VALIDUS HOLDINGS LTD
Form S-4/A
June 01, 2009

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As filed with the Securities and Exchange Commission on June 1, 2009
Registration Number 333-159148

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

Amendment No. 3
to
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

BERMUDA	**6331**	**98-0501001**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

19 Par-La-Ville Road, Hamilton, HM 11 Bermuda
(441) 278-9000
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

C. Jerome Dill
Executive Vice President & General Counsel
Validus Holdings, Ltd.
19 Par-La-Ville Road, Hamilton, HM 11 Bermuda
(441) 278-9000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

W. Leslie Duffy, Esq. **John Schuster, Esq.** **Cahill Gordon & Reindel LLP** **80 Pine Street** **New York, New York 10005** **(212) 701-3000**	**Stephen F. Arcano, Esq.** **Todd E. Freed, Esq.** **Skadden, Arps, Slate, Meagher & Flom LLP** **Four Times Square** **New York, New York 10036** **(212) 735-3000**

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

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

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

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

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

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

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

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

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

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

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

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

This prospectus/offer to exchange amends and supersedes information included in the prospectus/offer to exchange originally filed with the Securities and Exchange Commission on May 12, 2009, as amended on May 13, 2009 and May 21, 2009.

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

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

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

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

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

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

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

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

The dealer manager for the exchange offer is:

The date of this prospectus/offer to exchange is June 1, 2009

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

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

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

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

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QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

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

Who is offering to buy my IPC common shares?

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

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

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

How has the exchange offer changed?

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

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

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

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

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

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

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

Based upon closing market prices as of May 15, 2009, the day prior to the announcement of the increased offer, the exchange offer represented a 13.2% premium to the closing price of IPC common shares that day and a 21.9% premium based on the closing prices of IPC common shares and Validus common shares on March 30, 2009, the last trading day before the announcement of the initial Validus offer. The price of Validus common shares fluctuates and may be higher or lower than in these examples at the time IPC common shares are exchanged pursuant to the exchange offer. On May 29, 2009, the last practicable date prior to the filing of this prospectus/offer to exchange, the closing price of a Validus common share was $22.81. Based on the closing price of Validus common shares on May 29, 2009, the exchange offer has a value of $28.62 per IPC common share. Shareholders are encouraged to obtain current market quotations for Validus common shares and IPC common shares prior to making any decision with respect to the exchange offer.

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

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

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

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

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

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

What is the purpose of the exchange offer?

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

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

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

On May 21, 2009, the Chairman of IPC s board of directors sent a letter to Validus which stated that IPC s bye-laws would prevent Validus from becoming the legal owner of 10% or more of the IPC common shares. Validus believes, based upon the advice of Bermuda and UK counsel, that IPC s bye-laws will not operate to prevent Validus from accepting IPC common shares for exchange in the exchange offer and acquiring beneficial ownership of any such IPC common shares. Additionally, 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.

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

Why is Validus proposing the exchange offer?

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

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

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

The exchange offer provides a premium to IPC shareholders.

Based upon closing prices of IPC common shares and Validus common shares as of March 30, 2009, the last trading day prior to the announcement of the initial Validus offer, the exchange offer would have had a value of $30.98 per IPC common share, or approximately $1.75 billion in the aggregate, which represented a

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21.9% premium to the trading value of IPC common shares as of such date and a 27.7% premium over $24.26, which was the average closing price of IPC common shares between March 2, 2009, the day IPC and Max announced the proposed Max amalgamation, and March 30, 2009, the last trading day before we announced the initial Validus offer. The premium represented by the exchange offer may be larger or smaller depending on the market price of each of the IPC common shares and the Validus common shares at the expiration time of the exchange offer and will fluctuate between now and then depending on the market prices. Based upon the closing prices of IPC common shares and Validus common shares on May 29, 2009, the last practicable date prior to the filing of this prospectus/offer to exchange, the exchange offer had a value of $28.62 per IPC common share, or $1.60 billion in the aggregate, which represented a 15.2% premium to the closing price of the IPC common shares as of such date and a premium of 12.6% over the March 30, 2009 closing price of the IPC common shares. In addition, the meaningful cash component that has been added to the exchange offer provides IPC shareholders with the opportunity to achieve immediate liquidity on a portion of their investment in IPC common shares.

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

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

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

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

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

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

Under the proposed Max amalgamation, IPC will be assuming the entirety of Max s assets and liabilities. Despite statements by IPC s board of directors of its desire to reduce earnings volatility through a business combination, it has proposed a transaction in which IPC shareholders will assume an investment portfolio with a significant concentration of risky assets, including alternative investments, and inadequate property and casualty and life and annuity reserves. According to Max s Annual Report of Form 10-K for the year ended December 31, 2008, which we refer to as the Max 2008 Form 10-K, Max s holdings of alternative investments totaled 61% of its tangible equity, indicating a significant amount of embedded risk. Despite Max s announced plan to reduce its exposure to alternative investments to 10% to 12% of its portfolio (according to recent Max disclosures), as a result of the proposed Max amalgamation, IPC s investment in alternative investments would increase from 7% of its total portfolio at December 31, 2008 to 12% of its total portfolio on a pro forma basis after giving effect to the proposed Max amalgamation, an increase of 5%. The riskiness of the Max balance sheet is evident in the fact that Max wrote down the value of its alternative assets in 2008 by $233 million, a markdown which exceeded its underwriting income. In contrast, Validus holds no alternative investments in its investment portfolio and has specific investment policies in place prohibiting it from investing in those asset classes, which it believes are unduly risky to its shareholders and policyholders. Validus believes counterparties will view the strength of Validus balance sheet very favorably as buyers are rethinking counterparty risk in the current environment, giving Validus a significant advantage over many of its competitors.

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

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

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

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

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

By entering into the proposed Max amalgamation, IPC s board of directors has chosen to combine with an entity that reported a comprehensive net loss of $200.4 million, or $3.10 per Max diluted share, in 2008. While Max reported a combined ratio of 91.9% in 2008, its underwriting results benefited from $106 million in favorable reserve development. Excluding this benefit, Max s underwriting activities in the 2008 year generated an underwriting loss and a combined ratio of 110.6%. Max s U.S. Specialty segment, the centerpiece of its diversified businesses, operated in 2008 with a combined ratio of 138.5%. The combined ratio is a commonly used measure of an insurance company s underwriting profitability. It is calculated as the sum of an insurer s net loss ratio and its expense ratio. A combined ratio below 100% indicates profitable underwriting; a combined ratio of 100% or higher indicates that premiums are less than aggregate claims and expenses. The net loss ratio is calculated by dividing losses and loss expenses incurred (including estimates for incurred but not reported losses) by net premiums earned. The expense ratio is calculated by dividing acquisition costs combined with general and administrative expenses by net premiums earned. As evidenced by Max s combined ratio in 2008, Max s underwriting business was loss-making in 2008. In contrast, the combined ratio at Validus in 2008, notwithstanding the unusual concurrence of two major events giving rise to claims (Hurricanes Gustav and Ike) was 92.2%, indicating profitable underwriting results.

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

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

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

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

No, we have not. On March 31, 2009, Validus delivered the initial Validus offer to IPC, which included the Validus amalgamation agreement signed by Validus. IPC announced on April 7, 2009 that its board of directors determined that the initial Validus offer did not constitute a superior proposal to the Max amalgamation agreement and reaffirmed its support of the proposed Max amalgamation. Because of a prohibition in the Max amalgamation

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agreement that prevents IPC from even discussing the Validus amalgamation offer with Validus, with no provision allowing IPC s directors to enter into such discussions in order to comply with any fiduciary or other duties that they may have, we made the exchange offer without discussing it with IPC. On May 14, 2009, IPC filed a Solicitation/Recommendation Statement on Schedule 14D-9 reporting that IPC s board had met on May 13, 2009 and determined to recommend that IPC shareholders reject the exchange offer and not tender their IPC common shares to Validus. On May 21, 2009, IPC filed an amendment to its Solicitation/Recommendation Statement on Schedule 14D-9 reporting that IPC s board had met on May 20, 2009 and stating IPC s board of directors recommendation that IPC shareholders reject the revised terms of the exchange offer and not tender their IPC common shares to Validus pursuant to the exchange offer. Additionally, IPC has not sought any information from Validus or to have any discussions with Validus.

When do you expect the exchange offer to be completed?

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

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

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

What are the conditions of the exchange offer?

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

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

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

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

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

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