prior to the expiration time of the exchange offer, and, if Validus has not accepted your IPC common shares for exchange by the expiration time of the exchange offer, at any time following 60 days of commencement of the exchange offer. IPC common shares tendered during the subsequent offering period, if one is provided, may not be withdrawn. For a complete discussion on the procedures for withdrawing your IPC common shares, please see the section of this prospectus/offer to exchange entitled *The Exchange Offer Withdrawal Rights*.

How do I withdraw previously tendered IPC common shares?

To withdraw previously tendered IPC common shares, you must deliver a written or facsimile notice of withdrawal with the required information to the exchange agent while you still have the right to withdraw. If you tendered shares by giving instructions to a broker, dealer, commercial bank, trust company or other nominee, you must instruct the broker, dealer, commercial bank, trust company or other nominee to arrange for the withdrawal of your IPC common shares. For a complete discussion on the procedures for withdrawing your IPC common shares, please see the section of this prospectus/offer to exchange entitled *The Exchange Offer Withdrawal Rights*.

When and how will I receive the exchange offer consideration in exchange for my tendered IPC common shares?

Validus will exchange all validly tendered and not properly withdrawn IPC common shares promptly after the expiration time of the exchange offer, subject to the terms thereof and the satisfaction or waiver of the conditions to the exchange offer, as set forth in *The Exchange Offer Conditions of the Exchange Offer*. Validus will deliver the consideration for your validly tendered and not properly withdrawn IPC common shares by depositing the consideration therefor with the exchange agent, which will act as your agent for the purpose of receiving the exchange offer consideration from Validus and transmitting such consideration to you. In all cases, an exchange of tendered IPC common shares will be made only after timely receipt by the exchange agent of certificates for such shares (or of a confirmation of a book-entry transfer of such shares as described in *The Exchange Offer Procedure for Tendering*) and a properly completed and duly executed revised pink letter of transmittal or original blue letter of transmittal and any other required documents.

Will IPC continue as a public company following the exchange offer?

If the second-step acquisition occurs, IPC will become a wholly-owned subsidiary of Validus and will no longer be publicly owned. Even if the second-step acquisition does not occur, if Validus exchanges all IPC common shares which have been tendered, there may be so few remaining shareholders and publicly-held shares that such shares will no longer be eligible to be traded through the NASDAQ Global Select Market, the Bermuda Stock Exchange or any other securities market, there may not be a public trading market for such shares, and IPC may cease making filings with the SEC or otherwise cease being required to comply with applicable law and SEC rules relating to publicly-held companies. Please see the section of this prospectus/offer to exchange entitled *The Exchange Offer Plans for IPC and The Exchange Offer Effect of the Exchange Offer on the Market for IPC Common Shares; NASDAQ and Bermuda Stock Exchange Listing; Registration Under the Exchange Act; Margin Regulations*.

Are dissenters or appraisal rights available in either the exchange offer and/or the second-step acquisition?

No dissenters or appraisal rights are available in connection with the exchange offer. However, if the second-step acquisition is subsequently consummated between Validus and IPC, IPC shareholders who have not tendered their IPC common shares in the exchange offer will have certain rights under Section 102 and Section 103 of the

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Companies Act to dissent from the second-step acquisition and, in the case of Section 103, to demand appraisal. Please see the section of this prospectus/offer to exchange entitled *The Exchange Offer Appraisal/Dissenters Rights*.

What is the market value of my IPC common shares as of a recent date?

On March 30, 2009, the last trading day before Validus made the initial Validus offer, the closing price of an IPC common share was \$25.41. On May 20, 2009, the last practicable date prior to the filing of this prospectus/offer to exchange, the closing price of an IPC common share was \$25.69. IPC shareholders are encouraged to obtain a recent quotation for IPC common shares before deciding whether or not to tender such shares.

Why does the cover page state that the exchange offer is subject to change and that the registration statement filed with the SEC is not yet effective? Does this mean that the exchange offer has not commenced?

No. Completion of this preliminary prospectus/offer to exchange and effectiveness of the registration statement are not necessary for the exchange offer to commence. Validus commenced the exchange offer on May 12, 2009. We cannot, however, accept for exchange any shares tendered in the exchange offer or exchange any IPC common shares until the registration statement is declared effective by the SEC and the other conditions to the exchange offer have been satisfied or waived.

Where can I find more information on Validus and IPC?

You can find more information about Validus and IPC from various sources described in the section of this prospectus/offer to exchange entitled *Where You Can Find More Information*.

Who can I contact with any additional questions about the exchange offer?

You can call the information agent or the dealer manager for the exchange offer.

The information agent for the exchange offer is:

199 Water Street, 26th Floor
New York, New York 10038
Banks and Brokerage Firms, Please Call: (212) 440-9800
All Others Call Toll-Free: at (800) 213-0317
Email: validusIPC@georgeson.com

The dealer manager for the exchange offer is:

Greenhill & Co., LLC
300 Park Avenue
New York, New York 10022
Call Toll-Free: (888) 504-7336

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SUMMARY OF THE EXCHANGE OFFER

*This summary highlights the material information in this prospectus/offer to exchange. To fully understand the exchange offer to holders of IPC common shares, and for a more complete description of the terms of the exchange offer and the second-step acquisition, you should read carefully this entire document, including the exhibits, schedules 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 prospectus/offer to exchange entitled *Where You Can Find More Information*.*

The Companies (See page 38)

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. Validus common shares are traded on the NYSE under the symbol *VR* and, as of May 20, 2009, the last practicable date prior to the filing of this prospectus/offer to exchange, Validus had a market capitalization of approximately \$1.70 billion. Validus has approximately 280 employees.

As of the date of the filing of this prospectus/offer to exchange with the SEC, Validus was the registered holder of 100 IPC common shares, or less than 1% of the amount outstanding.

IPC

The following description of IPC is taken from the IPC/Max S-4. Please see the section of this prospectus/offer to exchange entitled *Note on IPC Information*.

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

IPC common 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 Exchange Offer (See pages 65 and 81)

Validus is offering to exchange for each outstanding IPC common share that is validly tendered and not properly withdrawn prior to the expiration time of the exchange offer, 1.1234 Validus common shares and \$3.00 in cash (less any applicable withholding taxes and without interest), upon the terms and subject to the conditions contained in this prospectus/offer to exchange and the accompanying revised pink letter of transmittal. In addition, you will receive cash in lieu of any fractional Validus common share to which you may be entitled.

Validus intends, promptly following acceptance for exchange and exchange of IPC common shares in the exchange offer, to effect the second-step acquisition pursuant to which Validus will acquire all shares of those IPC shareholders who choose not to tender their IPC common shares pursuant to the exchange offer in accordance with either Section 102 or Section 103 of the Companies Act. After the second-step acquisition, former remaining IPC shareholders will no longer have any ownership interest in IPC and will be shareholders of Validus. Validus intends, promptly following the second-step acquisition, to amalgamate IPC with a newly-formed, wholly-owned subsidiary of Validus in accordance with Section 107 of the Companies Act.

Reasons for the Exchange Offer (See page 61)

The Validus common shares to be issued and cash to be paid to IPC shareholders in exchange for IPC common shares will provide IPC shareholders with an immediate premium for their shares and will allow IPC shareholders to participate in the growth and opportunities of the combined company. Validus believes that the acquisition of IPC represents a compelling combination and excellent strategic fit that will enable the combined company to capitalize on opportunities in the global reinsurance market. Successful completion of the exchange offer would allow IPC shareholders to benefit from the superior growth potential of a combined company that would be a leading carrier in Bermuda's short-tail reinsurance and insurance markets, with a strong balance sheet and quality diversification in profitable business lines.

Conditions of the Exchange Offer (See page 87)

The exchange offer is conditioned upon, among other things, the following:

IPC shareholders shall have validly tendered and not withdrawn prior to the expiration time of the exchange offer at least that number of IPC common shares that shall constitute 90% of the then-outstanding number of IPC common shares on a fully-diluted basis (excluding any IPC common shares beneficially owned by Validus, its subsidiaries or IPC).

The Max amalgamation agreement shall have been validly terminated on terms reasonably satisfactory to Validus, and Validus shall reasonably believe that IPC could not have any liability, and Max shall not have asserted any claim of liability or breach against IPC in connection with the Max amalgamation agreement other than with respect to the possible payment of the Max termination fee.

The registration statement of which this prospectus/offer to exchange is a part shall have become effective under the Securities Act, no stop order suspending the effectiveness of the registration statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC, and Validus shall have received all necessary state securities law or blue sky authorizations.

The shareholders of Validus shall have approved the issuance of the Validus common shares pursuant to the exchange offer and the second-step acquisition as required under the rules of the NYSE. All of the Validus officers, directors and those shareholders which Validus refers to as its qualified sponsors (please see the section of this prospectus/offer to exchange entitled The Exchange Offer Conditions of the Exchange Offer), in each case, who own Validus voting common shares have indicated that they intend to vote the Validus common shares beneficially owned by them in favor of such approvals. As of April 30, 2009, these persons and entities beneficially owned 42.4% of the voting interests relating to the Validus common shares.

The Validus common shares to be issued to IPC shareholders as a portion of the offer consideration in exchange for IPC common shares in the exchange offer and the second-step acquisition shall have been authorized for listing on the NYSE, subject to official notice of issuance.

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

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

Each of IPC and its subsidiaries shall have carried on their respective businesses in the ordinary course consistent with past practice at all times on or after the date of this prospectus/offer to exchange and prior to the expiration time of the exchange offer.

All amendments or waivers under Validus's credit facilities necessary to consummate the exchange offer, the second-step acquisition and the other transactions contemplated by this prospectus/offer to exchange shall be in full force and effect.

The exchange offer is subject to additional conditions, including that IPC shareholders shall not have approved the Max amalgamation agreement and that there shall have been no business combination consummated between IPC and Max. The exchange offer is not conditioned on the receipt of regulatory approvals or the elimination of the Max termination fee. The conditions to the exchange offer are for the sole benefit of Validus and, other than the unwaivable conditions described in the section of this prospectus/offer to exchange entitled "The Exchange Offer - Conditions of the Exchange Offer," may be waived prior to the expiration time of the offer by Validus in its discretion.

Ownership of Validus After the Exchange Offer (See page 73)

Based on Validus's and IPC's respective capitalizations as of March 31, 2009 and the exchange ratio of 1.1234, Validus estimates that if all IPC common shares are exchanged pursuant to the exchange offer and/or the second-step acquisition, former IPC shareholders would own, in the aggregate, approximately 41.3% of the issued and outstanding Validus common shares and Validus non-voting common shares on a fully-diluted basis. For a detailed discussion of the assumptions on which this estimate is based, please see the section of this prospectus/offer to exchange entitled "The Exchange Offer - Ownership of Validus After the Exchange Offer."

Comparative Market Price and Dividend Information (See page 31)

Validus common shares are listed on the NYSE under the symbol "VR." IPC common shares are listed on the NASDAQ Global Select Market under the symbol "IPCR" and the Bermuda Stock Exchange under the symbol "IPCR.BH." The following table sets forth the closing prices of Validus and IPC as reported on March 30, 2009, the last day of trading before Validus's public announcement of delivery of the initial Validus offer to the board of directors of IPC, and May 20, 2009, the last practicable trading day prior to the filing of this prospectus/offer to exchange. The table also shows the implied value of one IPC common share in the exchange offer, which was calculated by multiplying the closing price for one Validus common share by the exchange ratio of 1.1234 and adding \$3.00 in cash.

Validus Common Shares	IPC Common Shares	Implied Value Per IPC Common Share in the
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	Closing Price	Closing Price	Exchange Offer
March 30, 2009	\$ 24.91	\$ 25.41	\$ 30.98
May 20, 2009	\$ 22.35	\$ 25.69	\$ 28.11

The value of the exchange offer will change as the market prices of Validus common shares and IPC common shares fluctuate during the exchange offer period and thereafter, and may therefore be different from the prices set forth above at the expiration time of the exchange offer and at the time you receive your Validus common shares. Please see the section of this prospectus/offer to exchange entitled Risk Factors.

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Shareholders are encouraged to obtain current market quotations for Validus common shares and IPC common Shares prior to making any decision with respect to the exchange offer.

Interest of Executive Officers and Directors of Validus in the Exchange Offer (See page 93)

Except as set forth in this prospectus/offer to exchange, neither we nor, after due inquiry and to the best of our knowledge and belief, any of our directors, executive officers or other affiliates has any contract, arrangement, understanding or relationship with any other person with respect to any securities of IPC, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any securities, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or the giving or withholding of proxies.

Validus does not believe that the exchange offer and the second-step acquisition will result in a change or control under any of Validus' stock option plans or any employment agreement between Validus and any of its employees. As a result, no options or other equity grants held by such persons will vest as a result of the exchange offer and the second-step acquisition. Please see the section of this prospectus/offer to exchange entitled "The Exchange Offer Certain Relationships With IPC and Interests of Validus in the Exchange Offer."

Appraisal/Dissenters' Rights (See page 83)

You do not have appraisal or dissenter's rights in connection with the exchange offer. However, if the second-step acquisition is subsequently consummated between Validus and IPC, IPC shareholders who have not tendered their IPC common shares in the exchange offer will have certain rights under Section 102 and Section 103 of the Companies Act to dissent from the second-step acquisition and, in the case of Section 103, to demand appraisal.

Material U.S. Federal Income Tax Consequences (See page 74)

The exchange offer, second-step acquisition and short-form amalgamation are intended to constitute a single integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Code. Assuming it does so qualify, U.S. holders of IPC common shares 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 and (ii) the excess, if any, of (a) the sum of the cash and the fair market value of the Validus common shares received by such U.S. holder, over (b) the U.S. holder's tax basis in the IPC common shares exchanged pursuant to the exchange offer and second-step acquisition. 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 prospectus/offer to exchange under the caption "Material U.S. Federal Income Tax Consequences."

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

Accounting Treatment (See page 95)

Validus will account for the acquisition of IPC common shares under the purchase method of accounting in accordance with Statement of Financial Accounting Standards (FAS) 141(R), Business Combinations, under which the total consideration paid in the exchange offer will be allocated among acquired assets and assumed liabilities

based on the fair values of the assets acquired and liabilities assumed. In the event there is an excess of the total consideration paid in the exchange offer 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 exchange offer 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

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the event there is an excess of the fair values of the acquired assets and liabilities assumed over the total consideration paid in the exchange offer, the excess will be accounted for as a gain to be recognized through the income statement at the close of the transaction, in accordance with FAS 141(R). Validus anticipates the acquisition will result in an excess of the fair values of the acquired assets and liabilities assumed over the total consideration paid.

Regulatory Approval and Status (See page 91)

Validus is not aware of any governmental license or regulatory permit that appears to be material to IPC's business that might be adversely affected by Validus' acquisition of IPC common shares pursuant to the exchange offer or, except as described below, of any approval or other action by any government or governmental administrative or regulatory authority or agency, domestic or foreign, that would be required for Validus' acquisition or ownership of IPC common shares pursuant to the exchange offer. Should any of these approvals or other actions be required, Validus currently contemplates that these approvals or other actions will be sought. There can be no assurance that any such approvals or other actions, if required, will be obtained (with or without conditions), or that if these approvals were not obtained or these other actions were not taken adverse consequences might not result to IPC's business, or that certain parts of IPC's or Validus', or any of their respective subsidiaries', businesses might not have to be disposed of or held separate.

The consummation of the exchange offer and the second-step acquisition will not require the approval of any U.S. insurance regulators because neither Validus nor IPC operates a U.S.-regulated insurance business that would require any such approval.

The exchange offer is not conditioned on the receipt of regulatory approvals.

Listing of Validus Common Shares to be Issued Pursuant to the Exchange Offer and the Second-Step Acquisition (See page 87)

Validus will submit the necessary applications to cause the common shares to be issued as a portion of the offer consideration and the consideration in the second-step acquisition to be authorized for listing on the NYSE. Approval of this listing is a condition to the exchange offer.

Comparison of Shareholders' Rights (See page 97)

You will receive Validus common shares as a portion of the offer consideration if you tender your IPC common shares in the exchange offer. Although both companies are incorporated under Bermuda law, there are a number of differences between the rights of a shareholder of IPC and the rights of a shareholder of Validus. Validus urges you to review the discussion in the section of this prospectus/offer to exchange entitled "Comparison of Shareholders' Rights."

Expiration Time of the Exchange Offer (See page 66)

The exchange offer is scheduled to expire at 5:00 p.m., New York City time (6:00 p.m., Atlantic Time), on June 26, 2009, which is the expiration time of the exchange offer, unless further extended by Validus. For more information, you should read the discussion in the section of this prospectus/offer to exchange entitled "The Exchange Offer Extension, Termination and Amendment."

Extension, Termination and Amendment (See page 66)

To the extent legally permissible, Validus also reserves the right, in its sole discretion, at any time or from time to time until the expiration time of the exchange offer:

to extend, for any reason, the period of time during which the exchange offer is open;

to delay acceptance for exchange of, or exchange of, any IPC common shares in order to comply in whole or in part with applicable law;

to amend or terminate the exchange offer without accepting for exchange, or exchanging, any IPC common shares if any of the individually subheaded conditions referred to in the section of this prospectus/offer to

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exchange entitled *The Exchange Offer* *Conditions of the Exchange Offer* have not been satisfied or if any event specified in the section of this prospectus/offer to exchange entitled *The Exchange Offer* *Conditions of the Exchange Offer* under the subheading *Other Conditions* has occurred;

to amend or terminate the exchange offer without accepting for exchange, or exchanging, any IPC common shares if Validus or any of its affiliates enters into a definitive agreement or announces an agreement in principle with IPC providing for an amalgamation, scheme of arrangement or other business combination or transaction with or involving IPC or any of its subsidiaries, or the purchase or exchange of securities or assets of IPC or any of its subsidiaries, or the Supreme Court of Bermuda sanctions a scheme of arrangement between IPC and its shareholders whereby Validus or any of its subsidiaries acquires securities of IPC, or Validus and IPC reach any other agreement or understanding, in either case, pursuant to which it is agreed or provided that the exchange offer will be terminated; and

to amend the exchange offer or waive any conditions to the exchange offer;

in each case, by giving oral or written notice of such delay, termination, waiver or amendment to the exchange agent and by making public announcement thereof.

The expiration time of the exchange offer may be subject to multiple extensions and any decision to extend the exchange offer will be made at the expiration time of the exchange offer.

Procedure for Tendering Shares (See page 69)

The procedure for tendering IPC common shares varies depending on whether you possess physical certificates or a nominee holds your certificates for you and on whether or not you hold your securities in book-entry form. Validus urges you to read the section of this prospectus/offer to exchange entitled *The Exchange Offer* *Procedure for Tendering* as well as the transmittal materials, including the revised pink letter of transmittal.

Withdrawal Rights (See page 72)

You can withdraw tendered shares at any time until the exchange offer has expired and, if Validus has not accepted your IPC common shares for exchange by the expiration time of the exchange offer, at any time following 60 days of commencement of the exchange offer. If Validus decides to provide a subsequent offering period, it will accept shares validly tendered during that period immediately and you will not be able to withdraw shares tendered in the exchange offer during any subsequent offering period. Please see the section of this prospectus/offer to exchange entitled *The Exchange Offer* *Withdrawal Rights*.

Exchange of IPC Common Shares; Delivery of Offer Consideration (See page 68)

Upon the terms and subject to the conditions of the exchange offer (including, if the exchange offer is extended or amended, the terms and conditions of any such extension or amendment), Validus will accept for exchange, and will exchange for Validus common shares and cash promptly after the expiration time of the exchange offer, all IPC common shares validly tendered and not properly withdrawn. If Validus elects to provide a subsequent offering period following the expiration time of the exchange offer, IPC common shares validly tendered during such subsequent offering period will be accepted for exchange immediately upon tender and will be promptly exchanged for the exchange offer consideration.

Risk Factors (See page 34)

The exchange offer and the second-step acquisition are, and if the exchange offer and the second-step acquisition are consummated, the combined company will be, subject to several risks which you should carefully consider prior to participating in the exchange offer.

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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 prospectus/offer to exchange, and which we refer to as the Validus 10-Q, and Validus Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated into this prospectus/offer to exchange, and which we refer to as 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 the prospectus/offer to exchange 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						

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

share consolidation has been reflected retroactively in these financial statements.

- (4) The losses and loss expense ratio is calculated by dividing losses and loss expenses by net premiums earned.
- (5) The policy acquisition cost ratio is calculated by dividing policy acquisition costs by net premiums earned.
- (6) The general and administrative expense ratio is calculated by dividing the sum of general and administrative expenses and share compensation expenses by net premiums earned. The general and administrative expense ratio for the year ended December 31, 2007 is calculated by dividing the total of general and administrative expenses plus share compensation expenses less the \$3,000,000 termination fee payable to Aquiline by net premiums earned.
- (7) The expense ratio is calculated by combining the policy acquisition cost ratio and the general and administrative expense ratio.

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- (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**

The following disclosure is taken from IPC's Quarterly Report on Form 10-Q for the three months ended March 31, 2009, which we refer to as the IPC 10-Q, and IPC's Annual Report on Form 10-K for the year ended December 31, 2008, which we refer to as the IPC 10-K, except in respect of diluted book value per common share (as discussed in footnote 5 below). Please see the section of this prospectus/offer to exchange entitled Note on IPC Information.

Set forth below is certain selected historical consolidated financial data relating to IPC. The financial data has been derived from the IPC 10-Q, which is incorporated by reference into this prospectus/offer to exchange, and the IPC 10-K, which is incorporated by reference into this prospectus/offer to exchange. 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 other documents filed by IPC with the SEC, and the following summary is qualified in its entirety by reference to such other documents and all of the financial information and notes contained in those documents. Please see the section of this prospectus/offer to exchange 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)							
nt of (Loss)								
remiums	\$ 234,610	\$ 197,875	\$ 403,395	\$ 404,096	\$ 429,851	\$ 472,387	\$ 372,100	
remiums	98,708	89,697	387,367	391,385	397,132	452,522	352,100	
stment	21,866	23,874	94,105	121,842	109,659	71,757	52,100	
es) gains on	(35,572)	(6,020)	(168,208)	67,555	12,085	(10,556)		
nts	7	26	65	1,086	3,557	5,234		
ome								
and loss								
nt expenses	39,109	5,324	155,632	124,923	58,505	1,072,662	212,100	
quisition costs	9,838	8,674	36,429	39,856	37,542	39,249	32,100	
and								
erative	24,281	7,079	26,314	30,510	34,436	27,466	22,100	
xpense	383		2,659					
gn								
e loss (gain)	3,146	(303)	1,848	1,167	(2,635)	2,979		
me (loss)	\$ 8,252	\$ 86,803	\$ 90,447	\$ 385,412	\$ 394,585	\$ (623,399)	\$ 132,100	

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

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NA Not available

- (1) Net income per common share is calculated upon the weighted average number of common shares outstanding during the relevant year. The weighted average number of shares includes common shares and the dilutive effect of employee stock options and stock grants, using the treasury stock method and convertible preferred shares. The net loss per common share for the year ended December 31, 2005 is calculated on the weighted average number of shares outstanding during the year, excluding the anti-dilutive effect of employee stock options, stock grants and convertible preferred shares. The net income per common share for the year ended December 31, 2008 is calculated on the weighted average number of shares outstanding during the year, excluding the anti-dilutive effect of stock-based compensation and convertible preferred shares.
- (2) The loss and loss adjustment expense ratio is calculated by dividing the net losses and loss expenses incurred by the net premiums earned. The expense ratio is calculated by dividing the sum of acquisition costs and general and administrative expenses by net premiums earned. The combined ratio is the sum of the loss and loss expense ratio and the expense ratio.
- (3) Return on average equity is calculated as the annual net income (loss), available to common shareholders divided by the average of the common shareholders equity, which is total shareholders equity, excluding convertible preferred shares, on the first and last day of the respective year.
- (4) Diluted book value per common share is calculated as shareholders equity divided by the number of common shares outstanding on the balance sheet date, after considering the dilutive effects of stock-based compensation, calculated using the treasury stock method. At December 31, 2008 the average weighted number of shares outstanding, including the dilutive effect of employee stock-based compensation and convertible preferred shares (which were converted on November 15, 2008) using the treasury stock method was 59,301,939.
- (5) IPC reported diluted book value per common share as \$33.07 in the IPC 10-K and amended it to \$32.85 in an amendment to the IPC/Max S-4 filed with the SEC on April 13, 2009.

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**SELECTED UNAUDITED CONDENSED CONSOLIDATED PRO FORMA
FINANCIAL INFORMATION**

The following tables set forth selected unaudited condensed consolidated pro forma financial information for the three months ended March 31, 2009 and the year ended December 31, 2008 to provide you with information about how the acquisition of IPC might have affected the historical financial statements of Validus if it had been consummated at such time. The selected unaudited condensed consolidated pro forma financial information is for illustrative purposes only and has been prepared using IPC's publicly available financial statements and disclosures, without the benefit of inspection of IPC's books and records. Therefore, certain pro forma adjustments, such as recording fair value of assets and liabilities and adjustments for consistency of accounting policy, are not reflected in these unaudited condensed consolidated pro forma financial statements. The following selected unaudited condensed consolidated pro forma financial information does not necessarily reflect the financial position or results of operations that would have actually resulted had the acquisition occurred as of the dates indicated, nor should they be taken as necessarily indicative of the future financial position or results of operations of Validus or a combined company. The adjustments and assumptions reflected in the pro forma financial information are discussed in the section of this prospectus/offer to exchange entitled "Unaudited Condensed Consolidated Pro Forma Financial Information."

The following unaudited pro forma financial data is based on the historical financial statements of Validus and IPC and on publicly available information and certain assumptions that we believe are reasonable, which are described in the notes to the "Unaudited Condensed Consolidated Pro Forma Financial Information." The following should be read in connection with the section of this prospectus/offer to exchange entitled "Unaudited Condensed Consolidated Pro Forma Financial Information," and other information included in or incorporated by reference into this document, including the Validus 10-Q, the Validus 10-K, the IPC 10-Q and the IPC 10-K, which are filed with the SEC.

	Three Months	
	Ended	Year Ended
	March 31, 2009	December 31, 2008
	(Dollars in thousands, except share and per share amounts)	
Revenues		
Gross premiums written	\$ 844,237	\$ 1,765,628
Reinsurance premiums ceded	(75,401)	(130,031)
Net premiums written	768,836	1,635,597
Change in unearned premiums	(351,369)	8,288
Net premiums earned	417,467	1,643,885
Net investment income	46,685	223,902
Realized gain on repurchase of debentures		8,752
Net realized losses on investments	(58,993)	(169,799)
Net unrealized losses on investments	22,153	(79,707)
Other income	764	5,329
Foreign exchange losses	(7,346)	(51,245)
Total revenues	420,730	1,581,117

Expenses

Losses and loss expenses	170,943	927,786
Policy acquisition costs	71,287	271,380
General and administrative expenses	46,071	144,637
Share compensation expenses	9,843	32,722
Finance expenses	8,106	59,977
Total expenses	306,250	1,436,502
Net income before taxes	114,480	144,615
Taxes	526	(10,788)
Net income	\$ 115,006	\$ 133,827

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	Three Months Ended March 31, 2009	Year Ended December 31, 2008
	(Dollars in thousands, except share and per share amounts)	
Comprehensive income (loss)		
Foreign currency translation adjustments	(196)	(7,809)
Movement in accumulated pension benefit obligation		5
Comprehensive income	\$ 114,810	\$ 126,023
Earnings per share		
Weighted average number of common shares and common share equivalents outstanding		
Basic	138,597,483	137,530,809
Diluted	142,576,877	139,293,647
Basic earnings per share	\$ 0.82	\$ 0.92
Diluted earnings per share	\$ 0.81	\$ 0.91
Selected financial ratios		
Losses and loss expenses ratio(1)	40.9%	56.4%
Policy acquisition cost ratio(2)	17.1%	16.5%
General and administrative expense ratio(3)	13.4%	10.8%
Expense ratio(4)	30.5%	27.3%
Combined ratio(5)	71.4%	83.7%

The following table sets forth summarized balance sheet data as of March 31, 2009:

	As of March 31, 2009 (Dollars in thousands, except share and per share amounts)
Summary Balance Sheet Data:	
Investments at fair value	\$ 4,994,755
Cash and cash equivalents	\$ 412,162
Total assets	\$ 6,969,818
Reserve for losses and loss expenses	\$ 1,673,199
Unearned premiums	\$ 1,014,675
Junior Subordinated Deferrable Debentures	\$ 304,300
Total liabilities	\$ 3,343,064
Total shareholders' equity	\$ 3,626,754

Book value per common share(6)	\$	26.15
Diluted book value per common share(7)	\$	24.90

NM Not meaningful

- (1) The losses and loss expense ratio is calculated by dividing losses and loss expenses by net premiums earned.
- (2) The policy acquisition cost ratio is calculated by dividing policy acquisition costs by net premiums earned.
- (3) 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.
- (4) The expense ratio is calculated by combining the policy acquisition cost ratio and the general and administrative expense ratio.

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- (5) 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.
- (6) 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.
- (7) Diluted book value per common share is calculated based on total shareholders' equity plus the assumed proceeds from the exercise of outstanding options and warrants, divided by the sum of common shares, unvested restricted shares, options and warrants out-standing (assuming their exercise). Diluted book value per common share is a Non-GAAP financial measure as described under Item 7, Management's Discussion and Analysis of Financial condition and Results of Operations - Financial Measures, in the Validus 10-K.

Table of Contents**COMPARATIVE PER SHARE DATA**

The IPC historical per share data is taken from the IPC/Max S-4. Please see the section of this prospectus/offer to exchange entitled Note on IPC Information. The pro forma combined data is taken from the section of this prospectus/offer to exchange entitled Unaudited Condensed Consolidated Pro Forma Financial Information.

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

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

This pro forma information is subject to risks and uncertainties, including those discussed in the section of this prospectus/offer to exchange entitled Risk Factors.

Per share data for the year ended December 31, 2008:

	Historical Validus	Historical IPC	Validus Pro forma combined	Equivalent Per IPC Share(2)	IPC Max Pro Forma(4)
	(For the year ended December 31, 2008)				
Basic earnings per common share	\$ 0.62	\$ 1.45	\$ 0.92	\$ 1.03	\$ (0.63)
Diluted earnings per common share(1)	\$ 0.61	\$ 1.45	\$ 0.91	\$ 1.02	\$ (0.63)
Cash dividends declared per common share	\$ 0.80	\$ 0.88	\$ 0.80	\$ 0.90	\$ 0.73
Book value per common share	\$ 25.64	\$ 33.00	\$ 25.49	\$ 31.64(3)	\$ 32.30
Diluted book value per common share	\$ 23.78	\$ 32.85(5)	\$ 24.31	\$ 30.31(3)	NA

Per share data for the three months ended March 31, 2009:

	Historical	Historical	Validus	Equivalent
	Validus	IPC	Pro forma	Per IPC
	(For the three months ended March 31, 2009)			
Basic earnings per common share	\$ 1.23	\$ 0.15	\$ 0.82	\$ 0.92
Diluted earnings per common share(1)	\$ 1.20	\$ 0.15	\$ 0.81	\$ 0.91
Cash dividends declared per common share	\$ 0.20	\$ 0.22	\$ 0.20	\$ 0.22
Book value per common share (at period end)	\$ 26.68	\$ 33.06	\$ 26.15	\$ 32.38(3)
Diluted book value per common share	\$ 24.65	\$ 32.73	\$ 24.90	\$ 30.97(3)

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- (1) Anti-dilution provisions apply to 2008 and 2009. There is no effect of stock-based compensation and preference shares because they are anti-dilutive.
- (2) Equivalent per share amounts are calculated by multiplying Validus pro forma per share amounts by the exchange offer exchange ratio of 1.1234.
- (3) For purposes of calculating equivalent per IPC share values for book value per common share and diluted book value per common share, the \$3.00 per common share cash consideration is added to the equivalent per share amounts.
- (4) Source: IPC/Max Joint Proxy Statement/Prospectus dated May 7, 2009 at p.22.
- (5) IPC reported diluted book value per common share as \$33.07 in the IPC 10-K and amended it to \$32.85 in an amendment to the IPC/Max S-4 filed with the SEC on April 13, 2009.

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

The following table sets forth the high and low closing prices per share of Validus common shares and IPC common shares for the periods indicated (commencing, in the case of Validus, from Validus' initial public offering on July 25, 2007) as reported on the consolidated tape of the NYSE or NASDAQ 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. The IPC dividend information was taken from the IPC/Max S-4. Please see the section of this prospectus/offer to exchange entitled "Note on IPC Information."

	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 (through May 20, 2009)	\$ 24.52	\$ 22.35	N/A	\$ 27.65	\$ 24.55	N/A
December 31, 2008						
First Quarter	\$ 26.22	\$ 23.00	\$ 0.20	\$ 28.25	\$ 24.82	\$ 0.22
Second Quarter	\$ 23.72	\$ 20.11	\$ 0.20	\$ 30.38	\$ 26.55	\$ 0.22
Third Quarter	\$ 24.70	\$ 20.00	\$ 0.20	\$ 33.00	\$ 26.58	\$ 0.22
Fourth Quarter	\$ 26.16	\$ 14.84	\$ 0.20	\$ 29.90	\$ 19.52	\$ 0.22
Year ended December 31, 2007						
First Quarter	N/A	N/A	N/A	\$ 31.53	\$ 27.82	\$ 0.20
Second Quarter	N/A	N/A	N/A	\$ 32.53	\$ 28.57	\$ 0.20
Third Quarter	\$ 25.28	\$ 21.11	N/A	\$ 33.01	\$ 24.01	\$ 0.20
Fourth Quarter	\$ 26.59	\$ 24.73	N/A	\$ 30.13	\$ 26.87	\$ 0.20

The following table sets out the trading information for Validus common shares and IPC common shares on March 30, 2009, the last full trading day before Validus' public announcement of delivery of the initial Validus offer to the board of directors of IPC, and May 20, 2009, the last practicable trading day prior to the filing of this prospectus/offer to exchange.

	Validus common share close		IPC common share close		Equivalent Validus Per Share Amount
March 30, 2009	\$	24.91	\$	25.41	\$ 30.98
May 20, 2009	\$	22.35	\$	25.69	\$ 28.11

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

The value of the exchange offer will change as the market prices of Validus common shares and IPC common shares fluctuate during the exchange offer period and thereafter, and may therefore be different from the prices set forth above at the expiration time of the exchange offer and at the time you receive the offer consideration. Please see the section of this prospectus/offer to exchange entitled Risk Factors. Shareholders are encouraged to obtain current market quotations for Validus common shares and IPC common shares prior to making any decision with respect to the exchange offer.

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Please also see the section of this prospectus/offer to exchange entitled "The Exchange Offer - Effect of the Exchange Offer on the Market for IPC Common Shares; NASDAQ and Bermuda Stock Exchange Listing; Registration Under the Exchange Act; Margin Regulations" for a discussion of the possibility that IPC common shares will cease to be listed on the NASDAQ Global Select Market and on the Bermuda Stock Exchange.

As of April 30, 2009, directors and executive officers of Validus (exclusive of those shareholders who Validus deems to be "qualified sponsors" (as defined in the section of the prospectus/offer to exchange entitled "Conditions of the Exchange Offer")) held and were entitled to vote approximately 1.76% of the outstanding Validus common shares. As of March 26, 2009, directors and executive officers of IPC held and were entitled to vote approximately 1.4% of the outstanding IPC common shares.

Table of Contents**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 the Company's 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 our 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)		Three Months Ended March 31, 2009	Validus			Period Ended December 31, 2005(2)
	Three Months Ended March 31, 2009	Year Ended December 31, 2008		Year Ended December 31, 2008	2007	2006	
Ratio of Earnings to Fixed Charges	14.9	3.4	13.0	2.1	8.7	21.7	NM
Ratio of Earnings to Fixed Charges Excluding FAL Costs(3)	15.5	5.3	13.6	3.1	15.7	21.7	NM

- (1) The Pro Forma Combined reflects the acquisition 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 prospectus/offer to exchange, see the section of this prospectus/offer to exchange entitled "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 the Company's 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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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 exchange offer and the second-step acquisition, described in Part I, Item 1A of each company's annual report on Form 10-K for the year ended December 31, 2008 and other documents that have been filed with the SEC and all of which are incorporated by reference into this prospectus/offer to exchange. If any of the risks described below or in the reports incorporated by reference into this prospectus/offer to exchange 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 Exchange Offer and the Second-Step Acquisition

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

Upon consummation of the exchange offer, each IPC common share validly tendered into the exchange offer and accepted by Validus for exchange will be converted into the right to receive Validus common shares equal to the exchange ratio, \$3.00 in cash (less any applicable withholding taxes and without interest) and cash in lieu of fractional shares. Because the exchange ratio is fixed at 1.1234 Validus common shares for each IPC common share, the market value of the Validus common shares issued in exchange for IPC common shares in the exchange offer will depend upon the market price of a Validus common share at the date the exchange offer is consummated. If the price of Validus common shares declines, IPC shareholders could receive less value for their shares upon the consummation of the exchange offer than the value calculated pursuant to the exchange ratio on the date the exchange offer was announced or as of the date of the filing of this prospectus/offer to exchange. Share price changes may result from a variety of factors that are beyond the companies' control, including general market conditions, changes in business prospects, catastrophic events, both natural and man-made, and regulatory considerations. In addition, the ongoing business of Validus may be adversely affected by actions taken by Validus in connection with the exchange offer, including as a result of (i) the attention of management of Validus having been diverted to the exchange offer instead of being directed solely to Validus' own operations and pursuit of other opportunities that could have been beneficial to Validus and the combined entity and (ii) payment by Validus of certain costs relating to the exchange offer, including certain legal, accounting and financial and capital markets advisory fees.

Because the exchange offer and the second-step acquisition will not be completed until certain conditions have been satisfied or, where relevant, waived (please see the section of this prospectus/offer to exchange entitled "The Exchange Offer - Conditions of the Exchange Offer"), a period of time, which may be significant, may pass between the commencement of the exchange offer and the time that Validus accepts IPC common shares for exchange. Therefore, at the time when you tender your IPC common shares pursuant to the exchange offer, you will not know the exact market value of the Validus common shares that will be issued if Validus accepts such shares for exchange. However, tendered IPC common shares may be withdrawn at any time prior to the expiration time of the exchange offer and for 60 days following commencement of the exchange offer. Please see the section of this prospectus/offer to exchange entitled "Comparative Market Price and Dividend Information" for the historical high and low closing prices of Validus common shares and IPC common shares, as well as cash dividends per share of Validus common shares and IPC common shares respectively for each quarter of the period 2007 through 2009.

Furthermore, in connection with the exchange offer and the second-step acquisition, Validus estimates that it will need to issue approximately 63,474,234 Validus common shares. The increase in the number of Validus common 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 common shares.

IPC shareholders are urged to obtain market quotations for Validus and IPC common shares when they consider whether to tender their IPC common shares pursuant to the exchange offer.

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The exchange offer may adversely affect the liquidity and value of non-tendered IPC common shares.

In the event that not all IPC common shares are tendered in the exchange offer and we accept for exchange those shares tendered into the exchange offer, the number of shareholders and the number of IPC common shares held by individual holders will be greatly reduced. As a result, Validus' acceptance of shares for exchange in the exchange offer could adversely affect the liquidity and could also adversely affect the market value of the remaining IPC common shares held by the public. Subject to the rules of the NASDAQ Global Select Market and the Bermuda Stock Exchange, Validus may delist the IPC common shares on the NASDAQ Global Select Market and Bermuda Stock Exchange, respectively. As a result of such delisting, each issued and outstanding IPC common share not tendered pursuant to the exchange offer may become illiquid and may be of reduced value. Please see the section of this prospectus/offer to exchange entitled "The Exchange Offer" Plans for IPC.

The exchange offer remains subject to conditions that Validus cannot control.

The exchange offer is subject to conditions, including tender without withdrawal of at least 90% of the then-outstanding number of IPC common shares on a fully-diluted basis (excluding any IPC common shares beneficially owned by Validus, its subsidiaries or IPC), the termination of the Max amalgamation agreement, the approval by our shareholders of the issuance of Validus common shares to be issued as a portion of the offer consideration in exchange for IPC common shares in the exchange offer and the second-step acquisition, no material adverse effect having occurred with respect to IPC and its subsidiaries, IPC and its subsidiaries continuing to operate in the ordinary course of business consistent with past practice, the registration statement of which this prospectus/offer to exchange is a part becoming effective and consent of the lenders under our credit agreements. There are no assurances that all of the conditions to the exchange offer will be satisfied. In addition, the IPC board of directors may seek to take actions that will delay, or frustrate, the satisfaction of one or more conditions. If the conditions to the exchange offer are not met, then Validus may allow the exchange offer to expire, or could amend or extend the exchange offer.

Please see the section of this prospectus/offer to exchange entitled "The Exchange Offer" Conditions of the Exchange Offer for a discussion of the conditions to the exchange offer.

The exchange offer is conditioned on termination of the Max amalgamation agreement, which could under certain circumstances result in the payment of the Max termination fee.

While Validus believes the provision of the Max amalgamation agreement providing for the possible payment of the Max termination fee is invalid and is seeking a ruling of the Supreme Court of Bermuda to that effect, if the IPC shareholders vote against the proposed Max amalgamation, a court may determine that IPC is required, or IPC may otherwise be bound, to pay all, or a portion, of the Max termination fee, including in the circumstance where IPC subsequently agrees to enter into an agreement with a third party in respect of another business combination.

The acquisition of IPC may fail to qualify as a reorganization within the meaning of Section 368(a) of the Code, resulting in your full recognition of taxable gain or loss in respect of your IPC common shares.

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

fair market value of the Validus common shares received in the exchange offer and second-step acquisition and the cash received and (ii) your adjusted tax basis in IPC common shares surrendered in exchange therefor. For more information, please see the section of this prospectus/offer to exchange under the caption The Exchange Offer Material U.S. Federal Income Tax Consequences. U.S. holders of IPC common shares should consult their own tax advisors as to the tax consequences to them of the exchange offer, second-step acquisition and

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short-form amalgamation, including any U.S. federal, state, local, non-U.S. or other tax consequences, and any tax return filing or other reporting requirements.

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 acquisition contemplated by this prospectus/offer to exchange, 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 document.

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 acquisition contemplated by this prospectus/offer to exchange, 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 prospectus/offer to exchange.

Risk Factors Relating to Validus Following the Exchange Offer

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

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

Additionally, because of the notice and procedural requirements contemplated by Section 102 and Section 103 of the Companies Act, there may be a period of time after shares have been exchanged in the exchange offer during which Validus will not own all of the outstanding IPC common shares, IPC common shares may continue to be subject to limitations on voting set forth in the IPC bye-laws, and Validus may not be able to immediately exercise operational control over IPC, including the right to appoint directors and executive officers of IPC and to manage the day-to-day operations of IPC.

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 long-term strategic benefits of the acquisition and could have a material adverse effect on the business, financial condition, operating results and market value of Validus common shares after the acquisition.

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

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

In addition, the exchange offer may also permit a counter-party to an agreement with IPC to terminate that agreement because completion of the exchange offer or the second-step acquisition would cause a default or violate an anti-assignment, change of control or similar clause. If this happens, Validus may have to seek to replace that agreement with a new agreement. Validus cannot assure you that it will be able to replace a terminated agreement on comparable terms or at all. Depending on the importance of a terminated agreement to IPC's business, failure to

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replace that agreement on similar terms or at all may increase the costs to Validus of operating IPC's business or prevent Validus from operating part or all of IPC's business.

In respect of all information relating to IPC presented in, incorporated by reference into or omitted from, this prospectus/offer to exchange, Validus has relied upon publicly available information, including information publicly filed by IPC with the SEC. Although Validus has no knowledge that would indicate that any statements contained herein regarding IPC's condition, including its financial or operating condition (based upon such publicly filed reports and documents) are inaccurate, incomplete or untrue, Validus was not involved in the preparation of such information and statements. For example, Validus has made adjustments and assumptions in preparing the pro forma financial information presented in this prospectus/offer to exchange that have necessarily involved Validus' estimates with respect to IPC's financial information. Any financial, operating or other information regarding IPC that may be detrimental to Validus following Validus' acquisition of IPC that has not been publicly disclosed by IPC, or errors in Validus' estimates due to the lack of access to IPC, may have a material adverse effect on Validus' financial condition or the benefits Validus expects to achieve through the consummation of the exchange offer.

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

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

The occurrence of severe catastrophic events after the completion of the exchange offer and the second-step acquisition could cause Validus' net income to be more volatile than if the exchange offer and the second-step acquisition did not take place.

For the year ended December 31, 2008, Validus' gross premiums written on property catastrophe business were \$328.2 million or 24.1% of total gross premiums written. For the year ended December 31, 2008, 93% of IPC's gross premiums written covered property catastrophe reinsurance risks. For the year ended December 31, 2008, after giving effect to the exchange offer and the second-step acquisition as if it had been consummated on December 31, 2008, gross premiums written on property catastrophe business would have been \$661.9 or 37.5% of total gross premiums of Validus on a pro forma basis. Because Validus after the exchange offer and the second-step acquisition 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 the section of this prospectus/offer to exchange entitled "Unaudited Condensed Consolidated Pro Forma Financial Information."

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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 common shares are traded on the NYSE under the symbol VR and, as of May 20, 2009, the last practicable date prior to the filing of this prospectus/offer to exchange, Validus had a market capitalization of approximately \$1.70 billion. Validus has approximately 280 employees.

As of the date of the filing of this prospectus/offer to exchange with the SEC, Validus was the registered holder of 100 IPC common shares, or less than 1% of the amount outstanding.

IPC

The following description of IPC is taken from the IPC/Max S-4. Please see the section of this prospectus/offer to exchange entitled Note on IPC Information.

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 has been, and continues to be, written on an excess of loss basis for primary insurers rather than reinsurers, and is subject to aggregate limits on exposure to losses. During 2008, IPC had approximately 258 clients from whom it received either annual/deposit or adjustment premiums, including many of the leading insurance companies around the world. In 2008, approximately 36% of those clients were based in the United States, and approximately 53% of gross premiums written, excluding reinstatement premiums, related primarily to U.S. risks. IPC's non-U.S. clients and its non-U.S. covered risks are located principally in Europe, Japan, Australia and New Zealand. During 2008, no single ceding insurer accounted for more than 3.7% of its gross premiums written, excluding reinstatement premiums. IPC did not disclose gross premiums written by class of business in the IPC 10-Q. Therefore, comparable disclosure of property catastrophe premiums cannot be presented. At March 31, 2009, IPC had total shareholders' equity of \$1.849 billion and total assets of \$2.453 billion.

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 common 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

under-writes to IPCRe.

Internet Address: IPC's Internet address is www.ipcre.bm and the investor relations section of its website is located at www.ipcre.bm/financials/quarterly-index.html. IPC makes available free of charge, through the investor relations section of its website, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC.

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THE ACQUISITION, BACKGROUND AND REASONS FOR THE EXCHANGE OFFER

The Acquisition

In order to consummate the acquisition of IPC, Validus is simultaneously pursuing the following alternative transaction structures:

- (1) the Validus amalgamation offer;
- (2) the exchange offer; or
- (3) the Validus scheme of arrangement.

The Validus amalgamation offer, the Validus scheme of arrangement and the exchange offer are alternative methods for Validus to acquire all of the issued and outstanding IPC common shares on the same economic terms. Ultimately, only one of these transaction structures can be pursued to completion. Validus intends to seek to acquire all IPC common shares by whichever method Validus determines is most effective and efficient.

On March 31, 2009, Validus publicly announced that it had delivered to IPC an offer to consummate the acquisition of IPC on the terms and subject to the conditions set forth in the initial Validus offer. IPC announced on April 7, 2009 that its board of directors had determined that the initial Validus offer did not constitute a superior proposal to the proposed Max amalgamation and reaffirmed its support of the proposed Max amalgamation. Additionally, Max has not released IPC from the prohibition in the Max amalgamation agreement that prevents IPC from even discussing the Validus amalgamation offer with Validus. On May 18, 2009, Validus publicly announced that it had delivered to IPC an increased offer to acquire each outstanding IPC common share for (i) 1.1234 Validus common shares and (ii) \$3.00 in cash (less any applicable withholding taxes and without interest). Validus has also delivered the Validus amalgamation agreement signed by Validus so that, upon a termination of the Max amalgamation agreement, IPC would have the certainty of Validus transaction and would be able to sign the Validus amalgamation agreement. As of the date of this prospectus/offer to exchange, IPC has not been willing to meet or negotiate with Validus.

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

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

Second, Validus has commenced the exchange offer. The exchange offer is subject to the terms and conditions described in this prospectus/offer to exchange. Under Bermuda law, if Validus acquires at least 90% of the IPC common shares which it is seeking to acquire in the exchange offer, Validus will have the right to acquire the remaining IPC common shares on the same terms in the second-step acquisition. Validus believes that it would be able

to complete the exchange offer in June 2009, promptly following termination of the Max amalgamation agreement (and subject to the satisfaction or waiver of the other conditions to the exchange offer), based on the following. The expiration time of the exchange offer will be June 26, 2009, unless extended. As a result, if the conditions of the exchange offer are satisfied or waived at the expiration time of the exchange offer, Validus would be able to acquire all of the IPC common shares that are validly tendered pursuant to the exchange offer.

Third, Validus is pursuing the Validus scheme of arrangement. In order to implement the Validus scheme of arrangement, the IPC shareholders must approve the Validus scheme of arrangement at the court-ordered IPC meeting, IPC must separately approve the Validus scheme of arrangement and the Validus scheme of arrangement must be sanctioned by the Supreme Court of Bermuda. The Validus scheme of arrangement must be approved by a

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majority in number of the holders of IPC common shares voting at the court-ordered IPC meeting, whether in person or by proxy, representing 75% or more in value of the IPC common shares voting at the court-ordered IPC meeting, whether in person or by proxy. If the IPC shareholders approve the Validus scheme of arrangement at the court-ordered IPC meeting, the separate approval of IPC to the Validus scheme of arrangement can be provided by either (i) the IPC board of directors voluntarily complying with the will of the IPC shareholders as expressed at the court-ordered IPC meeting, or (ii) the shareholders of IPC approving resolutions at the IPC special general meeting, including resolutions for IPC to approve and to be bound by the Validus scheme of arrangement and to terminate the Max amalgamation agreement. Following IPC shareholder approval at both the court-ordered IPC meeting and the IPC special general meeting, the satisfaction or, where relevant, waiver of the other conditions to the effectiveness of the Validus scheme of arrangement and the granting of a court order from the Supreme Court of Bermuda sanctioning the Validus scheme of arrangement, a copy of the court order sanctioning the Validus scheme of arrangement will be delivered to the Bermuda Registrar of Companies, at which time the Validus scheme of arrangement will be effective. Validus believes that, under the Validus scheme of arrangement, it would be able to close the contemplated acquisition as early as mid-July based on the assumptions that: (1) the Supreme Court of Bermuda will be able to accommodate the preferred hearings schedule and meeting dates and other procedural matters; (2) IPC shareholders holding at least one-tenth of the issued IPC common shares have requisitioned the IPC special general meeting to be held in late June or early July; and (3) the IPC directors, following the rejection of the Max amalgamation agreement, or the IPC shareholders, convene the IPC special general meeting, allowing it to be held in mid-July.

Based on Validus and IPC's respective capitalizations as of March 31, 2009 and the exchange ratio of 1.1234, Validus estimates that if all IPC common shares are exchanged pursuant to the exchange offer and/or the second-step acquisition, former IPC shareholders would own, in the aggregate, approximately 41.3% of the issued and outstanding Validus common shares and Validus non-voting common shares on a fully-diluted basis.

For more details relating to the structure of the exchange offer, please see the section of this prospectus/offer to exchange entitled The Exchange Offer.

Background of the Exchange Offer

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

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

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

March 31, 2009

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

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

Dear Sirs:

On behalf of Validus, I am writing to submit a binding offer¹ pursuant to which Validus and IPC would amalgamate in a share-for-share exchange valuing IPC shares at an 18.0% premium to yesterday's closing market price. We believe that an amalgamation of Validus and IPC would represent a compelling combination and excellent strategic fit and create superior value for our respective shareholders.

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

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

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

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

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

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

² The Validus amalgamation offer, as increased on May 18, 2009, provides IPC shareholders with total consideration of \$30.14 per IPC Share based on the closing price of Validus common shares on May 15, 2009, a 13.2% premium to the closing price of IPC common shares that day and a 21.9% premium based on the closing prices of IPC common shares and Validus common shares on March 30, 2009, the last trading day before the announcement of the initial Validus offer.

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

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

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

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

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

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

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

1. Superior size and scale, with pro forma December 31, 2008 shareholders equity of \$3.7 billion and total GAAP capitalization of \$4.1 billion;
2. Superior financial flexibility, with debt/total capitalization of only 1.8% and total leverage including hybrid securities of only 9.1%;
3. A global platform, with offices and underwriting facilities in Bermuda, at Lloyd's in London, Dublin, Singapore, New York and Miami;
4. Superior diversified business mix, with lines of business concentrated in short-tail lines where pricing momentum is strongest; and
5. An experienced, proven and stable management team with substantial expertise operating in IPC's core lines of business.

Our superior growth prospects are evidenced by our historical track record. Between December 31, 2005 and December 31, 2008, Validus grew its book value per share (including accumulated dividends) at a 13.2%

³ The occurrence of severe catastrophic events after an amalgamation with IPC could cause Validus' net income to be more volatile than if the amalgamation did not take place. For the year ended December 31, 2008, Validus' gross premiums written (excluding reinstatement premiums) on property catastrophe business were \$328.2 million or 24.1% of total gross premiums written. For the year ended December 31, 2008, 93% of IPC's gross premiums written covered property catastrophe reinsurance risks. For the year ended December 31, 2008, after giving effect to the amalgamation of Validus and IPC as if it had been consummated on December 31, 2008, gross premiums written on property catastrophe business would have been \$661.9 million or 37.5% of total gross premiums of Validus on a pro forma basis. Because Validus after the amalgamation will, among other things, have larger aggregate exposures to natural and man-made disasters than it does today, Validus' aggregate loss experience could have a significant influence on Validus' net income. IPC did not disclose gross premiums written by class of business in the IPC 10-Q. Therefore, comparable disclosure of property catastrophe premiums cannot be presented.

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

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compound annual rate vs. Max's 8.8% growth over the same period. In 2008, we grew our book value per share (including accumulated dividends) by 2.4% vs. Max's 10.8% decline over the same period.

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

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

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

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

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

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

We look forward to your prompt response.

Sincerely,

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

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

John J. Schuster
Cahill Gordon & Reindel LLP

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

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

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

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

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

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

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

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

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

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

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

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

Dear Members of the Board:

We are writing regarding the many business and financial issues raised by the public proposal by Validus Holdings Ltd. (Validus) to acquire IPC Holdings, Ltd. (IPC) in lieu of the pending IPC amalgamation with Max Capital Group

Ltd. (Max). The IPC/Max amalgamation was founded on a shared vision of allowing our combined group of shareholders to enjoy the benefits of a strong, diversified operating platform with a proven track record. The Validus proposal does not offer that.

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

A. You can agree to be taken over by Validus at a price that is below IPC's book value. The result of this takeover for your shareholders would be a minority equity stake in an entity that offers substantially

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similar product lines to those offered by IPC today, with little risk diversification, and apparently no ability by the IPC Board to steward the longer term prospects of the company.

OR

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

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

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

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

3. *Max is a truly diversified underwriting platform.* The IPC/Max Plan offers IPC's shareholders superior current and future value by combining IPC with a truly diversified underwriting platform, with a strong and well established track record. Max enjoys a diversified portfolio of business across many dimensions by class, geography, customers and distribution. We believe that Max's diversified underwriting platform, with its strong emphasis on profitable longer-tail casualty business, will generate more stable returns on capital through underwriting cycles, compared to the volatility embedded in the Validus short-tail portfolio. Validus, whose 2008 gross premiums written are 94% concentrated in short-tail lines of business, claims that its portfolio represents diversification. Validus' ability to deliver anything approaching true diversification seems to be constrained by its limited underwriting platforms in Bermuda and at Lloyd's and lack of underwriting capabilities in longer-tail casualty classes. Combining two short-tailed property catastrophe companies as proposed by Validus does little for shareholder diversification. Validus' stated intention to take advantage of currently strong rates in the property market is a short-term strategy that is capital intensive, creates greater volatility for shareholders, and is one which IPC could have continued on a stand-alone basis but elected not to do so. By contrast, Max remains committed to an underwriting strategy that produces attractive results across market cycles, by continuing to expand its specialty insurance business in selected underwriting classes and limiting volatility in its underwriting results.

4. *Max has a proven, long-term, operating history.* Max's underwriting has been tested through the tragic events of 9/11, the active 2004 hurricane season and the confluence of Hurricanes Katrina, Rita, and Wilma in 2005. Validus operating history, by contrast, does not extend beyond the past three years, during which time the industry as a whole has experienced both strong property catastrophe pricing and limited catastrophe

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activity. The first test of Validus' portfolio of business and risk management capabilities since its formation three years ago came in 2008 with Hurricanes Ike and Gustav. In our view, the results speak for themselves: the net loss reported by Validus for these events represented 12.4% of its June 30, 2008 shareholders' equity, the largest percentage loss of its broad peer group which averaged 7.2% of shareholders' equity. The loss was almost double the net loss incurred by IPC, which represented just 6.7% of IPC's June 30, 2008 shareholders' equity. The losses recorded by Validus included a 42% increase in its initial loss estimate for Hurricane Ike (from \$165 million to \$235 million) during the fourth quarter of 2008. By comparison, Max's net incurred losses from Hurricanes Ike and Gustav were limited to 3.4% of June 30, 2008 shareholders' equity, the lowest among the broader peer group, demonstrating the lower embedded volatility of Max's underwriting results versus Validus.

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

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

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

6. Max's business is complementary to IPC. Clients seek a diversified program of reinsurers. As you were able to confirm in your due diligence, Max has very limited overlap with the customers of IPC and neither party expects a combination of IPC and Max to lead to any meaningful disruption of either business. In addition, the continuity of the underwriters at IPC will maximize the opportunity for IPC to continue to write this business in the future, assuming market conditions support it. By contrast, Validus acknowledges that it writes business with many of the same clients as IPC, which we would expect to result in a loss of business as clients seek to diversify their reinsurance placements.

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

8. Max maintains less underwriting volatility through greater diversification of its portfolio of risks. Max seeks to limit its exposure to catastrophic events (probable maximum loss based on a 1 in 250 year event) to a maximum of 20% of its shareholders' equity, often operating below this level. As part of the IPC/Max Plan, we have discussed continuing to have a significant presence in the property catastrophe market while on a combined equity basis adhering to this same 20% risk tolerance. In contrast, Validus maintains peak exposures where the probable maximum

loss based on a 1 in 250 year event runs at a stated 33% of shareholders equity. Max believes that combining this risk profile with IPC would expose IPC shareholders to an even greater level of volatility than at present and would not change the markets perception of IPC as being a property catastrophe company. The volatility of Validus results would also seem to be cause for concern, particularly

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when the net losses from Hurricanes Ike and Gustav (which approximated a 1 in 15 year event) was 12.4% of shareholders' equity, the highest among its broader peer group. This compared to a net loss of 6.7% of shareholders' equity for IPC and 3.4% for Max.

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

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

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

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

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

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

Very truly yours,

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

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

April 2, 2009

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

Dear Members of the Board:

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

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

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

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

1. A combination with Max delivers 29% more tangible book value per share to IPC. Max believes book value per share is a very important measure in our industry, and we do not disagree. The relevant question for the IPC Board, however, is not, as Max suggests, the relative percentage of book value being delivered to IPC shareholders in the two proposals, but the absolute value of the shares themselves. On this measure, the Validus proposal is clearly superior, as it offers IPC shareholders a significant premium over the current value of their shares. Moreover, Max does not explain in its letter why Max's shares are trading at such a deep discount to its book value. We can only guess that the market assigns such a discount because of Max's stewardship of its business or because so much of Max's investment portfolio is tied up in risky alternative assets. Indeed, of Max's \$1.2 billion of tangible common equity, \$754 million is

in alternative assets, which in 2008 generated mark downs of \$233 million, greater than the entirety of Max's underwriting income, and \$476 million is in non-agency asset/mortgage backed securities. We believe it is a far better value proposition for the IPC shareholders to receive Validus shares, a currency which the market values at a premium to book.

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

3. *Max is a truly diversified underwriting platform.* We think the relevant question for IPC is not whether its merger partner has a diversified platform, but rather the quality of that diversification. In terms of the quality of diversification, Validus offers far superior characteristics than Max, as evidenced by 2008 results for Max's diversified businesses. Max's 2008 reported 91.9% property and casualty GAAP combined ratio benefited from \$107.0 million of prior-year reserve releases. The true 2008 accident-year GAAP combined ratio was 103.4%.⁷ Max's diversified businesses represent diversification without profit. Max's chief source of diversifying growth, Max US Specialty, generated a 138.5% combined ratio in 2008. Results such as those cannot create value for shareholders.⁸ Max is not a leader in any category of business, and moreover, it has chosen to focus on volatile lines of business which yield low margins.⁹ In contrast, Validus is a global leader in very profitable business lines, including marine, energy and war and terrorism.¹⁰ Furthermore, Max's statement that Validus is constrained by its limited underwriting platforms is demonstrably untrue. Validus has the global licenses and other capabilities in place to write long tail insurance if and when it believes doing so would be profitable. In fact, today, Validus writes non-catastrophe business in 143 countries around the world.¹¹ And, as demonstrated by Validus superior financial results and lower combined ratio, Validus does so profitably.

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

By focusing on the net loss reported by Validus based on hurricanes Ike and Gustav, Max is yet again ignoring the larger benefit of Validus' conservative risk management and diversification. Validus assumed that the hurricane season in 2008 would generate a market loss of \$18 to \$21 billion, and we set our reserve levels accordingly. IPC, by contrast, assumed \$14.5 billion of losses. Notwithstanding the severity of the events of

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

⁸ As described elsewhere in this prospectus/offer to exchange, a combined ratio of greater than 100% indicates that premiums are less than aggregate claims and expenses. Validus believes that unprofitable operations do not create value for shareholders.

⁹ As of the date of this prospectus/offer to exchange, this statement should be qualified as an expression of our opinion based on our experience and knowledge of the industry.

¹⁰ As of the date of this prospectus/offer to exchange, this statement should be qualified as an expression of our opinion based on our experience and knowledge of the industry.

¹¹ Upon verification, the statement should refer to 134 countries, rather than 143.

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that hurricane season, Validus was easily able to absorb the loss (yielding a combined ratio of 92.2%, with a corresponding combined ratio at Validus Re of 86.0%). As a result, Validus was profitable, notwithstanding the losses associated with hurricanes Gustav and Ike. Its highly touted diversification notwithstanding, Max sustained a loss for the year in excess of \$200 million, demonstrating beyond a shadow of a doubt that its greater diversification is not a guarantee of profitability.

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

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

Max also tries to make an issue of the fact that IPC has not had a chance to conduct due diligence on Validus. Validus would welcome the opportunity to provide IPC with customary due diligence information. Validus stands ready to respond to any requests IPC may make on an expedited basis, and would be more than happy to meet with IPC to answer any questions IPC may have about Validus, its operations, its financial health or any other matter relevant to the Board of IPC in considering Validus' Superior Proposal. We call upon Max to permit IPC's Board to exercise its fiduciary duties by releasing IPC from the extraordinarily restrictive prohibition in the Amalgamation Agreement which prevents it from even talking to Validus regarding the terms of its Superior Proposal.¹⁴

6. *Max's business is complementary to IPC.* Max's assertions that a combination of Validus and IPC would result in a loss of customers are without merit and are particularly surprising, given that Max has publicly stated its intention to significantly reduce IPC's core reinsurance activities. As we are both aware, the

¹² IPC and Max may update their predictions as to timing as new information becomes available to each party. For example, in a recent letter to shareholders filed on May 1, 2009, Max discloses that it expects the transaction to close late in the second quarter or early in the third quarter of 2009.

¹³ As of the date of this prospectus/offer to exchange, the Max amalgamation agreement cedes to Max the power to delay the closing of a Validus/IPC combination because IPC has no right to terminate the Max amalgamation agreement until after the vote of IPC shareholders at the annual general meeting, even if the IPC board of directors changes its recommendation and recommends a vote FOR the Validus amalgamation offer. Accordingly, should IPC's board of directors choose to recommend a vote FOR the Validus amalgamation offer, Max would have the power to delay the closing of a Validus/IPC combination by not terminating the IPC/Max agreement until after the shareholders vote down the proposed Max amalgamation.

¹⁴ The agreement governing the initial Validus amalgamation offer retained this restrictive prohibition. Validus' board of directors determined that proposing substantially similar agreement terms with what we believed to be improved economic terms would facilitate IPC's board of directors evaluation of the initial Validus amalgamation offer. On May 18, 2009, Validus amended this provision in the Validus amalgamation offer to permit IPC and its subsidiaries

and their respective personnel and representatives to participate or engage in discussions relating to an acquisition proposal for IPC so long as IPC's board has concluded in good faith that such action is required in order for IPC's directors to comply with fiduciary duties under applicable law and IPC complies with certain notification and confidentiality requirements.

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current reinsurance market is in the midst of a capacity shortage.¹⁵ As a result, we do not believe that clients will actively seek to diversify their reinsurance placements away from our combined company. In fact, our combined financial strength and clout should only serve to make a combined Validus/IPC a go-to player for reinsurance placements.¹⁶

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

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

9. *Max has a proven, long term history of successful acquisitions without incurring good will.* Validus has a proven track record of acquiring a high quality premier business with a leading position in its market. Max's pointing to its acquisition of Imagine Group (UK) Limited as an example of a successful acquisition is ironic, especially relative to our successful acquisition of Talbot. In that transaction, Validus acquired a strong balance sheet with excess reserves at a multiple of 3.1x earnings demonstrating Validus' commitment to creating value for our shareholders. When we acquired Talbot, Validus booked \$154 million of goodwill and intangible assets; however, from acquisition closing until December 31, 2008, we benefited from \$105 million in reserve releases from the Talbot business, emanating from periods prior to the acquisition. Max's acquisition history, on the other hand, is that of acquiring subscale small businesses that significantly lag the leaders in their respective markets.¹⁸

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

¹⁵ A reinsurance industry commentator has recently stated that, taking reinsurer capital as the nearest proxy for capacity, it is estimated that reinsurer capital, which was down 8 to 10 percent from January 1, 2008 through September 30, 2008, will be down 15 to 20 percent for the year ending December 31, 2008 when reported. In addition, the same commentator observed that capital markets capacity for insurance risk has declined in similar proportions.

¹⁶ We believe that a combined Validus/IPC would be a go-to player for reinsurance placements because Validus will be better capitalized (as measured by pro forma shareholders' equity) than many of the members of its peer group.

¹⁷ As of the date of this prospectus/offer to exchange, this statement is intended to emphasize that Validus believes the statement being referred to, in the April 2, 2009 Max letter to IPC's board of directors, is based upon speculation by Max, since, to Validus' knowledge, the rating agencies have not made a determination in this regard.

¹⁸ As of the date of this prospectus/offer to exchange, we are aware of only three small acquisitions by Max and we believe, based on our experience and knowledge of the industry, that the acquired entities were not leaders in their markets.

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

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

* * *

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

Sincerely,

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

¹⁹ As of the date of this prospectus/offer to exchange, we believe that the investment strategy that has been employed by Max, and is expected to be employed by Max management who will control the combined IPC/Max, and that according to Max's public information is expected to include a 10% to 12% concentration in alternative investments, should be considered a risky investment strategy that could amount to a significant liability when compared with an investment strategy, like Validus, that does not allow for such investments in alternative investments.

²⁰ As of the date of this prospectus/offer to exchange, this statement is intended to emphasize that Max alternative investments alone comprised 61% of tangible equity, indicating what we believe to be a significant amount of embedded risk.

²¹ As of the date of this prospectus/offer to exchange, this statement should be qualified as an expression of our opinion based on our experience and knowledge of the industry and on Max's investment performance in the third and fourth quarters of 2008, which was worse than the average for its peer group but better than the investment performance of several of its peers.

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

April 5, 2009

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

Dear Members of the Board:

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

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

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

We look forward to your response to the Validus Proposal.

Sincerely,

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

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

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

On the morning of April 6, 2009, Max issued a press release reaffirming its prior disclosure regarding the initial Validus offer and stating that it continues to believe that Validus had not presented a Superior Proposal, nor one that can be reasonably expected to lead to a Superior Proposal (as such term is defined in the IPC/Max Plan of Amalgamation dated March 1, 2009). The text of the press release reads as follows:

Max Capital Group Ltd. (NASDAQ:MXGL; BSX: MXGL BH) today confirmed that the calculations of diluted book value per IPC share and diluted tangible book value per IPC share included in Max's April 2, 2009

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letter to the Board of Directors of IPC Holdings, Ltd. (IPC) are true and correct. Max has consulted with its financial advisors and SEC counsel.

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

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

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

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

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

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

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

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

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

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

April 6, 2009

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

Dear Members of the Board:

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

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

However, if we were to follow the Max approach, we would note that there are a number of adjustments contemplated in the proposed IPC/Max Amalgamation Agreement which would reduce the standalone value²² that Max delivers by \$117.4 million. The joint proxy statement/prospectus filed by IPC and Max references, among other adjustments, the need to increase Max's loss reserves for annuity claims as well as property and casualty claims by \$130.0 million. As a result, the Max book value delivered would be reduced by \$2.06 per Max share, resulting in a book value delivered of \$20.40 per share, on the basis of Max's calculation of diluted book value.

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

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

Sincerely,

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

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

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

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(In millions, except per share values)

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

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

- (1) Represents historical net book value of Max.
- (2) Represents adjustment to reduce the deferred acquisition costs of Max to their estimated fair value at December 31, 2008.
- (3) Represents adjustment to reduce goodwill and intangible assets of Max to their estimated fair value at December 31, 2008.
- (4) The fair value of Max's reserve for property and casualty losses and loss adjustment expenses, life and annuity benefits, and loss and loss adjustment expenses recoverable were estimated based on the present value of the underlying cash flows of the loss reserves and recoverables. In determining the fair value estimate, IPC's management estimated a risk premium deemed to be reasonable and consistent with expectations in the marketplace given the nature and the related degree of uncertainty of such reserves. Such risk premium exceeded the discount IPC's management would use to determine the present value of the underlying cash flows.
- (5) Represents the estimated fair value of the profit within Max's unearned property and casualty premiums. In determining fair value, IPC's management estimated the combined ratio associated with Max's net unearned property and casualty premiums.
- (6) Represents adjustment to record Max's senior notes to their estimated fair value at December 31, 2008.

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

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

April 7, 2009

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

Dear Mr. Noonan:

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

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

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

The Validus Offer Fails to Meet IPC's Diversification Goals During 2008, IPC's board of directors concluded that it would be in IPC's best interest to diversify beyond its monoline property catastrophe business model in order to reduce the volatility inherent in focusing on catastrophe reinsurance and to spread our risk base across less correlated risks. A key factor in our decision to choose Max over other options is our belief that Max's diversified operations offer the best path to achieve this goal. The decision was the result of a robust and thorough review of strategic alternatives. A transaction with Validus would not accomplish that strategic objective given Validus' substantial correlated catastrophe exposure.

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

The Validus Amalgamation Proposal Is Less Certain, Is Riskier for IPC's Shareholders and Would Take Longer to Close We currently expect to be able to complete the transaction with Max in June, with all regulatory approvals obtained. In contrast, in our view, any transaction with Validus likely could not be completed before September, right in the middle of the wind season. Our transaction with Max would have to be rejected by IPC shareholders before IPC would be able to conduct due diligence on

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and negotiate with Validus. There is no assurance IPC would, at that time, choose to enter into a transaction with Validus. Even if IPC were to proceed with Validus at that time, Validus and IPC would both need to obtain consents under their credit facilities before the deal could close, whereas no such additional consents would be necessary to close the IPC/Max transaction. Validus and IPC would also need to achieve satisfactory indications from the ratings agencies regarding the ratings outcomes of such a combination.

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

Sincerely,

/s/ Kenneth L. Hammond

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

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

April 8, 2009

Kenneth L. Hammond
Chairman
IPC Holdings, Ltd.
American International Bldg.
29 Richmond Road
Pembroke, HM 08
Bermuda

Dear Mr. Hammond,

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

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

We hereby advise the shareholders of IPC that:

1. We have retained Georgeson as our proxy solicitor. We will shortly file proxy solicitation materials with the SEC and those materials will contain, among other things, the many reasons why we believe you should vote against the Max takeover. Once the proxy is effective, Georgeson will be in touch

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with IPC's shareholders to solicit their votes AGAINST the Max takeover. If, as we [hope²³], IPC's shareholders vote down the Max takeover, you will be unencumbered by the restrictive Amalgamation Agreement and free to execute the Validus Agreement.

2. In our capacity as an IPC shareholder, we object to the punitive nature of the \$50 million Max Termination Fee. The Termination Fee is an unenforceable penalty under Bermuda law and we are commencing litigation to reduce this penalty. If successful,²⁴ we will permit IPC to pay the amount by which such penalty is reduced as a dividend to IPC shareholders, so that IPC shareholders and not Max or Validus shareholders will share in the value obtained.

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

Sincerely,

/s/ Edward J. Noonan

Edward J. Noonan
Chairman and Chief Executive Officer

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

On April 13, 2009, IPC filed an amendment (Amendment No. 1) to the IPC/Max S-4 with the SEC, which, among other things, added to the disclosure regarding the background to the proposed Max amalgamation including the reasons as to why Validus was excluded from the process that resulted in the proposed Max amalgamation. Amendment No. 1 also contained a correction to IPC's diluted book value for the year ended December 31, 2008.

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 the Validus common shares in connection with the acquisition of IPC.

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

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

On April 28, 2009, Validus filed the Bermuda claim against IPC, IPC Limited and Max. The Bermuda claim challenges the validity of the Max termination fee and the no talk provisions in the Max amalgamation agreement. Further, the Bermuda claim alleges that by entering into the Max amalgamation agreement containing the Max termination fee and the no talk provisions and continuing to act in accordance with the terms of these provisions, the directors of IPC have acted in breach of their fiduciary or other duties and not in accordance with the constitution of IPC.

On April 30, 2009, Validus issued a press release outlining its three-part plan to expedite its acquisition of IPC.

On April 30, 2009, IPC issued a press release reaffirming its belief that the initial Validus offer did not represent a superior proposal and that the IPC board of directors continued to recommend IPC shareholders vote in favor of the proposed Max amalgamation.

²³ As of the date of this prospectus/offer to exchange, the word "hope" has been inserted to replace the word "expect" in this sentence.

²⁴ As of the date of this prospectus/offer to exchange, the reference to "success" in this sentence relates to Validus success in pursuing the litigation strategy referenced in the immediately prior sentence followed by the successful consummation of the offer.

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

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 5, 2009, Validus filed an investor presentation titled Superior Proposal for IPC Shareholders with the SEC and on May 6, 2009 filed a revised investor presentation with the SEC.

On May 6, 2009, Validus filed an amendment to its preliminary proxy statement with respect to soliciting votes from IPC shareholders against the proposed Max amalgamation.

On May 7, 2009, IPC and Max filed a joint proxy statement/prospectus for the IPC/Max S-4 with the SEC and stated that they would mail the joint proxy statement/prospectus on or about May 7, 2009 to their respective shareholders of record as of the close of business on April 28, 2009.

On May 8, 2009, Validus filed 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 the Validus common shares in connection with the acquisition of IPC.

On May 11-12, 2009, Validus application to expedite the trial of the Bermuda claim was heard by the Supreme Court of Bermuda. Following the hearing, on May 13, 2009, the Court denied the application for expedition of the timetable for the proceedings. While this was not a hearing on the merits of Validus claims, the Court acknowledged that Validus had raised serious questions to be tried.

On May 12, 2009, Validus filed three preliminary proxy statements with the SEC to, respectively, (i) solicit votes from IPC shareholders to approve the Validus scheme of arrangement at the court-ordered IPC meeting, (ii) solicit requisitions from IPC shareholders to compel the board of directors of IPC to call the IPC special general meeting and (iii) solicit votes to approve certain proposals at the IPC special general meeting.

On May 12, 2009, Validus commenced the exchange offer.

On May 14, 2009, Validus amended its registration statement on Form S-4 and the underlying prospectus/offer to exchange.

On May 14, 2009, IPC filed a Solicitation/Recommendation Statement on Schedule 14D-9 reporting that IPC's board had met on May 13, 2009 and stating IPC's board of directors' recommendation that IPC shareholders reject the exchange offer and not tender their IPC common shares to Validus pursuant to the exchange offer.

On May 14, 2009, Validus filed an application to the Supreme Court of Bermuda to convene a court-ordered meeting of IPC shareholders to approve the scheme of arrangement. On May 19, 2009, the Court directed that Validus application be heard during the week of May 25, 2009.

On May 18, 2009, Validus delivered an offer letter to IPC advising IPC of the increased economic terms of the Validus amalgamation offer and containing the amendment to the Validus amalgamation agreement.

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Later on May 18, 2009, IPC issued a press release announcing that its board of directors, along with its legal and financial advisors, would carefully review the revised terms of the exchange offer consistent with its fiduciary duties and make a formal recommendation to IPC shareholders in accordance therewith.

Also on May 18, 2009, Validus filed an investor presentation titled "Improved Superior Proposal for IPC Shareholders with the SEC."

Also on May 18, 2009, IPC issued a press release stating that it would, along with its legal and financial advisors, carefully review the Validus amalgamation offer.

On May 19, 2009, IPC filed an amendment to its Solicitation/Recommendation Statement on Schedule 14D-9.

Also on May 19, 2009, Validus filed an amendment to its preliminary proxy statement with respect to soliciting votes from Validus shareholders to approve the issuance of the Validus common shares in connection with the acquisition of IPC.

On May 21, 2009, IPC filed an amendment to its Solicitation/Recommendation Statement on Schedule 14D-9 reporting that IPC's board had met on May 20, 2009 and stating IPC's board of directors' recommendation that IPC shareholders reject the revised terms of the exchange offer and not tender their IPC common shares to Validus pursuant to the exchange offer.

Reasons for the Exchange Offer

We are hopeful that IPC's board of directors will recognize that the Validus amalgamation offer, as amended to increase the consideration offered and revise certain other terms, is a superior proposal (as defined in the Max amalgamation agreement) and that IPC's board of directors will approve the Validus amalgamation agreement if the Max amalgamation agreement is terminated. However, we commenced the exchange offer as an alternative method to accomplish the acquisition of the issued and outstanding IPC common shares.

Validus believes that the acquisition of IPC represents a compelling combination and excellent strategic fit that will enable the combined company to capitalize on opportunities in the global reinsurance market. Successful completion of the exchange offer would allow IPC shareholders to benefit from the superior growth potential of a combined company that would be a leading carrier in Bermuda's short-tail reinsurance and insurance markets, with a strong balance sheet and quality diversification in profitable business lines. The Validus common shares to be issued and cash to be paid to IPC shareholders in exchange for IPC common shares in the exchange offer and second-step acquisition will provide IPC shareholders with an immediate premium for their shares and will allow IPC shareholders to participate in the growth and opportunities of the combined company. Validus believes that the combination of Validus and IPC offers a number of benefits to holders of IPC common shares, including the following:

The exchange offer provides a premium to IPC shareholders.

Based upon closing prices of IPC common shares and Validus common shares as of March 30, 2009, the last trading day prior to the initial Validus offer, the exchange offer would have had a value of \$30.98 per IPC common share, or approximately \$1.75 billion in the aggregate, which represented a 21.9% premium to the trading value of IPC common shares as of such date and a 27.7% premium over \$24.26, which was the average closing price of IPC common shares between March 2, 2009, the day IPC and Max announced the proposed Max amalgamation, and March 30, 2009, the last trading day before we announced the initial Validus offer. The premium represented by the exchange offer may be larger or smaller depending on the market price of each of the IPC common shares and the

Validus common shares at the expiration time of the exchange offer and will fluctuate between now and then depending on the market prices. Based upon the closing prices on May 20, 2009, the last practicable date prior to the filing of this prospectus/offer to exchange, the exchange offer had a value of \$28.11 per IPC common share, or \$1.59 billion in the aggregate, which represented a 9.4% premium to the closing price of the IPC common shares as of such date and a premium of 10.6% over the March 30, 2009 closing price of the IPC common shares. In addition, the meaningful cash component that has been added to the exchange offer provides IPC shareholders with the opportunity to achieve immediate liquidity on a portion of their investment in IPC common shares.

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Information with respect to the range of closing prices for IPC common shares for certain dates and periods is set forth in the section of this prospectus/offer to exchange entitled Comparative Market Price and Dividend Information. Validus urges IPC shareholders to obtain a current market quotation for IPC common shares.

The Validus common shares to be issued to IPC shareholders as a portion of the offer consideration in exchange for IPC common shares under the exchange offer represent what we believe is an attractive investment.

We believe that the relative performance of Validus common shares in the market indicates that the markets view Validus as a more attractive investment than Max. From July 24, 2007 (the date of Validus initial public offering) through March 30, 2009 (the last trading day prior to the announcement of the initial Validus offer), Validus common shares have appreciated 13.2% whereas Max common shares have declined 36.5% over the same period. Based on the closing prices of Validus common shares and Max common shares on March 30, 2009, the last day of trading prior to Validus announcement of the initial Validus offer, Validus common shares traded at a premium to their diluted book value and diluted tangible book value of 1.05x and 1.13x, respectively, whereas Max common shares traded at a discount of 0.76x and 0.77x, respectively.

Between December 31, 2005 and December 31, 2008, and notwithstanding the significant property catastrophe claim activity during this period (generated, for instance, by Hurricanes Ike and Gustav), Validus grew its book value per share (including accumulated dividends) at a 13.2% rate compared to Max's 8.8% growth rate over the same period. In 2008, Validus grew its book value per share by 2.4% compared to Max's decline in book value of 10.8% during the same period. Moreover, Validus common shares are more liquid than Max common shares (as measured by their respective dollar trading volumes in various periods prior to announcement of the proposed Max amalgamation). Further, as a shareholder of Validus following completion of the exchange offer, you will receive a dividend payable by Validus at an equivalent annual rate of approximately \$0.90 per IPC common share (based on Validus current annual rate of \$0.80/share multiplied by the exchange ratio of 1.1234), compared to the current IPC annual dividend of \$0.88/share, in both cases based on the most recent quarterly dividends declared and paid by each company.

Additionally, Validus common shares are significantly less volatile than Max common shares. As measured by Bloomberg, during the 260 business day (approximately one year) period prior to the announcement of the proposed Max amalgamation, the annualized daily volatility of Max's shares was 79.4 compared to 61.0 for Validus common shares. Volatility represents the standard deviation of the day-over-day difference in the daily share price change. Although we believe that the exchange offer would provide the IPC shareholders with a significant premium for their IPC common shares upon consummation, because both the proposed Max amalgamation and the exchange offer provide for stock consideration with fixed exchange ratios, the respective values of the proposed Max amalgamation and the exchange offer to IPC shareholders will vary over time based on relative changes in the market prices of each company's common shares, which could result in a smaller premium or no premium.

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

Under the proposed Max amalgamation, IPC will be assuming the entirety of Max's assets and liabilities. Despite statements by IPC's board of directors of its desire to reduce earnings volatility through a business combination, it has proposed a transaction in which IPC shareholders will assume an investment portfolio with a significant concentration of risky assets, including alternative investments, and inadequate property and casualty and life and annuity reserves. According to the Max 2008 Form 10-K, Max's holdings of alternative investments totaled 61% of its tangible equity, indicating a significant amount of embedded risk. Despite Max's announced plan to reduce its exposure to alternative investments to 10% to 12% of its portfolio (according to recent Max disclosures), as a result of the proposed Max amalgamation IPC's investment in alternative investments would increase from 7% of its total portfolio at

December 31, 2008 to 12% of its total portfolio on a pro forma basis after giving effect to the proposed Max amalgamation, an increase of 5%. The riskiness of the Max balance sheet is evident in the fact that Max wrote down the value of its alternative assets in 2008 by \$233 million, a markdown which exceeded its underwriting income. In contrast, Validus holds no alternative investments in its investment portfolio and has specific investment policies in place prohibiting it from investing in those asset classes, which it believes are unduly risky to its shareholders and policyholders. Validus believes counterparties will view the