

IPC HOLDINGS LTD
Form PREN14A
May 12, 2009

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PRELIMINARY PROXY STATEMENT DATED MAY 12, 2009 SUBJECT TO COMPLETION

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

**SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934**

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

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

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

VALIDUS HOLDINGS, LTD.
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

Common Shares, \$0.175 par value per share

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

68,520,737

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

N/A

(4) Proposed maximum aggregate value of transaction:

\$1,482,329,499.84

(5) Total fee paid:

\$82,713.99 (based upon the product of \$1,482,329,499.84 and the fee rate of \$55.80 per million dollars set forth in the Fee Rate Advisory #5 for Fiscal Year 2009)

o Fee paid previously with preliminary materials.

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

(1) Amount previously paid: \$84,262.55

(2) Form, schedule or registration statement no.: Schedule 14A

(3) Filing party: Validus Holdings, Ltd.

(4) Date filed: April 16, 2009

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NOTICE OF SPECIAL GENERAL MEETING

IPC HOLDINGS, LTD

American International Building 29 Richmond Road Pembroke HM 08 Bermuda

NOTICE IS HEREBY GIVEN that a SPECIAL GENERAL MEETING (the IPC special general meeting) of the holders of common shares (IPC Shares) of IPC Holdings, Ltd (IPC) will be held at [] on [] 2009 at [11.00] Atlantic time (or as soon thereafter as the court-ordered IPC meeting (as defined in the proxy statement to which this notice forms part) shall have been concluded or adjourned) to consider and, if the IPC shareholders so determine, to approve the following proposals to effect the scheme of arrangement attached as Annex A to the proxy statement to which this notice forms a part (the Scheme of Arrangement) under Bermuda law to effect the acquisition by Validus Holdings, Ltd. (Validus) of IPC. Pursuant to the Scheme of Arrangement, Validus will acquire all the issued and outstanding common shares of IPC (the Acquisition).

Proposal 1 That the Scheme of Arrangement be and it is hereby approved by IPC and IPC be bound thereby, and any person nominated by the Supreme Court of Bermuda or any director of IPC or of Validus shall be authorized to take all such actions as Validus may consider necessary or appropriate for carrying the Scheme of Arrangement into effect;

Proposal 2 That, with immediate effect from the time at which this resolution is duly approved, the board of directors of IPC shall henceforth act in conformity with the following regulation which is hereby prescribed by IPC in general meeting in accordance with bye-law 3(1) of IPC s bye-laws; being that the board of directors of IPC shall promptly comply with any resolution, and shall promptly take, or procure to be taken, any and all steps necessary to implement such resolution, approved by the affirmative vote of a majority of the votes cast at a general meeting of IPC, which directs or instructs the IPC board of directors to take any action in relation to any proposal, understanding, arrangement or agreement of IPC or to which IPC is a party or by which IPC is bound, for IPC to amalgamate, merge or enter into any other form of business combination with any other entity or to sell, transfer or otherwise dispose of all or any substantial part of the assets or issued capital of IPC or any of its subsidiaries, to any other person or entity.

Proposal 3 In accordance with the resolution set forth in Proposal 2, that the board of directors of IPC is hereby directed and instructed to: (i) take any and all such steps and actions as are necessary and desirable to terminate the Agreement and Plan of Amalgamation, dated as of March 1, 2009, as amended by Amendment No. 1 to the Agreement and Plan of Amalgamation, dated as of March 5, 2009, among Max Capital Group Ltd., IPC, and IPC Limited (the Max Amalgamation Agreement), including by any director of IPC delivering written notice to Max Capital Group Ltd. in accordance with Section 8.2 of the Max Amalgamation Agreement, at the earliest possible time permitted under Section 7.1 of the Max Amalgamation Agreement; and (ii) take all such actions as may be necessary or appropriate for carrying the Scheme of Arrangement into effect in accordance with the reasonable directions of Validus;

Proposal 4 That the Memorandum of Association (the Memorandum) of IPC be amended such that immediately following clause 7(2) of the Memorandum, the following clause 7(3) is inserted:

3. That, notwithstanding any other provision of this Memorandum of Association or of the Bye-Laws of the Company, the continuance in effect after the date which is five business days after the date on which this Memorandum of Association was amended by the incorporation of this clause 7(3) of the Agreement and Plan of Amalgamation, dated as of March 1, 2009, as amended by Amendment No. 1 to the Agreement and Plan of Amalgamation, dated as of March 5, 2009, among Max Capital Group Ltd., the Company, and IPC Limited, and the Company continuing to be bound thereby and to take any action to implement the same after that date, shall be beyond the powers and objects of the Company and the directors of the Company are required and directed to take all steps necessary to terminate that

agreement in advance of that date. ; and

Proposal 5 Other resolutions determined by Validus to be reasonably necessary in connection with implementation of the Scheme of Arrangement by Validus.

If you are a shareholder of record, please complete, sign, date and return the enclosed proxy in the return envelope furnished for that purpose, as promptly as possible, whether or not you plan to attend the meeting. If

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you own your IPC Shares through a bank, broker or other nominee, you should follow the instructions provided by your bank, broker or other nominee when voting your IPC Shares.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of IPC in respect of the joint holding.

Entitlement to attend and vote at the IPC special general meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of IPC as of [], 2009.

At the IPC special general meeting, a vote by a show of hands will be taken in the first instance on all matters properly brought before the IPC special general meeting unless a poll is requested in accordance with IPC's bye-laws.

The Scheme of Arrangement will be subject to the subsequent sanction of the Supreme Court of Bermuda and the satisfaction or, where relevant, waiver of the other conditions thereto.

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PRELIMINARY PROXY STATEMENT DATED MAY 12, 2009 SUBJECT TO COMPLETION

**SPECIAL GENERAL MEETING OF THE SHAREHOLDERS
OF
IPC HOLDINGS, LTD.
TO BE HELD ON [], 2009

PROXY STATEMENT
OF
VALIDUS HOLDINGS, LTD.**

This proxy statement (the "proxy statement") and the enclosed GOLD proxy card are furnished by Validus Holdings, Ltd., a Bermuda exempted company ("Validus"), in connection with Validus' solicitation of proxies to be used at the special general meeting (including any adjournments or postponements thereof, the "IPC special general meeting") of holders of common shares, par value \$0.01 per share (the "IPC Shares"), of IPC Holdings, Ltd., a Bermuda exempted company ("IPC"), to be held on [], 2009, at [] at [] Atlantic Time, for the purpose of giving the holders of IPC Shares the opportunity to consider and, if the IPC shareholders so determine, to approve resolutions to implement the scheme of arrangement attached as Annex A to the proxy statement (the "Scheme of Arrangement") under Bermuda law. Pursuant to the Scheme of Arrangement, Validus Holdings, Ltd. ("Validus") will acquire all the issued and outstanding common shares of IPC (the "Acquisition"). The IPC special general meeting for which proxies are being solicited pursuant to this proxy statement is the second shareholder meeting that may be held to implement the Scheme of Arrangement.

On March 1, 2009, IPC entered into an Agreement and Plan of Amalgamation, as amended on March 5, 2009, among Max Capital Group Ltd. ("Max"), IPC and IPC Limited (the "Max Amalgamation Agreement") which would result in the amalgamation of Max with IPC Limited, a wholly-owned subsidiary of IPC that was formed for the purpose of the amalgamation (the "Proposed Max Amalgamation").

As described in this proxy statement under *The Acquisition Background of the Acquisition*, the board of directors of IPC has determined that the offer made on March 31, 2009 by Validus (the "Validus Amalgamation Offer") to acquire each outstanding IPC Share in exchange for 1.2037 Validus voting common shares ("Validus Shares") does not constitute a superior proposal to the Proposed Max Amalgamation and Max has not released IPC from the prohibition in the Max Amalgamation Agreement which prevents IPC from even discussing the Validus Amalgamation Offer with Validus. Therefore, Validus has requested the Supreme Court of Bermuda to convene a meeting of IPC shareholders (the "court-ordered IPC meeting") to allow the IPC shareholders to consider and, if they so determine, to approve the Scheme of Arrangement on the same economic terms as the Validus Amalgamation Offer. On May 12, 2009, Validus filed with the SEC a preliminary proxy statement which, when filed in its definitive form, will be used to solicit proxies from the IPC shareholders to be used at the court-ordered IPC meeting.

In order to implement the Scheme of Arrangement, the IPC shareholders must approve the Scheme of Arrangement at the court-ordered IPC meeting, IPC must separately approve the Scheme of Arrangement and the Scheme of Arrangement must be sanctioned by the Supreme Court of Bermuda. If the IPC shareholders approve the Scheme of Arrangement at the court-ordered IPC meeting, the separate approval of IPC of the 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 Scheme of Arrangement and to terminate the Max Amalgamation Agreement. The IPC special general meeting to which this proxy statement relates is being called for this purpose. On May 12, 2009, Validus filed with the Securities and Exchange Commission (the

SEC) a preliminary proxy statement which, when filed in its definitive form, will be used to solicit written requisitions from the IPC shareholders to compel the IPC board of directors to call the IPC special general meeting. Following IPC shareholder approval at both the court-ordered IPC meeting and the IPC special general meeting, the granting of a court order from the Supreme Court of Bermuda sanctioning the Scheme of Arrangement, and the satisfaction or, where relevant, waiver of the other conditions to the effectiveness of the Scheme of Arrangement, a copy of the court order sanctioning the Scheme of Arrangement will be delivered to the Bermuda Registrar of Companies, at which time (the closing or the effective time) the Scheme of Arrangement will be effective.

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VALIDUS IS DISTRIBUTING THIS PROXY STATEMENT IN ORDER TO URGE IPC S SHAREHOLDERS TO VOTE FOR THE PROPOSALS AT THE IPC SPECIAL GENERAL MEETING TO IMPLEMENT THE SCHEME OF ARRANGEMENT. WE BELIEVE THAT THE ACQUISITION OF IPC BY VALIDUS OFFERS GREATER VALUE TO THE IPC SHAREHOLDERS THAN THE PROPOSED MAX AMALGAMATION.

The record date for determining the IPC shareholders who will be entitled to vote at the IPC special general meeting is [], 2009. Approval of each proposal at the IPC special general meeting requires the affirmative vote of the holders of a majority of the IPC Shares voting at the meeting, whether in person or by proxy. The presence at the IPC special general meeting of two or more persons present in person and representing in person or by proxy in excess of 50% (on an Unadjusted Basis, as defined in IPC s bye-laws) of the total issued and outstanding IPC Shares is required to constitute a quorum thereat.

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

Validus common shares are quoted on the New York Stock Exchange (the NYSE) under the symbol VR. The closing price of a Validus common share on the NYSE on May 11, 2009, the last practicable date prior to the filing of this proxy statement, was \$22.58. IPC Shares, which are currently quoted on the NASDAQ Global Select Market (NASDAQ) under the symbol IPCR and the Bermuda Stock Exchange under the symbol IPCR BH, would be delisted upon completion of the Acquisition. The closing price of an IPC Share on NASDAQ on May 11, 2009, the last practicable date prior to the filing of this proxy statement, was \$25.38. All references to dollars and \$ in this proxy statement refer to U.S. dollars.

This proxy statement provides IPC shareholders with detailed information about the IPC special general meeting and the Scheme of Arrangement. **Validus encourages you to read this entire document carefully, including the section entitled *Risk Factors* beginning on page 27.**

Your vote is very important. Whether or not you plan to attend the IPC special general meeting, please take time to vote by completing and mailing your enclosed GOLD proxy card or by following the voting instructions provided to you if you own your shares through a bank, broker or other nominee. If you do not receive such instructions, you may request them from that firm. If you have any questions or need additional copies of the proxy materials, please call Georgeson Inc. at the phone numbers listed below.

199 Water Street
26th Floor
New York, New York 10038
Banks and Brokers should call: (212) 440-9800
or
Toll Free: at (888) 274-5119
Email: validusIPC@georgeson.com

Neither the SEC nor any state securities regulatory agency has approved or disapproved the Scheme of Arrangement, passed upon the merits or fairness thereof or passed upon the adequacy or accuracy of the disclosure in this proxy statement. Any representation to the contrary is a criminal offense.

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

Important Notice Regarding the Availability of Proxy Materials for the IPC special general meeting to be held on [], 2009.

This proxy statement and the related proxy materials are available free of charge on Validus website at www.validusre.bm.

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SOURCES OF ADDITIONAL INFORMATION

This proxy statement includes information, including important business and financial information, also set forth in documents filed by Validus and IPC with the SEC, and those documents include information about Validus and IPC that is not included in or delivered with this proxy statement. You can obtain any of the documents filed by Validus or IPC, as the case may be, with the SEC from the SEC or, without charge, from the SEC's website at <http://www.sec.gov>. IPC shareholders also may obtain documents filed by IPC or Validus with the SEC or documents incorporated by reference in this proxy statement free of cost, by directing a written or oral request to Validus at:

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

If you would like to request documents, in order to ensure timely delivery, you must do so at least five business days before the date of the meeting. This means you must request this information no later than [], 2009.

Validus will mail properly requested documents to requesting shareholders by first class mail, or another equally prompt means, within one business day after receipt of such request.

The information concerning IPC, its business, management and operations presented or incorporated by reference in this proxy statement has been taken from, or is based upon, publicly available information on file with the SEC and other publicly available information. Although Validus has no knowledge that would indicate that statements and information relating to IPC contained or incorporated by reference in this proxy statement, in reliance upon publicly available information, are inaccurate or incomplete, to date it has not had access to the full books and records of IPC, was not involved in the preparation of such information and statements and is not in a position to verify any such information or statements.

The consolidated financial statements of IPC appearing in its annual report on Form 10-K for the year ended December 31, 2008 (including schedules appearing therein), and IPC management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2008 included therein, have been audited by an independent registered public accounting firm, as set forth in their reports thereon, included therein, and included and/or incorporated herein by reference. Validus has not obtained the authorization of IPC's independent auditors to incorporate by reference the audit reports relating to this information.

Pursuant to Rule 12b-21 under the Securities Exchange Act of 1934, as amended (the Exchange Act), Validus requested that IPC provide Validus with information required for complete disclosure regarding the businesses, operations, financial condition and management of IPC. Validus will amend or supplement this proxy statement to provide any and all information Validus receives from IPC, if Validus receives the information before the IPC special general meeting and Validus considers it to be material, reliable and appropriate.

See *Where You Can Find More Information* on page [].

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**QUESTIONS AND ANSWERS ABOUT THE ACQUISITION
AND THE IPC SPECIAL GENERAL MEETING**

The following questions and answers highlight selected information from this proxy statement and may not contain all the information that is important to you. Validus encourages you to read this entire document carefully.

Q: When and where is the IPC special general meeting?

A: The IPC special general meeting will take place at [], Atlantic Time, on [], 2009, at [].

Q: What is the purpose of the IPC special general meeting?

A: The purpose of the meeting is to give IPC shareholders the opportunity to implement the Scheme of Arrangement despite the failure of the IPC board of directors to comply with the will of the IPC shareholders, as expressed at the court-ordered IPC meeting, to approve the Scheme of Arrangement.

Q: What am I being asked to vote on at the IPC special general meeting?

A: At the IPC special general meeting, IPC shareholders will be asked to consider and vote upon proposals determined by Validus to be reasonably necessary in connection with implementation of the Scheme of Arrangement, including resolutions for IPC to approve and to be bound by the Scheme of Arrangement and to terminate the Max Amalgamation Agreement.

Q: What would happen under the Scheme of Arrangement?

A: If the Scheme of Arrangement becomes effective, Validus will effect the Acquisition of IPC by the transfer of all outstanding IPC Shares (excluding any IPC Shares beneficially owned by Validus, IPC or their respective subsidiaries) to Validus in exchange for Validus Shares at a ratio of 1.2037 (the exchange ratio) Validus Shares for each IPC Share. IPC would thereby become a wholly-owned subsidiary of Validus.

Q: Why is Validus proposing the Acquisition?

A: Based on a number of factors described below under *The Acquisition Reasons to Vote FOR the Proposals to Implement the Scheme of Arrangement*, Validus believes that the Acquisition represents a compelling combination and excellent strategic fit that will enable Validus to capitalize on opportunities in the global reinsurance market. The Acquisition would allow IPC shareholders to benefit from the superior growth potential of 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.

Q: Why is the Scheme of Arrangement better than the Proposed Max Amalgamation?

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

The Scheme of Arrangement provides a premium to IPC shareholders.

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The Validus Shares to be issued to IPC shareholders pursuant to the Scheme of Arrangement represent what we believe is an attractive investment.

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

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

The Scheme of Arrangement provides IPC shareholders with an opportunity for stable, profitable diversification into attractive business lines and further growth.

See *The Acquisition Reasons to vote FOR the Proposals to Implement the Scheme of Arrangement* below.

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Q: Is Validus pursuing multiple acquisition strategies?

A: Yes, in addition to proposing the Scheme of Arrangement, Validus is soliciting votes against the Proposed Max Amalgamation, has made an offer to amalgamate with IPC and has launched an exchange offer (the exchange offer) for all of the issued and outstanding IPC Shares. The Validus Amalgamation Offer, the Scheme of Arrangement and the exchange offer are alternative methods for Validus to acquire all of the issued and outstanding IPC Shares on the same economic terms. Ultimately, only one of these transaction structures can be pursued to completion. Validus intends to seek to acquire all IPC Shares by whichever method Validus determines is most effective and efficient.

Q: How will the Scheme of Arrangement become effective?

A: A Scheme of Arrangement under Bermuda law is an arrangement between a company and its shareholders. In order to implement the Scheme of Arrangement, the IPC shareholders must approve the Scheme of Arrangement at the court-ordered IPC meeting, IPC must separately approve the Scheme of Arrangement and the Scheme of Arrangement must be sanctioned by the Supreme Court of Bermuda. If the IPC shareholders approve the Scheme of Arrangement at the court-ordered IPC meeting, the separate approval of IPC of the 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 Scheme of Arrangement and to terminate the Max Amalgamation Agreement. The IPC special general meeting to which this proxy statement relates is being called for this purpose. On May 12, 2009, Validus filed with the SEC a preliminary proxy statement which, when filed in its definitive form, will be used to solicit written requisitions from the IPC shareholders to compel the IPC board of directors to call the IPC special general meeting. In order to compel the IPC board of directors to call the IPC special general meeting, written requisitions from the holders of 10% of the IPC Shares must be deposited with IPC. Following IPC shareholder approval at both the court-ordered IPC meeting and the IPC special general meeting, the granting of a court order from the Supreme Court of Bermuda sanctioning the Scheme of Arrangement, and the satisfaction or, where relevant, waiver of the other conditions to the effectiveness of the Scheme of Arrangement, a copy of the court order sanctioning the Scheme of Arrangement will be delivered to the Bermuda Registrar of Companies, at which time the Scheme of Arrangement will be effective.

Q: How would the Scheme of Arrangement work?

A: Procedurally, the Scheme of Arrangement can be divided into the following stages:

(1) Applying to the Supreme Court of Bermuda for an order giving directions for the holding and conduct of the court-ordered IPC meeting.

(2) Requisitioning the IPC special general meeting to which this proxy statement relates. On May 12, 2009, Validus filed with the SEC a preliminary proxy statement which, when filed in its definitive form, will be used to solicit written requisitions from the IPC shareholders to compel the IPC board of directors to call the IPC special general meeting.

(3) Holding the court-ordered IPC meeting to consider and, if the IPC shareholders so determine, approve the Scheme of Arrangement. The Scheme of Arrangement must be approved by a majority in number of the holders of IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy, representing 75% or more in value of the IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy.

(4) Holding the IPC special general meeting to which this proxy statement relates to approve resolutions determined by Validus to be reasonably necessary in connection with implementation of the Scheme of Arrangement, including resolutions for IPC to approve and to be bound by the Scheme of Arrangement and to terminate the Max Amalgamation Agreement. Approval of each resolution at the IPC special general meeting requires the affirmative vote of the holders of a majority of the IPC Shares voting at the meeting, whether in person or by proxy.

(5) Applying to the Supreme Court of Bermuda to sanction the Scheme of Arrangement.

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(6) Delivering a copy of the order of the Supreme Court of Bermuda sanctioning the Scheme of Arrangement to the Bermuda Registrar of Companies.

Q: When do you expect the Scheme of Arrangement to become effective?

A: Assuming the Scheme of Arrangement is approved by the requisite vote of IPC's shareholders at the court-ordered IPC meeting, the Scheme of Arrangement could become effective as early as mid-July 2009. However, it is possible that the IPC board of directors will seek to take measures which would extend this time frame. Even if the Scheme of Arrangement has been approved by the IPC shareholders, Validus may terminate the Scheme of Arrangement at any time prior to the commencement of the hearing of the Supreme Court of Bermuda to sanction the Scheme of Arrangement without obtaining the approval of the IPC shareholders, if any event or condition occurs which would cause any of the conditions to the effectiveness of the Scheme of Arrangement not to be satisfied by November 30, 2009 (or such later date, if any, as Validus may agree and the Supreme Court of Bermuda may allow).

Q: What would IPC shareholders receive in the Scheme of Arrangement?

A: Under the terms of the Scheme of Arrangement, each outstanding IPC Share (excluding any IPC Shares beneficially owned by Validus, IPC or their respective subsidiaries), would be transferred to Validus in exchange for 1.2037 Validus Shares upon the effectiveness of the Scheme of Arrangement. IPC shareholders would not receive any fractional Validus Shares in the Scheme of Arrangement. Instead, IPC shareholders would be paid cash in lieu of the fractional share interest to which such shareholders would otherwise be entitled (together with the exchange ratio, the Acquisition Consideration) as described under *Summary The Scheme of Arrangement Acquisition Consideration* on page [].

Q: How does the Scheme of Arrangement relate to the amalgamation agreement contained in the Validus Amalgamation Offer?

A: On March 31, 2009, Validus sent IPC an offer to consummate the Acquisition on the terms of the Validus Amalgamation Offer. In connection with its offer, Validus also delivered a copy of the proposed Agreement and Plan of Amalgamation (the Validus Amalgamation Agreement) signed by Validus so that, upon a termination of the Max Amalgamation Agreement, IPC would be able to sign the Validus Amalgamation Agreement with the certainty of an agreed transaction. IPC announced on April 7, 2009, that its board of directors has determined that the Validus Amalgamation Offer does not constitute a superior proposal to the Proposed Max Amalgamation and reaffirmed its support of the Proposed Max Amalgamation. Additionally, Max has not released IPC from the prohibition in the Max Amalgamation Agreement that prevents IPC from even discussing the Validus Amalgamation Offer with Validus. Validus is pursuing the Scheme of Arrangement in order to give IPC shareholders the opportunity to vote on the Scheme of Arrangement because, under Bermuda law, if the requisite shareholder approval is obtained, the Acquisition could be consummated even though the IPC board of directors has not submitted the Validus Amalgamation Offer to the IPC shareholders.

Q: How does the Scheme of Arrangement relate to the exchange offer commenced by Validus for all IPC Shares?

A: On May 12, 2009, Validus commenced an exchange offer whereby Validus is offering to exchange 1.2037 Validus Shares for each IPC Share tendered by participating IPC shareholders. Validus commenced the exchange offer as an alternative method to acquire all the issued and outstanding IPC Shares. The exchange offer is intended to be pursued in parallel with the Scheme of Arrangement, since it may provide a means to acquire all

the issued and outstanding IPC Shares on the same economic terms as the Validus Amalgamation Offer. We intend to effect the Acquisition by whichever method we determine is most effective and efficient. The exchange offer is subject to the condition, among others, that a minimum of 90% of the then-outstanding IPC Shares on a fully-diluted basis be tendered. If this condition is satisfied and the exchange offer completed, we intend, promptly after completion of the exchange offer, to acquire the IPC Shares of those shareholders who choose not to tender their IPC Shares pursuant to the exchange offer, in accordance with the Bermuda Companies Act of 1981, as amended (the Companies Act).

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

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

Q: If the Scheme of Arrangement becomes effective, do I have to take any action to exchange my IPC Shares for Acquisition Consideration?

A: Validus will appoint BNY Mellon Shareowner Services as exchange agent to transfer and pay the Acquisition Consideration to persons holding IPC Shares outstanding immediately prior to the effective time (other than Validus, IPC or their respective subsidiaries) in exchange for share certificates representing IPC Shares or for non-certificated shares represented by book-entry ("book-entry shares"). At or about the effective time of the Scheme of Arrangement, Validus will deposit with the exchange agent the Validus Shares issuable as Acquisition Consideration and will provide for the cash issuable in lieu of fractional shares. Promptly after the effective time, the exchange agent will mail each holder of IPC Shares outstanding immediately prior to the effective time (other than Validus, IPC or their respective subsidiaries) instructions for surrendering share certificates and book-entry shares. The exchange agent will transfer and pay the Acquisition Consideration, less any applicable withholding taxes, to the persons holding IPC Shares outstanding immediately prior to the effective time (other than Validus, IPC or their respective subsidiaries) promptly following the exchange agent's receipt of the share certificates (or book-entry shares). No interest will be paid or accrued on the cash payable upon the surrender of any share certificate (or book-entry shares). Until so surrendered, each such IPC Share certificate (or book-entry share) will represent after the effective time for all purposes only evidence of the right to receive such Acquisition Consideration.

Q: What is the market value of my IPC Shares as of a recent date?

A: On March 30, 2009, the last trading day before Validus made the Validus Amalgamation Offer, the closing price of an IPC Share was \$25.41. On May 11, 2009, the last practicable date prior to the filing of this proxy statement, the closing price of an IPC Share was \$25.38. IPC shareholders are encouraged to obtain a recent quotation for IPC Shares before deciding how to vote at the IPC special general meeting.

Q: Are IPC shareholders able to dissent?

A: IPC shareholders will be entitled to be present and be heard at the Supreme Court of Bermuda hearing to sanction the Scheme of Arrangement. Any IPC shareholder who wishes to may oppose the sanctioning of the Scheme of Arrangement and may make presentations to the court on the hearing of the petition. IPC shareholders may also vote against the proposals specified on the proxy card related to this proxy statement.

Q: Are IPC shareholders able to exercise appraisal rights?

A: No. If the Scheme of Arrangement becomes effective, it will be binding on all IPC shareholders whether or not they voted in favor of the Scheme of Arrangement at the court-ordered IPC meeting or the IPC special general meeting, and IPC shareholders will not be entitled to exercise any appraisal rights. Please see *The Scheme of Arrangement Dissenters and Appraisal Rights of IPC Shareholders* on page [].

Q: What are the closing conditions set forth in the Scheme of Arrangement?

A: In addition to the requisite approval by IPC shareholders at the court-ordered IPC meeting, the approval by IPC shareholders of resolutions determined by Validus to be reasonably necessary in connection with implementation of the Scheme of Arrangement, including resolutions for IPC to approve and to be bound by the Scheme of Arrangement and to terminate the Max Amalgamation Agreement, the sanction of the Scheme of Arrangement by the Supreme Court of Bermuda and the filing of a copy of the court sanction order with the Bermuda Registrar of Companies (collectively, the Procedural Conditions), the effectiveness of the Scheme of Arrangement is subject to the satisfaction or, where relevant, waiver of certain other conditions, including the following:

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

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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 (the Max Termination Fee).

The shareholders of Validus shall have approved the issuance of the Validus Shares pursuant to the Scheme of Arrangement as required under the rules of the NYSE. All of the officers, directors and those shareholders which Validus refers to as its qualified sponsors (as defined in this proxy statement), in each case who beneficially own Validus Shares, have indicated that they intend to vote the Validus Shares owned by them in favor of such approval. As of April 30, 2009, these persons and entities beneficially owned 42.4% of the voting interests relating to the Validus Shares.

The Validus Shares to be issued to IPC shareholders pursuant to the Scheme of Arrangement 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 Scheme of Arrangement or is reasonably likely to prohibit or limit the full rights of ownership of IPC 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 20% or more decline in IPC's book value relative to Validus' 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 proxy statement and prior to the commencement of the hearing of the Supreme Court of Bermuda to sanction the Scheme of Arrangement.

All amendments or waivers under Validus' credit facilities as determined by Validus to be necessary to consummate the Scheme of Arrangement and the other transactions contemplated by this proxy statement shall be in full force and effect.

The Scheme of Arrangement is subject to additional conditions referred to below in *The Scheme of Arrangement - Conditions to the Scheme of Arrangement*, 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 Scheme of Arrangement is not conditioned on the receipt of regulatory approvals or the elimination of the Max Termination Fee. The conditions to the effectiveness of the Scheme of Arrangement are for the sole benefit of Validus and, other than the Procedural Conditions, the Registration Condition, the Shareholder Approval Condition and the NYSE Listing Condition described below in *The Scheme of Arrangement - Conditions to the Scheme of Arrangement*, may be waived by Validus prior to the commencement of the hearing of the Supreme Court of Bermuda to sanction the Scheme of Arrangement in its discretion.

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

A: Upon the effectiveness of the Scheme of Arrangement, Validus' board of directors would consist of the directors serving on the board of directors of Validus before the Acquisition; however, Validus has publicly expressed to the IPC directors that if they desire to participate in the leadership of Validus after the Acquisition, Validus would consider that.

Q: How will Validus be managed following the effectiveness of the Scheme of Arrangement?

A: Upon the effectiveness of the Scheme of Arrangement, the officers of Validus will be the officers serving Validus before the Acquisition.

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

A: Approval of each proposal at the IPC special general meeting requires the affirmative vote of the holders of a majority of the IPC Shares voting at the meeting, whether in person or by proxy. Therefore, abstentions and broker non-votes will not have the effect of a vote for or against the proposals, but will reduce the number of votes cast and therefore increase the relative influence of those shareholders voting. The presence at the IPC special general meeting of two or more persons present in person and representing in person or by proxy in excess of 50% (on an Unadjusted Basis, as defined in IPC's by-laws) of the total issued and outstanding IPC Shares is required to constitute a quorum thereat.

Q: What is the record date for the IPC special general meeting?

A: Only shareholders of record, as shown by the transfer books of IPC at the close of business on [], 2009 (the record date) are entitled to receive notice of and to vote at the IPC special general meeting.

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

A: Validus may propose other resolutions determined by Validus to be reasonably necessary in connection with implementation of the Scheme of Arrangement. However, Validus knows of no specific matter to be brought before the IPC special general meeting that is not referred to in the notice of the IPC special general meeting. If any such matter is properly presented for a vote before the IPC special general meeting, including any shareholder proposal properly made, the proxy holders will vote proxies in their discretion.

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

A: As of [], 2009, there were [] outstanding IPC Shares entitled to vote at the IPC special general meeting. Each IPC Share entitles the holder of record thereof to one vote at the IPC special general meeting.

Q: What do I need to do now?

A: Validus urges you to read carefully this proxy statement, including its annexes and the documents incorporated by reference herein. You also may want to review the documents referenced under *Where You Can Find More Information* on page [] and consult with your accounting, legal and tax advisors. Once you have considered all relevant information, Validus encourages you to fill in and return the attached proxy card (if you are a shareholder of record) or voting instruction form you receive from your bank, broker or other nominee (if you hold your IPC Shares in street name).

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

A: If your IPC Shares are registered directly in your name as of the record date with the transfer agent, Computershare Investor Services, you are considered the shareholder of record with respect to those shares, and the proxy materials and proxy card are being sent directly to you. As the shareholder of record, you have the right to vote in person at the meeting. If you choose to do so, you can bring the enclosed proxy card. Most shareholders of IPC hold their shares through a bank, broker or other nominee (that is, in street name) rather than directly in their own name. If you hold your shares in street name, you are a beneficial holder, and the proxy materials are being forwarded to you by your bank, broker or other nominee together with a voting instruction form. Because a beneficial holder is not the shareholder of record, you may not vote these shares in person at the meeting unless you obtain a valid proxy from the bank, broker or other nominee that holds your shares (and who has received a

legal proxy , with a power of subdelegation, from the shareholder of record as of the record date) giving you the right to vote the shares at the meeting. Even if you plan to attend the IPC special general meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the IPC special general meeting.

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

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

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

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

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

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

A: If you own your shares through a bank, broker or other nominee, you will receive instructions from that institution on how to instruct them to vote your shares. If you do not receive such instructions, you may contact that institution to request them. In accordance with NYSE rules, brokers and nominees who hold IPC Shares in street-name for customers may not exercise their voting discretion with respect to the Scheme of Arrangement. Accordingly, if you do not provide your bank, broker or other nominee with instructions on how to vote your street name shares, your bank, broker or other nominee will not be permitted to vote them at the IPC special general meeting. Also, if your bank, broker or other nominee has indicated on the relevant proxy that it does not have discretionary authority to vote such street name shares, your bank, broker or other nominee will not be permitted to vote them. Either of these situations results in a broker non-vote.

A broker non-vote with respect to the IPC special general meeting will not be considered as a vote cast with respect to any matter presented at the IPC special general meeting, but will be counted for purposes of establishing a quorum, *provided* that your bank, broker or other nominee is in attendance in person or by proxy. A broker non-vote with respect to any proposal to be voted on at the IPC special general meeting will not have the effect of a vote for or against the proposal, but will reduce the number of votes cast and therefore increase the relative influence of those shareholders voting.

Q: What effect do abstentions and broker non-votes have at the IPC special general meeting?

A: Abstentions and broker non-votes will be counted toward the presence of a quorum at, but will not be considered votes cast on any proposal brought before the IPC special general meeting. Because the vote required to approve each proposal is the affirmative vote of the holders of a majority of the IPC Shares voting at the meeting, a broker non-vote with respect to any proposal to be voted on at the IPC special general meeting will not have the effect of a vote for or against the relevant proposal, but will reduce the number of votes cast and therefore increase the

relative influence of those shareholders voting. See also *The IPC Special General Meeting Record Date and Shares Entitled to Vote*.

Q: How will my shares be voted if I sign and return a proxy card or voting instruction form without specifying how to vote my shares?

A. If you sign and return a proxy card or voting instruction form without giving specific voting instructions, your shares will be voted FOR the proposals at the IPC special general meeting and as the persons

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named as proxies may determine in their discretion with respect to any other matters properly presented for a vote before the IPC special general meeting.

Q: What do I do if I want to change my vote or revoke my proxy?

A: You may change your vote or revoke your proxy at any time before your proxy is voted at the IPC special general meeting. If you are a shareholder of record, you may change your vote or revoke your proxy by: (1) delivering to IPC (Attention: General Counsel) at American International Building, 29 Richmond Road, Pembroke HM 08, Bermuda a written notice of revocation of your proxy; (2) delivering to IPC an authorized proxy bearing a later date; or (3) attending the IPC special general meeting and voting in person as described above under *How can I vote my shares in person at the IPC special general meeting?* Attendance at the IPC special general meeting in and of itself, without voting in person at the IPC special general meeting, will not cause your previously granted proxy to be revoked. For shares you hold in street name, you should follow the instructions of your bank, broker or other nominee or, if you have obtained a valid proxy from the bank, broker or other nominee that holds your shares (and who has received a legal proxy, with a power of subdelegation, from the shareholder of record as of the record date) giving you the right to vote your shares at the IPC special general meeting, by attending the IPC special general meeting and voting in person.

Q: What are the U.S. federal income tax consequences of the Scheme of Arrangement?

A: Following the Scheme of Arrangement, as part of an overall plan, Validus intends to complete a short-form amalgamation between IPC and another wholly-owned subsidiary of Validus pursuant to Section 107 of the Companies Act. The Scheme of Arrangement and subsequent 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 (the Code). Subject to the passive foreign investment company rules discussed herein, if the integrated transaction qualifies as a reorganization within the meaning of Section 368(a) of the Code, in general no gain or loss will be recognized by U.S. holders upon the receipt of Validus Shares in the Scheme of Arrangement (except with respect to any cash received in lieu of a fractional share). For more information, please see the section of this proxy statement 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 Scheme of Arrangement and short-form amalgamation to you, including the applicability of U.S. federal, state, local, non-U.S. and other tax laws.

Q: Who can I contact with any additional questions?

If you have additional questions about the Acquisition, if you would like additional copies of this proxy statement, or if you need assistance voting your IPC Shares, you should contact Georgeson Inc. at:

Georgeson Inc.
199 Water Street
26th Floor
New York, New York 10038
Banks and Brokers should call: (212) 440-9800
All Others Call Toll Free: at (888) 274-5119
Email: validusIPC@georgeson.com

Q: Where can I find more information about the companies?

A: You can find more information about Validus and IPC in the documents described under *Where You Can Find More Information* on page [].

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SUMMARY

This summary highlights the material information in this proxy statement. To fully understand the Scheme of Arrangement, and for a more complete description of the terms of the Acquisition, you should read carefully this entire document, including the annexes and documents incorporated by reference herein and the other documents referred to herein. For information on how to obtain the documents that are on file with the SEC, see Where You Can Find More Information on page [].

Validus (page [])

Validus is a Bermuda exempted company, with its principal executive offices located at 19 Par-La-Ville Road, Hamilton HM11, Bermuda. The telephone number of Validus is (441) 278-9000. Validus is a provider of reinsurance and insurance, conducting its operations worldwide through two wholly-owned subsidiaries, Validus Reinsurance, Ltd. (Validus Re) and Talbot Holdings Ltd. (Talbot). Validus Re is a Bermuda-based reinsurer focused on short-tail lines of reinsurance. Talbot is the Bermuda parent of the specialty insurance group primarily operating within the Lloyd's Insurance market through Syndicate 1183. Validus' common shares are traded on the NYSE under the symbol VR and, as of May 11, 2009, the last practicable date prior to the filing of this proxy statement, Validus had a market capitalization of approximately \$1.7 billion. Validus has approximately 280 employees.

As of the date this proxy statement was first mailed to IPC shareholders, Validus was the registered holder of 100 IPC Shares, or less than 1% of the outstanding IPC Shares, and Validus was entitled to vote as to all of the IPC Shares it owns.

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

IPC (page [])

The following description of IPC is taken from the Registration Statement on Form S-4 filed by IPC with the SEC in connection with the Proposed Max Amalgamation (as amended from time to time, the IPC/Max S-4). See *Sources of Additional Information* above.

IPC, a Bermuda exempted company, provides property catastrophe reinsurance and, to a limited extent, property-per-risk excess, aviation (including satellite) and other short-tail reinsurance on a worldwide basis. During 2008, approximately 93% of its gross premiums written, excluding reinstatement premiums, covered property catastrophe reinsurance risks. Property catastrophe reinsurance covers against unpredictable events such as hurricanes, windstorms, hailstorms, earthquakes, volcanic eruptions, fires, industrial explosions, freezes, riots, floods and other man-made or natural disasters. The substantial majority of the reinsurance written by IPCRe, IPC's Bermuda-based property catastrophe reinsurance subsidiary, has been, and continues to be, written on an excess of loss basis for primary insurers rather than reinsurers, and is subject to aggregate limits on exposure to losses. During 2008, IPC had approximately 258 clients from whom it received either annual/deposit or adjustment premiums, including many of the leading insurance companies around the world. In 2008, approximately 36% of those clients were based in the United States, and approximately 53% of gross premiums written, excluding reinstatement premiums, related primarily to U.S. risks. IPC's non-U.S. clients and its non-U.S. covered risks are located principally in Europe, Japan, Australia and New Zealand. During 2008, no single ceding insurer accounted for more than 3.7% of its gross

premiums written, excluding reinstatement premiums. At December 31, 2008, IPC had total shareholders' equity of \$1,851 million and total assets of \$2,389 million.

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

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The Court-Ordered IPC Meeting (page [])

The court-ordered IPC meeting is being held in accordance with an order of the Supreme Court of Bermuda issued on [], 2009, to give the IPC shareholders the opportunity to consider and, if they so determine, approve the Scheme of Arrangement. The Scheme of Arrangement must be approved by a majority in number of the holders of IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy, representing 75% or more in value of the IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy. The court-ordered IPC meeting will be held on [], 2009, at [], Atlantic time, at [].

The IPC Special General Meeting (page [])

The IPC special general meeting to which this proxy statement relates has been called pursuant to written requisitions to give IPC shareholders the opportunity to consider and, if they so determine, to approve the proposals to implement the Scheme of Arrangement. Approval of each proposal at the IPC special general meeting requires the affirmative vote of the holders of a majority of the IPC Shares voting at the meeting, whether in person or by proxy. The IPC special general meeting will be held on [], 2009, at [], Atlantic time, at []. The record date for determining the IPC shareholders who will be entitled to vote at the IPC special general meeting is [], 2009.

The Acquisition (page [])

General Description (page [])

If the Scheme of Arrangement becomes effective, Validus will effect the Acquisition of IPC by the transfer of all outstanding IPC Shares (excluding any IPC Shares beneficially owned by Validus, IPC or their respective subsidiaries) to Validus in exchange for Validus Shares at a ratio of 1.2037 Validus Shares (together with cash in lieu of the fractional Validus Share interest to which such shareholders would otherwise be entitled) for each IPC Share. IPC would thereby become a wholly-owned subsidiary of Validus.

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

Following the Acquisition, as part of an overall plan, Validus intends to complete a short-form amalgamation between IPC and another wholly-owned subsidiary of Validus pursuant to Section 107 of the Companies Act. Following the short-form amalgamation, IPC and the Validus subsidiary would continue as one amalgamated company in accordance with the Companies Act.

Completing the Acquisition (page [])

On March 31, 2009, Validus announced that it had delivered to IPC the Validus Amalgamation Offer. In connection with the delivery of the Validus Amalgamation Offer to IPC, Validus also delivered a copy of the Validus Amalgamation Agreement signed by Validus so that, upon a termination of the Max Amalgamation Agreement, IPC would be able to sign the Validus Amalgamation Agreement with the certainty of an agreed transaction. IPC announced on April 7, 2009, that its board of directors has determined that the Validus Amalgamation Offer does not constitute a superior proposal to the Proposed Max Amalgamation and reaffirmed its support of the Proposed Max Amalgamation. Additionally, Max has not released IPC from the prohibition in the Max Amalgamation Agreement

that prevents IPC from even discussing the Validus Amalgamation Offer with Validus. Therefore, in order to consummate the Acquisition without the cooperation of the IPC board of directors, Validus is pursuing a three-part plan.

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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 execute 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 could be completed in mid-to-late July.

Second, Validus is pursuing the Scheme of Arrangement. In order to implement the Scheme of Arrangement, the IPC shareholders must approve the Scheme of Arrangement at the court-ordered IPC meeting, IPC must separately approve the Scheme of Arrangement and the Scheme of Arrangement must be sanctioned by the Supreme Court of Bermuda. If the IPC shareholders approve the Scheme of Arrangement at the court-ordered IPC meeting, the separate approval of IPC of the 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 Scheme of Arrangement and to terminate the Max Amalgamation Agreement. The IPC special general meeting to which this proxy statement relates is being called for this purpose. On May 12, 2009, Validus filed with the SEC a preliminary proxy statement which, when filed in its definitive form, will be used to solicit written requisitions from the IPC shareholders to compel the IPC board of directors to call the IPC special general meeting. Following IPC shareholder approval at both the court-ordered IPC meeting and the IPC special general meeting, the granting of a court order from the Supreme Court of Bermuda sanctioning the Scheme of Arrangement, and the satisfaction or, where relevant, waiver of the other conditions to the effectiveness of the Scheme of Arrangement, a copy of the court order sanctioning the Scheme of Arrangement will be delivered to the Bermuda Registrar of Companies, at which time the Scheme of Arrangement will be effective. Validus believes that, under the Scheme of Arrangement, it would be able to close the 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 shares of IPC have requisitioned the 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 IPC shareholders, convene the IPC special general meeting, allowing it to be held by mid-July.

Third, on May 12, 2009, Validus commenced an exchange offer for all of the outstanding IPC Shares. The exchange offer is subject to certain conditions described in the prospectus/offer to exchange included in the Registration Statement on Form S-4 filed by Validus with the SEC, including the tender of at least 90% of the then-outstanding IPC Shares on a fully-diluted basis, termination of the Max Amalgamation Agreement and the consent of Validus lenders. The exchange offer is not conditioned on the receipt of regulatory approvals or the elimination of the Max Termination Fee. The exchange offer allows Validus to complete the Acquisition if IPC shareholders vote down the Proposed Max Amalgamation. Under Bermuda law, if Validus acquires at least 90% of the IPC Shares which it is seeking to acquire in the exchange offer, Validus will have the right to acquire the remaining IPC Shares on the same terms in a second-step acquisition. Validus believes that if the conditions of the exchange offer are satisfied, it would be able to acquire IPC Shares under the exchange offer in June based on the following. The exchange offer was commenced on May 12, 2009 and the expiration time of the exchange offer will be June 26, 2009 unless extended. As a result, if the conditions to 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 Shares that are validly tendered pursuant to the exchange offer.

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

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Reasons to Vote FOR the Proposals to Implement the Scheme of Arrangement (page [])

Validus recommends approval of the proposals to implement Scheme of Arrangement in order to enable the consummation of the Acquisition. Validus believes that the Acquisition represents a compelling combination and excellent strategic fit that will enable Validus to capitalize on opportunities in the global reinsurance market. The Acquisition would allow IPC shareholders to benefit from the superior growth potential of 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 Shares to be issued to IPC shareholders pursuant to the Scheme of Arrangement will provide IPC shareholders with an immediate premium for their shares and will allow IPC shareholders to participate in the growth and opportunities of Validus following the Acquisition.

In reaching these conclusions Validus' board of directors consulted with Validus management as well as legal and financial advisors and considered a number of factors. Those factors included, but were not limited to, those set forth under *The Acquisition Reasons to Vote FOR the Proposals to Implement the Scheme of Arrangement* below.

Interests of Validus Directors and Executive Officers in the Scheme of Arrangement (page [])

The consummation of the Acquisition would not be deemed to be a change in control impacting grants under any of Validus' long-term incentive or stock option plans, or a change in control under any employment agreement between Validus and any of its employees. As a result, no options or other equity grants held by such persons will vest as a result of the Acquisition. Pursuant to the Scheme of Arrangement, upon the effective time all of Validus' current directors and officers will continue as the directors and officers of Validus. For more information, see *The Scheme of Arrangement Structure of the Acquisition* below.

Interests of IPC Directors and Executive Officers in the Scheme of Arrangement (page [])

The consummation of the Acquisition would likely be deemed to be a change in control under the existing employment agreements of certain executive officers of IPC. In addition, IPC shareholders should be aware that James P. Bryce, John R. Weale, Peter J. A. Cozens, and Stephen F. Fallon, individually, and all the members of IPC's board of directors as a group, have interests in the Acquisition that are different from, and/or in addition to, the interests of IPC shareholders generally. For more information, see *The Acquisition Interests of IPC Directors and Executive Officers in the Acquisition* below.

Anticipated U.S. Federal Income Tax Consequences (page [])

Following the Scheme of Arrangement, as part of an overall plan, Validus intends to complete a short-form amalgamation between IPC and another wholly-owned subsidiary of Validus pursuant to Section 107 of the Companies Act. The Scheme of Arrangement and subsequent 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. Subject to the passive foreign investment company rules discussed herein, if the integrated transaction qualifies as a reorganization within the meaning of Section 368(a) of the Code, in general no gain or loss will be recognized by such U.S. holders upon the receipt of Validus Shares in the Acquisition (except with respect to any cash received in lieu of a fractional share).

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 Scheme of Arrangement and short-form amalgamation to you, including the applicability of U.S. federal, state, local, non-U.S. and other tax laws.

Anticipated Accounting Treatment (page [])

The Acquisition will be accounted for under the purchase method of accounting in accordance with Statement of Financial Accounting Standards (FAS) No. 141R, Business Combinations, (FAS 141(R))

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under which the total consideration paid in the Acquisition will be allocated among acquired tangible and intangible assets and assumed liabilities based on the fair values of the tangible and intangible assets acquired and liabilities assumed. In the event there is an excess of the total consideration paid in the Acquisition over the fair values, the excess will be accounted for as goodwill. Intangible assets with definite lives will be amortized over their estimated useful lives. Goodwill resulting from the Acquisition will not be amortized but instead will be tested for impairment at least annually (more frequently if certain indicators are present). In the event that management of Validus determines that the value of goodwill has become impaired, an accounting charge will be taken in the fiscal quarter in which such determination is made. In the event there is an excess of the fair values of the acquired assets and liabilities assumed over the total consideration paid in the Acquisition, the excess will be accounted for as a gain to be recognized through the income statement at the consummation of the Acquisition in accordance with FAS 141(R). Validus anticipates the Scheme of Arrangement will result in an excess of the fair values of the acquired assets and liabilities assumed over the total consideration paid.

The Scheme of Arrangement (page [])

The Scheme of Arrangement is attached as Annex A to this proxy statement. You should read that document in its entirety because it, and not this proxy statement or Validus' proxy statement for the court-ordered IPC meeting, is the legal document that would govern the Scheme of Arrangement.

Purpose; Effective Time (page [])

The Supreme Court of Bermuda ordered the court-ordered IPC meeting to be held to give the IPC shareholders the opportunity to consider and, if they so determine, approve the Scheme of Arrangement. In order to implement the Scheme of Arrangement, the IPC shareholders must approve the Scheme of Arrangement at the court-ordered IPC meeting, IPC must separately approve the Scheme of Arrangement and the Scheme of Arrangement must be sanctioned by the Supreme Court of Bermuda. If the IPC shareholders approve the Scheme of Arrangement at the court-ordered IPC meeting, the separate approval of IPC of the 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 Scheme of Arrangement and to terminate the Max Amalgamation Agreement. The IPC special general meeting to which this proxy statement relates is being called for this purpose. Following IPC shareholder approval at both the court-ordered IPC meeting and the IPC special general meeting, the granting of a court order from the Supreme Court of Bermuda sanctioning the Scheme of Arrangement, and the satisfaction or, where relevant, waiver of the other conditions to the effectiveness of the Scheme of Arrangement, a copy of the court order sanctioning the Scheme of Arrangement will be delivered to the Bermuda Registrar of Companies, at which time the Scheme of Arrangement will be effective.

Implementing the Scheme of Arrangement (page [])

The steps involved in a Scheme of Arrangement are as follows:

- (1) Applying to the Supreme Court of Bermuda for an order giving directions for the holding and conduct of the court-ordered IPC meeting.
- (2) Requisitioning the IPC special general meeting to which this proxy statement relates. On May 12, 2009, Validus filed with the SEC a preliminary proxy statement which, when filed in its definitive form, will be used to solicit written requisitions from the IPC shareholders to compel the IPC board of directors to call the IPC special general meeting.

(3) Holding the court-ordered IPC meeting to consider and, if the IPC shareholders so determine, approve the Scheme of Arrangement. The Scheme of Arrangement must be approved by a majority in number of the holders of IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy, representing 75% or more in value of the IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy.

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(4) Holding the IPC special general meeting to which this proxy statement relates to approve resolutions determined by Validus to be reasonably necessary in connection with implementation of the Scheme of Arrangement, including resolutions for IPC to approve and to be bound by the Scheme of Arrangement and to terminate the Max Amalgamation Agreement. Approval of each resolution at the IPC special general meeting requires the affirmative vote of the holders of a majority of the IPC Shares voting at the meeting, whether in person or by proxy.

(5) Applying to the Supreme Court of Bermuda to sanction the Scheme of Arrangement.

(6) Delivering a copy of the order of the Supreme Court of Bermuda sanctioning the Scheme of Arrangement to the Bermuda Registrar of Companies.

Acquisition Consideration (page [])

Under the Scheme of Arrangement, at the closing, each IPC Share issued and outstanding immediately prior to the closing (excluding any IPC Shares beneficially owned by Validus, IPC or their respective subsidiaries) will be transferred to Validus in exchange for 1.2037 Validus Shares.

Validus will not issue any fractional Validus Shares in connection with the Acquisition. Instead, any IPC shareholder who would otherwise have been entitled to a fraction of a Validus Share in connection with the Acquisition will receive cash (rounded to the nearest whole cent) in an amount (without interest) equal to the product obtained by multiplying (i) the fractional share interest to which such shareholder would otherwise be entitled (after aggregating all fractional Validus Shares that would otherwise be received by such shareholder) by (ii) the closing price of Validus Shares as reported on the NYSE on the last trading day immediately prior to the closing of the Acquisition.

Amendment and Termination of the Scheme of Arrangement (page [])

The Scheme of Arrangement contains a provision for Validus to consent, on behalf of all persons concerned, to any modification of or addition to the Scheme of Arrangement or any condition to the effectiveness of the Scheme of Arrangement that the Supreme Court of Bermuda may approve or impose. If there is any modification of or addition to the Scheme of Arrangement or any condition to the effectiveness of the Scheme of Arrangement that is material to the interests of IPC shareholders, Validus will amend its proxy statement for the court-ordered IPC meeting and advise the IPC shareholders of such modification, addition or condition in advance of the court-ordered IPC meeting, in accordance with applicable law. Validus has been advised that it is unlikely that the Supreme Court of Bermuda will impose or approve any condition to the Scheme of Arrangement or any modification or addition to the Scheme of Arrangement that would be material to the interests of IPC shareholders unless IPC shareholders are informed thereof in advance of the court-ordered IPC meeting.

Prior to approval by the IPC shareholders at the court-ordered IPC meeting, Validus may terminate the Scheme of Arrangement at any time. Following approval by the IPC shareholders at the court-ordered IPC meeting, Validus may terminate the Scheme of Arrangement at any time prior to commencement of the hearing of the Supreme Court of Bermuda to sanction the Scheme of Arrangement without obtaining the approval of the IPC shareholders if any event or condition occurs which would cause any of the conditions to its effectiveness not to be satisfied by November 30, 2009 (or such later date, if any, as Validus may agree and the Supreme Court of Bermuda may allow).

Conditions to the Scheme of Arrangement (page [])

In addition to the requisite approval by IPC shareholders at the court-ordered IPC meeting, the approval by IPC shareholders of resolutions determined by Validus to be reasonably necessary in connection with implementation of the Scheme of Arrangement, including resolutions for IPC to approve and to be bound by the Scheme of Arrangement

and to terminate the Max Amalgamation Agreement, the sanction of the Scheme of Arrangement by the Supreme Court of Bermuda and the filing of a copy of the court sanction order with

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the Bermuda Registrar of Companies, the effectiveness of the Scheme of Arrangement is subject to the satisfaction or, where relevant, waiver of certain other conditions, including the following:

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 shareholders of Validus shall have approved the issuance of the Validus Shares pursuant to the Scheme of Arrangement as required under the rules of the NYSE. All of the officers, directors and those shareholders which Validus refers to as its qualified sponsors (as defined in this proxy statement), in each case who beneficially own Validus Shares, have indicated that they intend to vote the Validus Shares owned by them in favor of such approval. As of April 30, 2009, these persons and entities beneficially owned 42.4% of the voting interests relating to the Validus Shares.

The Validus Shares to be issued to IPC shareholders pursuant to the Scheme of Arrangement 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 Scheme of Arrangement or is reasonably likely to prohibit or limit the full rights of ownership of IPC 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 50% or more decline in IPC's book value or a 20% decline in IPC's book value relative to Validus' 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 proxy statement and prior to the commencement of the hearing of the Supreme Court of Bermuda to sanction the Scheme of Arrangement.

All amendments or waivers under Validus' credit facilities as determined by Validus to be necessary to consummate the Scheme of Arrangement and the other transactions contemplated by this proxy statement shall be in full force and effect.

The Scheme of Arrangement is subject to additional conditions referred to below in *The Scheme of Arrangement Conditions to the Scheme of Arrangement*, 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 Scheme of Arrangement is not conditioned on the receipt of regulatory approvals or the elimination of the Max Termination Fee. The conditions to the effectiveness of the Scheme of Arrangement are for the sole benefit of Validus and, other than the Procedural Conditions, the Registration Condition, the Shareholder Approval Condition and the NYSE Listing Condition described below in *The Scheme of Arrangement Conditions to the Scheme of Arrangement*, may be waived by Validus prior to the commencement of the hearing of the Supreme Court of Bermuda to sanction the Scheme of Arrangement in its discretion.

Dividends and Distributions (page [])

Each of Validus and IPC regularly pays a quarterly cash dividend, *i.e.*, \$0.20 per common share in Validus' case and \$0.22 per common share in IPC's case. Validus expects to continue to pay its regular quarterly dividends consistent with past practice. It is a condition to the effectiveness of the Scheme of Arrangement that IPC shall not have declared, paid or proposed to declare or pay any dividend or other distribution on any share capital of IPC other than (i) any quarterly cash dividends paid in the ordinary course of business consistent with past practice to holders of IPC Shares and (ii) any pro rata dividend payable by IPC in respect of the reduction, if any, of the Max Termination Fee. All mandates and other instructions in

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force at the effective time in relation to the IPC Shares (including elections for payment of dividends (if any)) will, immediately after the effective time, be deemed to be valid as effective mandates or instructions in respect of the Validus Shares received in consideration of such IPC Shares.

Dissenters and Appraisal Rights (page [])

If the Scheme of Arrangement becomes effective, it will be binding on all IPC shareholders whether or not they voted in favor of the Scheme of Arrangement at the court-ordered IPC meeting or the IPC special general meeting, and IPC shareholders will not be entitled to exercise any appraisal rights. IPC shareholders will be entitled to be present and be heard at the Supreme Court of Bermuda hearing to sanction the Scheme of Arrangement. Any IPC shareholder who wishes to may oppose the sanctioning of the Scheme of Arrangement and may make presentations to the court on the hearing of the petition. IPC shareholders may also vote against the proposals specified on the proxy card related to this proxy statement.

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

Set forth below is certain selected historical consolidated financial data relating to Validus. The financial data has been derived from Validus' quarterly report on Form 10-Q for the three months ended March 31, 2009 and Validus' annual report on Form 10-K for the year ended December 31, 2008 (the "Validus 10-K"). You should not take historical results as necessarily indicative of the results that may be expected for any future period.

This financial data should be read in conjunction with the financial statements and the related notes and other financial information contained in the Validus 10-K and Validus' Quarterly Report on Form 10-Q for the three months ended March 31, 2009 (the "Validus 10-Q"), each of which is incorporated by reference into this proxy statement. More comprehensive financial information, including Management's Discussion and Analysis of Financial Condition and Results of Operations, is contained in the Validus 10-K and Validus 10-Q, and the following summary is qualified in its entirety by reference to the Validus 10-K and Validus 10-Q and all of the financial information and notes contained therein. See *Where You Can Find More Information* on page [].

	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
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(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

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

- (7) The expense ratio is calculated by combining the policy acquisition cost ratio and the general and administrative expense ratio.
- (8) The combined ratio is calculated by combining the losses and loss expense ratio, the policy acquisition cost ratio and the general and administrative expense ratio.
- (9) Annualized return on average equity is calculated by dividing the net income for the period by the average shareholders' equity during the period. Annual average shareholders' equity is the average of the beginning, ending and intervening quarter-end shareholders' equity balances.
- (10) Book value per common share is defined as total shareholders' equity divided by the number of common shares outstanding as at the end of the period, giving no effect to dilutive securities.
- (11) Diluted book value per common share is calculated based on total shareholders' equity plus the assumed proceeds from the exercise of outstanding options and warrants, divided by the sum of common shares, unvested restricted shares, options and warrants outstanding (assuming their exercise). Diluted book value per common share is a Non-GAAP financial measure as described under Item 7, Management's Discussion and Analysis of Financial condition and Results of Operations Financial Measures, in the Validus Form 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 and IPC's annual report on Form 10-K for the year ended December 31, 2008, except in respect of diluted book value per common share (as discussed in footnote 5 below). See *Sources of Additional Information* above.

Set forth below is certain selected historical consolidated financial data relating to IPC. The financial data has been derived from IPC's annual report on Form 10-K for the year ended December 31, 2008. You should not take historical results as necessarily indicative of the results that may be expected for any future period.

This financial data should be read in conjunction with the financial statements and the related notes and other financial information contained in IPC's annual report on Form 10-K for the year ended December 31, 2008 and IPC's quarterly report on Form 10-Q for the three months ended March 31, 2009, which are incorporated by reference into this proxy statement. More comprehensive financial information, including Management's Discussion and Analysis of Financial Condition and Results of Operations, is contained in other documents filed by IPC with the SEC, and the following summary is qualified in its entirety by reference to such other documents and all of the financial information and notes contained in those documents. See *Where You Can Find More Information* on page [].

	Three months ended March 31,		Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
	(Dollars in thousands, except share and per share amounts)						
Amount of (Loss)							
Premiums	\$ 236,610	\$ 197,875	\$ 403,395	\$ 404,096	\$ 429,851	\$ 472,387	\$ 371,111
Premiums	98,708	89,697	387,367	391,385	397,132	452,522	351,111
Investment	21,866	23,874	94,105	121,842	109,659	71,757	51,111
(Losses) gains on	(35,572)	(6,020)	(168,208)	67,555	12,085	(10,556)	11,111
Investments	7	26	65	1,086	3,557	5,234	11,111
and loss							
Operating expenses	39,109	5,324	155,632	124,923	58,505	1,072,662	211,111
Acquisition costs	9,838	8,674	36,429	39,856	37,542	39,249	31,111
and							
Administrative	24,281	7,079	26,314	30,510	34,436	27,466	21,111
Expense	383		2,659				
Foreign							
Income loss (gain)	3,146	(303)	1,848	1,167	(2,635)	2,979	11,111
Income (loss)	\$ 8,252	\$ 86,803	\$ 90,447	\$ 385,412	\$ 394,585	\$ (623,399)	\$ 131,111

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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 IPC's annual report on Form 10-K for the year ended December 31, 2008 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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UNAUDITED CONDENSED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

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

You should read the following condensed consolidated pro forma financial information in conjunction with Validus quarterly report on Form 10-Q for the three months ended March 31, 2009, the Validus 10-K, IPC's quarterly report on Form 10-Q for the three months ended March 31, 2009 and IPC's annual report on Form 10-K for the year ended December 31, 2008, each as filed with the SEC. The unaudited condensed consolidated pro forma financial information gives effect to the proposed acquisition as if it had occurred at March 31, 2009 for the purposes of the unaudited consolidated pro forma balance sheet and at January 1, 2008 for the purposes of the unaudited condensed consolidated pro forma statements of operations for the year ended December 31, 2008 and the three months ended March 31, 2009. For a summary of the proposed business combination contemplated by the Acquisition, see the section of this proxy statement entitled "The Acquisition."

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

occurred

	Historical	Historical	Pro Forma		
	Validus	IPC	Purchase	Notes	Pro Forma
	Holdings Ltd.	Holdings Ltd.	adjustments		Consolidated
Assets					
Fixed maturities, at fair value	\$ 2,644,496	\$ 1,772,805	\$		\$ 4,417,301
Short-term investments, at fair value	282,363				282,363
Equity investments, at fair value		295,091			295,091
Cash and cash equivalents	535,798	122,070	(75,000)	3(a)	582,868
Total investments and cash	3,462,657	2,189,966	(75,000)		5,577,623
Premiums receivable	600,943	199,241	(160)	3(d)	800,024
Deferred acquisition costs	143,510	23,302			166,812
Prepaid reinsurance premiums	59,510	3,585	(199)	3(d)	62,896
Securities lending collateral	99,727				99,727
Loss reserves recoverable	204,197	4,274			208,471
Paid losses recoverable	4,438				4,438
Net receivable for investments sold					
Accrued investment income	20,511	27,907			48,418
Current taxes recoverable	1,244				1,244
Intangible assets	126,177				126,177
Goodwill	20,393				20,393
Other assets	19,491	4,810			24,301
Total assets	\$ 4,762,798	\$ 2,453,085	\$ (75,359)		\$ 7,140,524
Liabilities					
Unearned premiums	\$ 795,233	\$ 219,641	\$ (199)	3(d)	\$ 1,014,675
Reserve for losses and loss expense	1,318,732	354,467			1,673,199
Reinsurance balances payable	66,180	4,483	(160)	3(d)	70,503
Deferred taxation	20,914				20,914
Securities lending payable	105,369				105,369
Net payable for investments purchased	57,434				57,434
Accounts payable and accrued expenses	71,650	25,020			96,670
Debentures payable	304,300				304,300
Total liabilities	2,739,812	603,611	(359)		3,343,064
Shareholders equity					

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Ordinary shares	13,271	561	11,341	3(a) 3(b) 3(c)	25,173
Additional paid-in capital	1,419,602	1,091,491	432,302	3(a) 3(b) 3(c)	2,943,395
Accumulated other comprehensive loss	(8,054)	(876)	876	3(c)	(8,054)
Retained earnings	598,167	758,298	(519,519)	3(a) 3(c) 3(e)	836,946
Total shareholders equity	2,022,986	1,849,474	(75,000)		3,797,460
Total liabilities and shareholders equity	\$ 4,762,798	\$ 2,453,085	\$ (75,359)		\$ 7,140,524
Common shares outstanding	75,828,922	55,948,821	67,345,596		143,174,518
Common shares and common share equivalents outstanding	90,317,793	56,501,857	68,011,285		158,329,078
Book value per share	\$ 26.68	\$ 33.06		7	\$ 26.52
Diluted book value per share	\$ 24.65	\$ 32.73		7	\$ 25.27
Diluted tangible book value per share	\$ 23.03	\$ 32.73			\$ 24.34

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

	Historical		Pro Forma		
	Validus Holdings, Ltd.	Historical IPC Holdings, Ltd.	Purchase adjustments	Notes	Pro Forma Consolidated
Revenues					
Gross premiums written	\$ 1,362,484	\$ 403,395	\$ (251)	3(d)	\$ 1,765,628
Reinsurance premiums ceded	(124,160)	(6,122)	251	3(d)	(130,031)
Net premiums written	1,238,324	397,273			1,635,597
Change in unearned premiums	18,194	(9,906)			8,288
Net premiums earned	1,256,518	387,367			1,643,885
Net investment income	139,528	94,105	(3,375)	3(a)	230,258
Realized gain on repurchase of debentures	8,752				8,752
Net realized (losses) gains on investments	(1,591)	(168,208)			(169,799)
Net unrealized (losses) gains on investments	(79,707)				(79,707)
Other income	5,264	65			5,329
Foreign exchange gains (losses)	(49,397)	(1,848)			(51,245)
Total revenues	1,279,367	311,481	(3,375)		1,587,473
Expenses					
Losses and loss expense	772,154	155,632			927,786
Policy acquisition costs	234,951	36,429			271,380
General and administrative expenses	123,948	20,689			144,637
Share compensation expense	27,097	5,625			32,722
Finance expenses	57,318	2,659			59,977
Total expenses	(1,215,468)	(221,034)			(1,436,502)
Income before taxes	63,899	90,447	(3,375)		150,971
Income tax expense	(10,788)				(10,788)
Income before taxes	\$ 53,111	\$ 90,447	\$ (3,375)		\$ 140,183
Preferred dividend and warrant dividend	6,947	14,939	(14,939)	3(f)	6,947
Net income available to common shareholders	\$ 46,164	\$ 75,508	\$ 11,564		\$ 133,236

Earnings per share

Weighted average number of
common shares and common
share equivalents outstanding

Basic	74,677,903	52,124,034	67,345,596		142,023,499
Diluted	75,819,413	59,301,939	68,011,285		143,830,698
Basic earnings per share	\$ 0.62	\$ 1.45		6	\$ 0.94
Diluted earnings per share	\$ 0.61	\$ 1.45		6	\$ 0.93

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

	Historical		Pro Forma			
	Validus Holdings Ltd.	Historical IPC Holdings Ltd.	Purchase adjustments	Notes		Pro Forma Consolidated
Revenues						
Gross premiums written	\$ 609,892	\$ 234,610	\$ (265)	3(d)	\$	844,237
Reinsurance premiums ceded	(72,512)	(3,154)	265	3(d)		(75,401)
Net premiums written	537,380	231,456				768,836
Change in unearned premiums	(218,621)	(132,748)				(351,369)
Net premiums earned	318,759	98,708				417,467
Net investment income	26,772	21,866	(703)	3(a)		47,935
Realized gain on repurchase of debentures						
Net realized (losses) gains on investments	(23,421)	(35,572)				(58,993)
Net unrealized (losses) gains on investments	22,153					22,153
Other income	757	7				764
Foreign exchange gains (losses)	(4,200)	(3,146)				(7,346)
Total revenues	340,820	81,863	(703)			421,980
Expenses						
Losses and loss expense	131,834	39,109				170,943
Policy acquisition costs	61,449	9,838				71,287
General and administrative expenses	38,079	21,792	(15,000)	3(a)		44,871
Share compensation expense	7,354	2,489				9,843
Finance expenses	7,723	383				8,106
Total expenses	(246,439)	(73,611)	15,000			(305,050)
Income before taxes	94,381	8,252	14,297			116,930
Income tax credit	526					526
Income after taxes	\$ 94,907	\$ 8,252	\$ 14,297		\$	117,456
Preferred dividend and warrant dividend	1,736			3(f)		1,736
Net income available to common shareholders	\$ 93,171	\$ 8,252	\$ 14,297		\$	115,720

Earnings per share

Weighted average number of
common shares and common
share equivalents outstanding

Basic	75,744,577	55,903,740	67,345,596		143,090,173
Diluted	79,102,643	55,916,256	68,011,285		147,113,928
Basic earnings per share	\$ 1.23	\$ 0.15		6	\$ 0.81
Diluted earnings per share	\$ 1.20	\$ 0.15		6	\$ 0.79

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Validus Holdings, Ltd.

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

1. Basis of Presentation

The unaudited condensed consolidated pro forma financial information gives effect to the Acquisition as if it had occurred at March 31, 2009 for the purposes of the unaudited condensed consolidated pro forma balance sheet and at January 1, 2008 for the purposes of the unaudited condensed consolidated pro forma statements of operations for the year ended December 31, 2008 and three months ended March 31, 2009. The unaudited condensed consolidated pro forma financial information has been prepared by Validus management and is based on Validus historical consolidated financial statements and IPC's historical consolidated financial statements. Certain amounts from IPC's historical consolidated financial statements have been reclassified to conform to the Validus presentation. The unaudited condensed consolidated pro forma financial statements have been prepared using IPC's publicly available financial statements and disclosures, without the benefit of inspection of IPC's books and records or discussion with the IPC management team. Therefore, certain pro forma adjustments, such as recording fair value of assets and liabilities and adjustments for consistency of accounting policy, are not reflected in these unaudited condensed consolidated pro forma financial statements. Additional reclassifications of IPC data to conform to the Validus presentation may also be required.

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

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

The pro forma adjustments reflecting the Acquisition of IPC under the purchase method of accounting are based on certain estimates and assumptions. The unaudited condensed consolidated pro forma adjustments may be revised as additional information becomes available. The actual adjustments upon consummation of the Acquisition and the allocation of the final purchase price of IPC will depend on a number of factors, including additional financial information available at such time, changes in values and changes in IPC's operating results between the date of preparation of this unaudited condensed consolidated pro forma financial information and the effective date of the Acquisition. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible the differences may be material. Validus management believes that its assumptions provide a reasonable

basis for presenting all of the significant effects of the transactions contemplated based on information available to Validus at the time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited condensed consolidated pro forma financial information.

The unaudited condensed consolidated pro forma financial information does not include any financial benefits, revenue enhancements or operating expense efficiencies arising from the Acquisition. In addition, the unaudited condensed consolidated pro forma financial information does not include any additional expenses that may result from the IPC Acquisition. Estimated costs of the transaction as well as the benefit of the

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Validus Holdings, Ltd.

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

negative goodwill have been reflected in the unaudited condensed consolidated pro forma balance sheets, but have not been included on the pro forma income statement due to their non-recurring nature.

The unaudited condensed consolidated pro forma financial information is not intended to reflect the results of operations or the financial position that would have resulted had the Acquisition been effected on the dates indicated and if the companies had been managed as one entity. The unaudited condensed consolidated pro forma financial information should be read in conjunction with Validus' annual report on Form 10-K for the year ended December 31, 2008, as filed with the Securities and Exchange Commission.

2. Recent Accounting Pronouncements

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

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

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

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

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

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

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

to equal the consideration paid; and

Noncontrolling Interests Under FAS 141(R), in a partial or step acquisition where control is obtained, 100% of goodwill and identifiable net assets are recognized at fair value and the noncontrolling (sometimes called minority interest) interest is also recorded at fair value. Previously, in a partial acquisition only the controlling interest's share of goodwill was recognized, the controlling interest's share of identifiable net assets was recognized at fair value and the noncontrolling interest's share of identifiable net assets was recognized at carrying value. Under FAS 160, a noncontrolling interest is

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

now recognized in the equity section, presented separately from the controlling interest's equity. Previously, noncontrolling interest in general was recorded in the mezzanine section.

3. Purchase Adjustments

On April 30, 2009, Validus announced a three-part plan to acquire IPC. The three-part plan, involves (1) soliciting IPC shareholders to vote against the Proposed Max Amalgamation, (2) commencing an exchange offer for all IPC Shares and (3) petitioning the Supreme Court of Bermuda to approve a Scheme of Arrangement under Bermuda law. If the Acquisition is consummated, former IPC shareholders will no longer have any ownership interest in IPC and will be shareholders of Validus. Validus intends, promptly following the Scheme of Arrangement, to amalgamate IPC with a newly-formed, wholly-owned subsidiary of Validus in accordance with Section 107 of the Companies Act.

In connection with the Acquisition, transaction costs currently estimated at \$40,000 will be incurred and expensed. Of this amount, \$20,000 relates to Validus expenses as set forth in The Acquisition Sources of Funds, Fees and Expenses and \$20,000 is our estimate of IPC's expenses based on the IPC/Max S-4. In addition, upon termination of the Max Amalgamation Agreement, the Max Termination Fee will be incurred and expensed.

As discussed above, these pro forma purchase adjustments are based on certain estimates and assumptions made as of the date of the unaudited condensed consolidated pro forma financial information. The actual adjustments will depend on a number of factors, including changes in the estimated fair value of net balance sheet assets and operating results of IPC between March 31, 2009 and the effective date of the Acquisition. Validus expects to make such adjustments at the effective date of the Acquisition. These adjustments are likely to be different from the adjustments made to prepare the unaudited condensed consolidated pro forma financial information and such differences may be material.

The share prices for both Validus and IPC used in determining the preliminary estimated purchase price are based on the closing share prices on May 11, 2009 (the date immediately preceding the filing of this proxy statement). The preliminary total purchase price is calculated as follows:

Calculation of Total Purchase Price

IPC Shares outstanding as of February 23, 2009	55,948,821
IPC Shares issued pursuant to option exercises	3,761
IPC Shares issued following vesting of restricted shares, RSUs and PSUs	549,275
Total IPC Shares prior to transaction	56,501,857
Exchange ratio	1.2037
Total Validus common shares to be issued	68,011,285
Validus closing share price on May 11, 2009	\$ 22.58
Total purchase price	\$ 1,535,695

The allocation of the purchase price is as follows:

Allocation of Purchase Price

IPC shareholders' equity(B)	\$ 1,849,474
Total purchase price(A)	\$ 1,535,695
Negative goodwill (A - B)	\$ 313,779

- (a) In connection with the Acquisition, 68,011,285 shares are expected to be issued for all of IPC's common shares, common shares issued pursuant to option exercises, and common shares issued following vesting

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Validus Holdings, Ltd.

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

of restricted shares, RSUs and PSUs resulting in additional share capital of \$11,902 and Additional Paid-In Capital of \$1,523,743.

It is expected that total transaction costs currently estimated at \$40,000 and the Max termination fee of \$50,000 will be incurred and expensed by the consolidated entity. Based on an expected investment return of 3.75% per annum, investment income of \$3,375 would have been foregone during the year end December 31, 2008 had these payments been made. Based on an expected investment return of 3.75% per annum, investment income of \$703 would have been foregone during the three months ended March 31, 2009 had these remaining payments been made.

IPC did not disclose a breakdown of transaction costs incurred and expensed in its Quarterly Report on Form 10-Q for the three months ended March 31, 2009. Therefore, Validus is estimating that approximately \$15,000 of the \$40,000 total transaction costs and \$0 of the \$50,000 Max termination fee have been incurred and expensed by IPC in the three months ended March 31, 2009. These expenses have been eliminated from the unaudited condensed consolidated pro forma results of operations for the three months ended March 31, 2009. In addition, an adjustment of \$75,000 was recorded to cash and to retained earnings as at March 31, 2009 to reflect the remaining transaction costs and Max termination fee.

- (b) Employees of IPC hold 427,000 options to purchase IPC Shares. These options would vest upon a change in control, and would be exercisable. The exercise price range of these options is from \$13 to \$49, with a weighted average of \$34.68. It is expected that 3,761 net shares would be issued upon exercise of these options.
- (c) Elimination of IPC's Ordinary Shares of \$561, Additional Paid in Capital of \$1,091,491, Accumulated Other Comprehensive Loss of \$876 and Retained Earnings of \$758,298.
- (d) A related party balance of \$265 for the three months ended March 31, 2009 and \$251 for the year ended December 31, 2008 representing reinsurance ceded to IPC by Validus was eliminated from gross premiums written and reinsurance ceded. Corresponding prepaid reinsurance premiums and unearned premiums of \$199 and premiums receivable and reinsurance balances payable of \$160 have been eliminated from the pro forma balance sheet.
- (e) The unaudited condensed consolidated pro forma financial statements have been prepared using IPC's publicly available financial statements and disclosures, without the benefit of inspection of IPC's books and records. Therefore, the carrying value of assets and liabilities in IPC's financial statements are considered to be a proxy for fair value of those assets and liabilities, with the difference between the net assets and the total purchase price considered to be negative goodwill. In addition, certain pro forma adjustments, such as recording fair value of assets and liabilities and adjustments for consistency of accounting policy, are not reflected in these unaudited pro forma consolidated financial statements. In December 2007, the Financial Accounting Standards Board (FASB) issued Statement No. 141(R), Business Combinations (FAS 141(R)). This Statement defines a bargain purchase as a business combination in which the total Acquisition-date fair value of the identifiable net assets acquired exceeds the fair value of the consideration transferred plus any noncontrolling interest in the acquiree, and it requires the acquirer to recognize that excess in earnings as a gain attributable to the acquirer. Negative goodwill of \$313,779 has been recorded as a credit to retained earnings as upon completion of the Acquisition

negative goodwill will be treated as a gain in the consolidated statement of operations.

- (f) On November 15, 2008, IPC's 9,000,000 Series A Mandatory Convertible preferred shares automatically converted pursuant to their terms into 9,129,600 common shares. Therefore, dividends of \$14,939 on these preferred shares of IPC have been eliminated from the unaudited pro forma results of operations for the year ended December 31, 2008.

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

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. Therefore, a table of gross premiums written by Validus, IPC and pro forma combined cannot be presented.

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

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

Intersegment revenue

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Property	(21,724)			(21,724)
Marine	(8,543)			(8,543)
Specialty	(4,016)			(4,016)
Total Intersegment Revenue Eliminated	(34,283)			(34,283)
Adjustments for reinstatement premium		32,537		32,537
Total	\$ 1,362,484	\$ 403,395	\$ (251)	\$ 1,765,628

(a) For IPC, this includes annual (deposit) and adjustment premiums. Excludes reinstatement premiums of \$32,537 which are not classified by class of business by IPC.

Table of Contents**Validus Holdings, Ltd.****Notes To Unaudited Condensed Consolidated Pro Forma Financial Statements (unaudited) (Continued)**
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- (b) For Validus, Cat XOL is comprised of Catastrophe XOL, Aggregate XOL, RPP, Per Event XOL, Second Event and Third Event covers. For IPC, this includes Catastrophe XOL and Retrocessional.
- (c) Proportional is comprised of Quota Share and Surplus Share.

5. Selected Ratios

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

	Year Ended December 31, 2008			Three Months Ended March 31, 2009		
	Validus	IPC	Pro forma combined	Validus	IPC	Pro forma combined
Losses and loss expenses ratios	61.5%	40.2%	56.4%	41.4%	39.6%	40.9%
Policy acquisition costs ratios	18.7	9.4	16.5	19.3	10.0	17.1
General and administrative cost ratios	12.0	6.8	10.8	14.3	24.6	13.1
Combined ratio	92.2%	56.4%	83.7%	75.0%	74.2%	71.1%

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

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

The data in the following paragraph is taken from Management's Discussion and Analysis of Financial Condition and Results of Operations contained in IPC's Annual Report on Form 10-K for the year ended December 31, 2008. Such disclosure was not made in thousands of U.S. dollars, and the data has been reproduced here as it was originally presented.

IPC's losses and loss expense ratio, which is defined as losses and loss expenses divided by net premiums earned, for the year ended December 31, 2008 was 40.2%. IPC incurred net losses and loss adjustment expenses of \$155.6 million for the year ended December 31, 2008. Total net losses for the year ended December 31, 2008 relating to the current year were \$206.6 million, while reductions to estimates of ultimate net loss for prior year events were \$50.9 million. During 2008, IPC's incurred losses included: \$23.0 million from the Alon Refinery explosion in Texas, a storm that affected Queensland, Australia, and Windstorm Emma that affected parts of Europe, which all occurred in the first quarter of 2008; \$10.5 million from the flooding in Iowa in June and tornadoes that affected the mid-west United States in May 2008; together with \$160.0 million from Hurricane Ike and \$7.6 million from Hurricane Gustav, which both occurred in September 2008. The impact on IPC's 2008 losses and loss expense ratio from these events was 51.9 percentage points. The losses from these events were partly offset by reductions to IPC's estimates of ultimate loss for a number of prior year events, including \$11.0 million for Hurricane Katrina, \$18.6 million for the storm and flooding that affected New South Wales, Australia in 2007 and \$22.8 million for the floods that affected parts of the U.K. in June and July 2007. The cumulative \$52.4 million of favorable loss reserve development benefited the IPC's losses and loss expense ratio for the year ended December 31, 2008 by 13.5 percentage points.

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Validus Holdings, Ltd.

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

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

Validus' losses and loss expense ratio, which is defined as losses and loss expenses divided by net premiums earned, for the three months ended March 31, 2009, was 41.4%. During the three months ended March 31, 2009, Validus incurred \$6,889 and \$6,625 of loss expense attributable to Windstorm Klaus and Australian wildfires, respectively, which represent 2.2 and 2.1 percentage points of the losses and loss expense ratio, respectively. Favorable loss development on prior years totaled \$8,079. Favorable loss reserve development benefited Validus losses and loss expense ratio for the months ended March 31, 2009 by 2.5 percentage points.

The data in the following paragraph is taken from Management's Discussion and Analysis of Financial Condition and Results of Operations contained in IPC's Quarterly Report on Form 10-Q for the three months ended March 31, 2009. Such disclosure was not made in thousands of U.S. dollars, and the data has been reproduced here as it was originally presented.

IPC's losses and loss expense ratio, which is defined as losses and loss expenses divided by net premiums earned, for the three months ended March 31, 2009, was 39.6%. In the quarter ended March 31, 2009, IPC incurred net losses and loss adjustment expenses of \$39.1 million, compared to \$5.3 million in the first quarter of 2008. Net losses incurred in the first quarter of 2009 included \$15.0 million from Winter Storm Klaus that affected southern France and \$13.3 million from the bushfires in south eastern Australia, as well as net adverse development to their estimates of ultimate losses for several prior year events. The impact on IPC's losses and loss expense ratio from these events was 28.7 percentage points.

6. Earnings per Common Share

(a) Pro forma earnings per common share for the year ended December 31, 2008 and the three months ended March 31, 2009 have been calculated based on the estimated weighted average number of common shares outstanding on a pro forma basis, as described in 6(b) below. The historical weighted average number of common shares outstanding of Validus was 74,677,903 and 75,819,413 basic and diluted, respectively, for the year ended December 31, 2008 and 75,744,577 and 79,102,643 basic and diluted, respectively, for the three months ended March 31, 2009.

(b) The pro forma weighted average number of common shares outstanding for the year ended December 31, 2008 and three months ended March 31, 2009, after giving effect to the exchange of shares as if the exchange offer had been issued and outstanding for the whole year, is 142,023,499 and 143,830,698, basic and diluted, and 143,090,173 and 147,113,928, basic and diluted, respectively.

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

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

	Historical Validus Holdings	Pro Forma Consolidated
Net income available to common shareholders	\$ 93,171	\$ 115,720
Weighted average shares basic ordinary shares outstanding	75,744,577	143,090,173
Share Equivalents		
Warrants	2,307,094	2,307,094
Restricted Shares	683,468	1,344,630
Options	367,504	372,031
Weighted average shares diluted	79,102,643	147,113,928
Basic earnings per share	\$ 1.23	\$ 0.81
Diluted earnings per share	\$ 1.20	\$ 0.79

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

	Historical Validus Holdings	Pro Forma Consolidated
Net income available to common shareholders	\$ 46,164	\$ 133,236
Weighted average shares basic ordinary shares outstanding	74,677,903	142,023,499
Share equivalents		
Warrants		
Restricted Shares	1,004,809	1,665,971
Options	136,701	141,228
Weighted average shares diluted	75,819,413	143,830,698
Basic earnings per share	\$ 0.62	\$ 0.94
Diluted earnings per share	\$ 0.61	\$ 0.93

7. Book Value per Share

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

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

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

	Historical Validus Holdings	Pro Forma Consolidated
Book value per common share calculation		
Total shareholders' equity	\$ 2,022,986	\$ 3,797,460
Shares	75,828,922	143,174,518
Book value per common share	\$ 26.68	\$ 26.52
Diluted book value per common share calculation		
Total Shareholders' equity	\$ 2,022,986	\$ 3,797,460
Proceeds of assumed exercise of outstanding warrants	\$ 152,316	\$ 152,316
Proceeds of assumed exercise of outstanding stock options	\$ 50,969	\$ 50,969
Unvested restricted shares		
	\$ 2,226,271	\$ 4,000,745
Shares	75,828,922	143,174,518
Warrants	8,680,149	8,680,149
Options	2,795,868	2,800,395
Unvested restricted shares	3,012,854	3,674,016
	90,317,793	158,329,078
Diluted book value per common share	\$ 24.65	\$ 25.27

8. Capitalization

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

	Historical Validus Holdings	Pro Forma Consolidated
Total debt		
Borrowings drawn under credit facility	\$	\$

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Debentures payable	304,300	304,300
Total debt	\$ 304,300	\$ 304,300
Total capitalization		
Total shareholders' equity	\$ 2,022,986	\$ 3,797,460
Borrowings drawn under credit facility		
Debentures payable	304,300	304,300
Total capitalization	\$ 2,327,286	\$ 4,101,760
Total debt to total capitalization	13.1%	7.4%
Debt (excluding debentures payable) to total capitalization	0.0%	0.0%

Table of Contents**COMPARATIVE PER-SHARE DATA**

The IPC historical per share data is taken from the IPC/Max S-4. See *Sources of Additional Information* above. The pro forma combined data is taken from the *Unaudited Condensed Consolidated Pro Forma Financial Information* above.

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

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

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

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

	Historical Validus	Historical IPC	Validus Pro Forma	Equivalent per IPC Share(2)
	(For the Year Ended December 31, 2008)			
Basic earnings per common share	\$ 0.62	\$ 1.45	\$ 0.94	\$ 1.13
Diluted earnings per common share(1)	\$ 0.61	\$ 1.45	\$ 0.93	\$ 1.12
Cash dividends declared per common share	\$ 0.80	\$ 0.88	\$ 0.80	\$ 0.96
Book value per common share (at period end)	\$ 25.64	\$ 33.00	\$ 25.88	\$ 31.15
Diluted book value per common share	\$ 23.78	\$ 32.85(3)	\$ 24.69	\$ 29.72

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