

IPC HOLDINGS LTD
Form PRRN14A
June 29, 2009

PRELIMINARY COPY, DATED JUNE 29, 2009 SUBJECT TO COMPLETION

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

**Amendment No. 4
to
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

PRELIMINARY COPY, DATED JUNE 29, 2009 SUBJECT TO COMPLETION

NOTICE OF COURT MEETING

IN THE SUPREME COURT OF BERMUDA

No. [] of 2009

CIVIL JURISDICTION
(COMMERCIAL COURT)

**IN THE MATTER OF IPC HOLDINGS, LTD
and
IN THE MATTER OF THE COMPANIES ACT 1981**

NOTICE IS HEREBY GIVEN that by an Order dated [] 2009 made in the above matters the Court has directed a meeting (including any adjournments or postponements thereof, the court-ordered IPC meeting) to be convened of the holders of the common shares, par value \$0.01 per share (the IPC Shares), of IPC Holdings, Ltd., a Bermuda exempted company (IPC) (other than any IPC Shares that are registered in the name of, or beneficially owned by, Validus, IPC or any of their respective subsidiaries or which Validus, IPC or any of their respective subsidiaries acquires or becomes the beneficial owner of) for the purpose of considering and, if the IPC shareholders so determine, approving a scheme of arrangement (the Scheme of Arrangement) to be made between IPC and the holders of such IPC Shares, in the form attached as Annex A hereto, and that the court-ordered IPC meeting will be held at [] on [] 2009, at [] a.m., Atlantic time.

The proxy statement that accompanies this notice constitutes the explanatory statement required to be furnished pursuant to Part VII of The Companies Act of 1981 of Bermuda, as amended.

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 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 court-ordered IPC 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. Notwithstanding the foregoing, the holders of any IPC Shares owned by Validus, IPC or their respective subsidiaries will not be entitled to vote these IPC Shares at the court-ordered IPC meeting.

Voting at the court-ordered IPC meeting will be conducted on a poll rather than a show of hands.

By the said Order, the Court has appointed [] or, failing him, [] or, failing him, [] to act as Chairman of the court-ordered IPC meeting and has directed the Chairman to report the result thereof to the Court.

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.

Dated [] 2009

**COURT-ORDERED 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 BLUE 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 court-ordered meeting (including any adjournments or postponements thereof, the court-ordered IPC meeting) of holders of common shares, par value \$0.01 per share (the IPC Shares), of IPC Holdings, Ltd., a Bermuda exempted company (IPC) (other than any IPC Shares owned by Validus, IPC or their respective subsidiaries) to be held on [], 2009, at [] at [] Atlantic Time, for the purpose of giving such holders of IPC Shares the opportunity to consider and, if the IPC shareholders so determine, approve a scheme of arrangement (the Scheme of Arrangement) under Bermuda law to effect the acquisition of IPC by Validus (the Acquisition) pursuant to the Scheme of Arrangement set forth in Annex A attached hereto.

We are soliciting proxies to be used at the court-ordered IPC meeting to allow IPC shareholders, if they so determine, to approve the Scheme of Arrangement in connection with Validus offer to acquire all of the IPC Shares for \$3.75 in cash (less any applicable withholding taxes and without interest) and 1.1234 Validus voting common shares, par value \$0.175 per share (the Validus Shares) for each IPC Share (together, the Validus Transaction Consideration). Validus is simultaneously pursuing three alternatives to consummate the Acquisition: its pending amalgamation offer (the Validus Amalgamation Offer); its pending exchange offer (the Exchange Offer); and the previously announced Scheme of Arrangement as set forth in Annex A hereto under Part VII of The Companies Act of 1981 of Bermuda, as amended (the Companies Act). Validus will determine which method is most effective and efficient to consummate the Acquisition. If the IPC board of directors cooperates with Validus and executes an amalgamation agreement with Validus, the court-ordered IPC meeting may be unnecessary. While Validus continues to seek a consensual amalgamation transaction with IPC, we will continue to pursue the Scheme of Arrangement and Exchange Offer in order to complete the Acquisition and will seek to replace the IPC board of directors if an agreement with the IPC board of directors is not reached in a timely fashion.

In order to implement the Scheme of Arrangement, IPC shareholders must approve the Scheme of Arrangement at the court-ordered IPC meeting, IPC must separately approve the Scheme of Arrangement (including by IPC shareholder approval at the IPC special general meeting, as described below), certain of the proposals at the IPC special general meeting as described on page [] (the Validus Proposals) must be approved by the IPC shareholders, 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 a subsequent requisitioned special general meeting of IPC shareholders (the IPC special general meeting). On June 16, 2009, Validus filed with the Securities and Exchange Commission (the SEC) a definitive proxy statement which is being 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 satisfaction or, where relevant, waiver of the other conditions to the effectiveness of the Scheme of Arrangement, and the granting of a court order from the Supreme Court of Bermuda sanctioning 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.

VALIDUS IS DISTRIBUTING THIS PROXY STATEMENT IN ORDER TO URGE IPC S SHAREHOLDERS TO VOTE FOR THE SCHEME OF ARRANGEMENT AT THE COURT-ORDERED IPC MEETING.

The court-ordered IPC meeting is being held in accordance with an order of the Supreme Court of Bermuda issued on [], 2009, at the request of Validus in accordance with Bermuda law. The record date for determining the IPC shareholders who will be entitled to vote at the court-ordered IPC meeting is [], 2009. 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 presence at the court-ordered IPC meeting of two or more persons present in person and representing in person or by proxy in excess of 50% of the total issued and outstanding IPC Shares throughout the meeting is required to constitute a quorum thereat.

Based on Validus and IPC's respective capitalizations as of March 31, 2009 and the exchange ratio of 1.1234, Validus estimates that former IPC shareholders would own, in the aggregate, approximately 41.3% of the Validus Shares on a fully-diluted basis following closing of the Acquisition.

Validus 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 June 26, 2009, the last practicable date prior to the filing of this proxy statement, was \$21.80. 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 June 26, 2009, the last practicable date prior to the filing of this proxy statement, was \$27.39. 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 court-ordered IPC meeting and the Scheme of Arrangement and is intended to satisfy the requirement, under Section 100 of the Companies Act, of a statement explaining the effect of the proposed Scheme of Arrangement. You can also obtain information from publicly available documents filed by Validus and IPC with the SEC. **Validus encourages you to read this entire document carefully, including the section entitled *Risk Factors* beginning on page 40.**

Your vote is very important. Whether or not you plan to attend the court-ordered IPC meeting, please take time to vote by completing and mailing your enclosed BLUE 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 court-ordered IPC meeting to be held on [], 2009.

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

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.

On June 14, 2009, IPC and Validus entered into a mutual confidentiality agreement. Therefore, prior to that date, Validus has only conducted a due diligence review of IPC's publicly available information. Since June 14, 2009 to the date of filing of this proxy statement, Validus has conducted a limited review of IPC's non-public information. In respect of all information relating to IPC presented in, incorporated by reference into or omitted from, this proxy statement, Validus has relied upon publicly available information, including information publicly filed by IPC with the SEC. Although Validus has no knowledge that would indicate that any statements contained herein regarding IPC's condition, including its financial or operating condition (based upon such publicly filed reports and documents) are inaccurate, incomplete or untrue, Validus was not involved in the preparation of such information and statements.

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 court-ordered IPC 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 COURT-ORDERED IPC 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 court-ordered IPC meeting?

A: The court-ordered IPC meeting is scheduled to take place at [], Atlantic Time, on [], 2009, at [].

Q: What is the purpose of the court-ordered IPC meeting?

A: The purpose of the meeting is to seek IPC shareholder approval of the Scheme of Arrangement. IPC shareholder approval is a necessary step toward consummation of the Acquisition without the cooperation of the IPC board of directors.

Q: What am I being asked to vote on at the court-ordered IPC meeting?

A: At the court-ordered IPC meeting, IPC shareholders will be asked to consider and vote upon a proposal to approve the Scheme of Arrangement.

Q: What would happen under the Scheme of Arrangement?

A: If the Scheme of Arrangement becomes effective, Validus will effect the Acquisition by the transfer of all outstanding IPC Shares (excluding any IPC Shares owned by Validus, IPC or their respective subsidiaries) to Validus in exchange for the Validus Transaction Consideration. 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 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. Successful completion of 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 should IPC shareholders vote FOR the Scheme of Arrangement?

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.

The Validus Shares to be issued to IPC shareholders as a portion of the Validus Transaction Consideration 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 Scheme of Arrangement* below.

Q: Is Validus pursuing multiple acquisition strategies?

A: Yes, in addition to proposing the Scheme of Arrangement, Validus has made the Validus Amalgamation Offer and has commenced 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 to consummate the Acquisition.

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, the IPC shareholders must approve certain of the Validus Proposals 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. On June 16, 2009, Validus filed with the SEC a definitive proxy statement which is being 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 satisfaction or, where relevant, waiver of the other conditions to the effectiveness of the Scheme of Arrangement, and the granting of a court order from the Supreme Court of Bermuda sanctioning 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. On June 16, 2009, Validus filed with the SEC a definitive proxy statement which is being 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 which this proxy statement relates 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 approve resolutions which will facilitate the implementation of the Scheme of Arrangement. 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.

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

A: Validus continues to pursue the Scheme of Arrangement; however, it is possible that IPC will continue to seek to take measures that could have the effect of delaying or impeding the consummation of the Scheme of Arrangement. 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

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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 owned by Validus, IPC or their respective subsidiaries), would be transferred to Validus in exchange for the Validus Transaction Consideration 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 as described under *Summary The Scheme of Arrangement Validus Transaction Consideration* on page [].

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

A: Based on Validus and IPC's respective capitalizations as of March 31, 2009 and the exchange ratio of 1.1234, Validus estimates that former IPC shareholders would own, in the aggregate, approximately 41.3% of the Validus Shares 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 Validus Transaction Consideration?

A: Validus will appoint BNY Mellon Shareowner Services as exchange agent to transfer and pay the Validus Transaction 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, Validus will deposit with the exchange agent the cash payable and the Validus Shares issuable as Validus Transaction 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 Validus Transaction Consideration and cash in lieu of fractional shares, 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 Validus Transaction Consideration and cash in lieu of fractional shares.

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 its initial offer (the Initial Validus Offer) to acquire IPC in a transaction whereby each IPC Share would have been exchanged for 1.2037 Validus Shares under the proposed agreement and plan of amalgamation (the Validus Amalgamation Agreement), the closing price of an IPC Share was \$25.41. On June 26, 2009, the last practicable date prior to the filing of this proxy statement, the closing price of an IPC Share was \$27.39. IPC shareholders are encouraged to obtain a recent quotation for IPC Shares before deciding how to vote at the court-ordered IPC 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 will be notified of the date of the Supreme Court of Bermuda hearing to sanction the Scheme of Arrangement once it is set. IPC shareholders may also vote against the Scheme of Arrangement at the court-ordered IPC meeting.

Q: Are IPC shareholders able to exercise appraisal rights in connection with the Scheme of Arrangement?

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 of the resolutions proposed at 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 at the IPC special general meeting of resolutions which will facilitate the implementation of the Scheme of Arrangement, 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:

Validus shall reasonably believe that IPC could not have any liability with respect to the termination of the 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), and Max shall not have asserted any claim of liability or breach against IPC in connection with the Max Amalgamation Agreement, in each case, 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 Validus officers, directors and those shareholders which Validus refers to as its qualified sponsors (as defined in this proxy statement), in each case who own Validus Shares, have indicated that they intend to vote the Validus Shares beneficially 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 more than 20% decline in IPC's book value relative to Validus' book value shall be deemed to have a material adverse effect on IPC.

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 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*. 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.

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.

Q: What shareholder vote is required to approve the Scheme of Arrangement at the court-ordered IPC meeting and how many votes must be present to hold the meeting?

A: 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. Therefore, abstentions and broker non-votes will not have the effect of a vote for or against the Scheme of Arrangement, but will reduce the number of votes cast and therefore increase the relative influence of those shareholders voting. The presence at the court-ordered IPC meeting of two or more persons present in person and representing in person or by proxy in excess of 50% of the total issued and outstanding IPC Shares throughout the meeting is required to constitute a quorum thereat.

Q: What is the record date for the court-ordered IPC 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 court-ordered IPC meeting.

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. Each IPC Share (other than any IPC Shares owned by Validus, IPC or their respective subsidiaries) entitles the holder of record thereof to one vote at the court-ordered IPC 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 court-ordered IPC 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 have previously either arranged for the IPC Shares beneficially owned by you to be transferred of record into your name by the record date for the court-ordered IPC meeting or secured a valid proxy or power of attorney from the bank, broker or other nominee that holds your shares as of the record date for the court-ordered IPC meeting (and who has received a valid proxy or power of attorney from the shareholder of record pursuant to a legal proxy with a power of subdelegation from the shareholder of record as of the record date). Even if you plan to attend the court-ordered IPC 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 court-ordered IPC meeting.

Q: How can I vote my shares without attending the court-ordered IPC meeting?

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

A: You are entitled to attend the court-ordered IPC meeting only if you are (i) a shareholder of record or (ii) a beneficial owner or other person holding a valid proxy or power of attorney from the bank, broker or other nominee that holds your shares (and who has received a valid proxy or power of attorney from the shareholder of record pursuant to a legal proxy with 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 court-ordered IPC meeting. You should be prepared to present photo identification for admission. If you hold your shares in street name and would like to be admitted to the meeting, you will need to provide a valid proxy or power of attorney from the bank, broker or other nominee that holds your shares (and who has received a valid proxy or power of attorney from the shareholder of record pursuant to a legal proxy with 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 court-ordered IPC 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 court-ordered IPC meeting, possibly resulting in a broker non-vote.

A broker non-vote with respect to the court-ordered IPC meeting will not be considered as a vote cast with respect to any matter presented at the court-ordered IPC 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 court-ordered IPC 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 on the Scheme of Arrangement?

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 court-ordered IPC meeting. Because the vote required to approve the Scheme of Arrangement is the affirmative vote of 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, a broker non-vote with respect to any proposal to be voted on at the court-ordered IPC 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 Court-Ordered IPC 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 Scheme of Arrangement and as the persons named as proxies may determine in their discretion with respect to any other matters properly presented for a vote before the court-ordered IPC 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 court-ordered IPC meeting. If you are a shareholder of record, you may change your vote or revoke your proxy by: (1) delivering to IPC (Attention: Secretary) 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 court-ordered IPC meeting and voting in person as described above under *How can I vote my shares in person at the court-ordered IPC meeting?* Attendance at the court-ordered IPC meeting in and of itself, without voting in person at the court-ordered IPC meeting, will not cause your previously granted proxy to be revoked. For shares you hold in street name, you should follow the instructions of your bank, broker or other nominee or, if you have obtained a valid proxy or power of attorney from the bank, broker or other nominee that holds your shares (and who has received a valid proxy or power of attorney from the shareholder of record pursuant to a legal proxy with power of subdelegation from the shareholder of record as of the record date) giving you the right to vote your shares at the court-ordered IPC meeting, by attending the court-ordered IPC meeting and voting in person.

Q: What are the material 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). Assuming it does so qualify, U.S. holders of IPC Shares will generally recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of the cash received by such U.S. holder (excluding any cash received in lieu of a fractional share) and (ii) the excess, if any, of (a) the sum of the cash and the fair market value of the Validus Shares received by such U.S. holder (including any fractional shares deemed received by such U.S. holder), over (b) the U.S. holder's tax basis in the IPC Shares exchanged pursuant to the Scheme of Arrangement. Subject to the passive foreign investment company rules or the potential application of Section 1248 of the Code, any gain recognized upon the Scheme of Arrangement generally will be capital gain, unless the receipt of cash by a U.S. holder has the effect of a distribution of a dividend for U.S. federal income tax purposes. 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 [].

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. At March 31, 2009, Validus had total shareholders' equity of \$2.023 billion and total assets of \$4.763 billion. Validus Shares are traded on the NYSE under the symbol VR and, as of June 26, 2009, the last practicable date prior to the filing of this proxy statement, Validus had a market capitalization of approximately \$1.66 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 and its subsidiaries 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 amalgamation of Max and IPC that had been proposed under the Max Amalgamation Agreement (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. 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, comparable disclosure of property catastrophe premiums cannot be presented. At March 31, 2009, IPC had total shareholders equity of \$1.849 billion and total assets of \$2.453 billion.

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

The 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 record date for determining the IPC shareholders who will be entitled to vote at the court-ordered IPC meeting is [], 2009. 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 holders of any IPC Shares owned by Validus, IPC or their respective subsidiaries will not be entitled to vote those shares at the court-ordered IPC meeting.

The Acquisition (page [])

General Description (page [])

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

Based on Validus and IPC's respective capitalizations as of March 31, 2009 and the exchange ratio of 1.1234, Validus estimates that former IPC shareholders would own, in the aggregate, approximately 41.3% of the Validus Shares on a fully-diluted basis following closing of the Acquisition. 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 IPC special general 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

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

First, Validus solicited proxies from IPC shareholders to vote against the Proposed Max Amalgamation, which was voted down by IPC shareholders on June 12, 2009. Max's board of directors subsequently terminated the Max Amalgamation Agreement. Accordingly, IPC's board of directors is now able to enter into an amalgamation agreement with Validus. While Validus continues to seek a consensual amalgamation with IPC, it is continuing to pursue alternatives to complete the Acquisition.

Second, Validus has commenced the Exchange Offer. The Exchange Offer is subject to the terms and conditions described in the prospectus/offer to exchange included in the Registration Statement on Form S-4 filed by Validus with the SEC. 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. The Chairman of IPC's board of directors sent a letter to Validus which stated that IPC's restated bye-laws (the IPC bye-laws) would prevent Validus from becoming the legal owner of 10% or more of the

IPC Shares. Validus believes, based upon the advice of Bermuda and UK counsel, that the IPC bye-laws will not operate to prevent Validus from accepting IPC Shares for exchange in the Exchange Offer and acquiring beneficial ownership of any such IPC Shares. IPC has stated in a letter to its shareholders that IPC believes that Validus faces substantial legal uncertainties if it attempts to squeeze out IPC's remaining shareholders on such basis. Validus will take such actions as are necessary, including by seeking a judgment of a Bermuda court, to enforce its rights under Section 102 and/or Section 103 of the Companies Act to the extent that any person (including IPC, IPC's board of directors or any IPC shareholder) seeks to restrict the operation thereof. However, resolution of any

such actions or proceedings is not a condition to the Exchange Offer and there can be no certainty as to the outcome of any such actions or proceedings.

The expiration time of the Exchange Offer is June 26, 2009, unless extended. As a result, if the conditions of the Exchange Offer are satisfied or waived at the expiration time of the Exchange Offer, Validus would be able to acquire all of the IPC Shares that are validly tendered pursuant to the Exchange Offer.

Third, Validus is pursuing the Scheme of Arrangement. In order to implement the Scheme of Arrangement, IPC shareholders must approve the Scheme of Arrangement at the court-ordered IPC meeting, IPC must separately approve the Scheme of Arrangement, the IPC shareholders must approve certain of the Validus Proposals and the Scheme of Arrangement must be sanctioned by the Supreme Court of Bermuda. For a description of the Validus Proposals, see *Proposals to be Submitted to IPC Shareholder Vote at the IPC Special General Meeting; Voting Requirements and Recommendation* in Validus proxy statement for the IPC special general meeting. 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. On June 16, 2009, Validus filed with the SEC a definitive proxy statement which is being 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 satisfaction or, where relevant, waiver of the other conditions to the effectiveness of the Scheme of Arrangement, and the granting of a court order from the Supreme Court of Bermuda sanctioning 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. In a decision rendered on May 29, 2009, the Supreme Court of Bermuda dismissed Validus application to convene a meeting of IPC shareholders to consider the Scheme of Arrangement but determined that it has jurisdiction to sanction the Scheme of Arrangement without approval of the IPC board of directors. However, the Court determined not to exercise its discretion to order the court-ordered IPC meeting in advance of the vote on the Proposed Max Amalgamation at the IPC annual general meeting and evidence of IPC shareholder support for the Scheme of Arrangement and there can be no assurance that the Court will on a subsequent application by Validus exercise its discretion to convene such a meeting.

The Validus Amalgamation Offer, the Exchange Offer and the Scheme of Arrangement are alternative methods for Validus to acquire all of the IPC Shares on the same economic terms. Ultimately, only one of these transaction structures can be pursued to completion. Validus will determine which method is most effective and efficient to consummate the Acquisition. However, if the IPC board of directors cooperates with Validus and executes an amalgamation agreement with Validus, the court-ordered IPC meeting may be unnecessary. While Validus continues to seek a consensual amalgamation transaction with IPC, we will continue to pursue the Scheme of Arrangement and Exchange Offer in order to complete the Acquisition and will seek to replace the IPC board of directors if an agreement with the IPC board of directors is not reached in a timely fashion.

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

Validus recommends approval of the Scheme of Arrangement in order to facilitate 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. Successful completion of 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 and cash to be paid 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 Scheme of Arrangement* below.

Interests of Validus Directors and Executive Officers in the Acquisition (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 Acquisition - Interests of Validus Directors and Executive Officers in the Acquisition* below.

Interests of IPC Directors and Executive Officers in the Acquisition (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. As part of the Validus Proposals to be considered and voted on at the IPC special general meeting, Validus will seek the removal and replacement of each of the IPC directors from his or her position as a director of IPC. Validus believes that the Validus Proposal to remove and replace each of the IPC directors from his or her position as a director of IPC will facilitate the Acquisition. For more information, see *The Acquisition - Interests of IPC Directors and Executive Officers in the Acquisition* below.

Material 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. Assuming it does so qualify, U.S. holders of IPC Shares will generally recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of the cash received by such U.S. holder (excluding any cash received in lieu of a fractional share) and (ii) the excess, if any, of (a) the sum of the cash and the fair market value of the Validus Shares received by such U.S. holder (including any fractional shares deemed received by such U.S. holder), over (b) the U.S. holder's tax basis in the IPC Shares exchanged pursuant to the Scheme of Arrangement. Subject to the passive foreign investment company rules or the potential application of Section 1248 of the Code, any gain recognized upon the Scheme of Arrangement generally will be capital gain, unless the receipt of cash by a U.S. holder has the effect of a distribution of a dividend for U.S. federal income tax purposes. 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.

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)) 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 form of 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 IPC special general 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 (other than the holders of any IPC Shares owned by Validus, IPC or their respective subsidiaries) the opportunity to consider and, if they so determine, approve the Scheme of Arrangement. Assuming the Scheme of Arrangement receives the approval of the IPC shareholders and the sanction of the Supreme Court of Bermuda, and all the other conditions to the effectiveness of the Scheme of Arrangement are satisfied or, where relevant, waived, including approval of the Scheme of Arrangement by IPC either by vote of the IPC board of directors or a vote of IPC shareholders at the IPC special general meeting, an office 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 the 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. On June 16, 2009, Validus filed with the SEC a definitive proxy statement which is being 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 which this proxy statement relates 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 approve resolutions which will facilitate the implementation of the Scheme of Arrangement. 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.

Validus Transaction Consideration (page [])

Under the Scheme of Arrangement, at the closing, each IPC Share immediately prior to the closing (excluding any IPC Shares owned by Validus, IPC or their respective subsidiaries) will be transferred to Validus in exchange for (i) 1.1234 Validus Shares and (ii) \$3.75 in cash (less any applicable withholding taxes and without interest).

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 this proxy statement and advise the IPC shareholders of such modification, addition or condition in advance of the court-ordered IPC meeting, in accordance with applicable law.

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 at the IPC special general meeting of resolutions which will facilitate the implementation of the Scheme of Arrangement, 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, the effectiveness of the Scheme of Arrangement is subject to the satisfaction or, where relevant, waiver of certain other conditions, including the following:

Validus shall reasonably believe that IPC could not have any liability with respect to the termination of the Max Amalgamation Agreement, and Max shall not have asserted any claim of liability or breach against IPC in connection with the Max Amalgamation Agreement, in each case, 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 Validus officers, directors and those shareholders which Validus refers to as its qualified sponsors (as defined in this proxy statement), in each case who own Validus Shares, have indicated that they intend to vote the Validus Shares beneficially 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 more than 20% decline in IPC's book value relative to Validus's book value shall be deemed to have a material adverse effect on IPC.

Each of IPC and its subsidiaries shall have carried on their respective businesses in the ordinary course consistent with past practice at all times on or after the date of this 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's credit facilities 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*. 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's 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) a one-time dividend to the holders of IPC Shares in an aggregate amount not to exceed any reduction in the Max Termination Fee. All mandates and other instructions in 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 of IPC Shareholders (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 of the resolutions proposed at 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 will be notified of the date of the Supreme Court of Bermuda hearing to sanction the Scheme of Arrangement once it is set. IPC shareholders may also vote against the Scheme of Arrangement at the court-ordered IPC meeting.

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 (the Validus 10-Q) 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 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 the Validus 10-Q, and the following summary is qualified in its entirety by reference to the Validus 10-K and the 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, 2009		Year Ended December 31, 2008		Year Ended December 31, 2007		Year Ended December 31, 2006		Period Ended December 31, 2005		
(Dollars in thousands, except share and per share amounts)											
Revenues											
Gross premiums written	\$	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			
Other income		757		935		5,264		3,301			

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

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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	\$	\$	\$

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	Three Months Ended March 31, 2009	2008	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006	Period Ended December 31, 2005
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(Dollars in thousands, except share and per share amounts)

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

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 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.

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 (the "IPC 10-Q") and IPC's annual report on Form 10-K for the year ended December 31, 2008 (the "IPC 10-K"), 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 the IPC 10-Q, which is incorporated by reference into this proxy statement, and the IPC 10-K, which is incorporated by reference into this proxy statement. You should not take historical results as necessarily indicative of the results that may be expected for any future period.

This financial data should be read in conjunction with the financial statements and the related notes and other financial information contained in the IPC 10-K and the IPC 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 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		Year Ended December 31,					
	2009	2008	2008	2007	2006	2005	2004	
	March 31,							
	(Dollars in thousands, except share and per share amounts)							
Amount of								
(Loss)								
Premiums	\$ 234,610	\$ 197,875	\$ 403,395	\$ 404,096	\$ 429,851	\$ 472,387	\$ 372,100	
Reinsurance	98,708	89,697	387,367	391,385	397,132	452,522	350,000	
Investment	21,866	23,874	94,105	121,842	109,659	71,757	50,000	
(Losses) gains on	(35,572)	(6,020)	(168,208)	67,555	12,085	(10,556)		
Investments	7	26	65	1,086	3,557	5,234		
and loss								
Operating expenses	39,109	5,324	155,632	124,923	58,505	1,072,662	210,000	
Acquisition costs	9,838	8,674	36,429	39,856	37,542	39,249	30,000	
and								
Administrative	24,281	7,079	26,314	30,510	34,436	27,466	20,000	
Expense	383		2,659					
Change								
in loss (gain)	3,146	(303)	1,848	1,167	(2,635)	2,979		

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Income (loss)	\$ 8,252	\$ 86,803	\$ 90,447	\$ 385,412	\$ 394,585	\$ (623,399)	\$ 13
Dividend		4,234	14,939	17,128	17,176	2,664	
Income (loss), to common holders	\$ 8,252	\$ 82,569	\$ 75,508	\$ 368,284	\$ 377,409	\$ (626,063)	\$ 13
Income (loss) per share(1)	\$ 0.15	\$ 1.31	\$ 1.45	\$ 5.53	\$ 5.54	\$ (12.30)	\$
Weighted average shares outstanding(1)	55,916,256	66,182,883	59,301,939	69,728,229	71,212,287	50,901,296	48,37
Dividend per share	\$ 0.22	\$ 0.22	\$ 0.88	\$ 0.80	\$ 0.64	\$ 0.88	\$
Operating Data:							
Operating loss							
Operating expense							
Operating ratio(2)	39.6%	5.8%	40.2%	31.9%	14.7%	237.0%	
Operating ratio(2)	34.6%	17.1%	16.2%	18.0%	18.1%	14.8%	
Operating ratio(2)	74.2%	22.9%	56.4%	49.9%	32.8%	251.8%	
Operating ratio(2)	1.8%	15.5%	4.2%	20.1%	24.0%	(38.0)%	
Balance Sheet Data							
At the end of period:							
Assets	\$ 2,189,966	\$ 2,475,860	\$ 2,235,187	\$ 2,473,244	\$ 2,485,525	\$ 2,560,146	\$ 1,90
Accounts receivable	199,241	161,474	108,033	91,393	113,811	180,798	8
Assets	2,453,085	2,712,037	2,388,688	2,627,691	2,645,429	2,778,281	2,02
Liabilities							
Liabilities							
Liabilities	354,467	355,276	355,893	395,245	548,627	1,072,056	27
Liabilities	219,641	181,889	85,473	75,980	80,043	66,311	6
Liabilities	603,611	563,904	537,741	501,946	654,474	1,161,881	35
Equity	\$ 1,849,474	\$ 2,148,133	\$ 1,850,947	\$ 2,125,745	\$ 1,990,955	\$ 1,616,400	\$ 1,66
Book value per share(4)	\$ 33.05	\$ 33.26	\$ 32.85(5)	\$ 32.42	\$ 27.94	\$ 22.26	\$

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.

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.

The unaudited condensed consolidated pro forma financial information should be read in conjunction with the Validus 10-Q, the Validus 10-K, the IPC 10-Q and the IPC 10-K, each as filed with the SEC. The unaudited condensed consolidated pro forma financial information gives effect to the 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."

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 of IPC Shares as if it had occurred at March 31, 2009.

	Historical	Historical	Pro Forma		
	Validus	IPC	Purchase		Pro Forma
	Holdings	Holdings	adjustments	Notes	Consolidated
	Ltd.	Ltd.			
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	(288,084)	3(a) 3(b), 4	369,784
Total investments and cash	3,462,657	2,189,966	(288,084)		5,364,539
Premiums receivable	600,943	199,241	(160)	3(e)	800,024
Deferred acquisition costs	143,510	23,302			166,812
Prepaid reinsurance premiums	59,510	3,585	(199)	3(e)	62,896
Securities lending collateral	99,727				99,727
Loss reserves recoverable	204,197	4,274			208,471
Paid losses recoverable	4,438				4,438
Accrued investment income	20,511	27,907			48,418
Current taxes recoverable	1,244				1,244
Intangible assets	126,177				126,177
Goodwill	20,393				20,393
Other assets	19,491	4,810			24,301
Total assets	\$ 4,762,798	\$ 2,453,085	\$ (288,443)		\$ 6,927,440
Liabilities					
Unearned premiums	\$ 795,233	\$ 219,641	\$ (199)	3(e)	\$ 1,014,675
Reserve for losses and loss expense	1,318,732	354,467			1,673,199
Reinsurance balances payable	66,180	4,483	(160)	3(e)	70,503
Deferred taxation	20,914				20,914
Securities lending payable	105,369				105,369
Net payable for investments purchased	57,434				57,434
Accounts payable and accrued expenses	71,650	25,020			96,670
Debentures payable	304,300				304,300
Total liabilities	2,739,812	603,611	(359)		3,343,064
Shareholders equity					
Ordinary shares	13,271	561	10,547	3(a) 3(c) 3(d)	24,379

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Additional paid-in capital	1,419,602	1,091,491	418,254	3(a) 3(c) 3(d)	2,929,347
Accumulated other comprehensive loss	(8,054)	(876)	876	3(d)	(8,054)
Retained earnings	598,167				