

IPC HOLDINGS LTD
Form PRRN14A
June 25, 2009

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PRELIMINARY COPY DATED JUNE 25, 2009 SUBJECT TO COMPLETION

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

**Amendment No. 1
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)

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

N/A

(4) Proposed maximum aggregate value of transaction:

\$1,482,329,499.84

(5) Total fee paid:

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

o Fee paid previously with preliminary materials.

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

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

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

(3) Filing party: Validus Holdings, Ltd.

(4) Date filed: April 16, 2009

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PRELIMINARY COPY DATED JUNE 25, 2009 SUBJECT TO COMPLETION

NOTICE OF SPECIAL GENERAL MEETING

IPC HOLDINGS, LTD

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

NOTICE IS HEREBY GIVEN that a SPECIAL GENERAL MEETING (including any adjournments or postponements thereof, the IPC special general meeting) of the holders of common shares (IPC Shares) of IPC Holdings, Ltd (IPC) will be held at [] on [] 2009 at [] Atlantic time (or as soon thereafter as the court-ordered IPC meeting (as defined in the proxy statement to which this notice forms a part) shall have been concluded or adjourned) to consider and, if the IPC shareholders so determine, to approve the following proposals to facilitate the acquisition by Validus Holdings, Ltd. of IPC. One of the proposals you may be asked to consider and vote upon at the IPC special general meeting is for IPC to approve and be bound by a scheme of arrangement (the Scheme of Arrangement) under Part VII of The Companies Act of 1981 of Bermuda, as amended.

**PROPOSALS TO BE SUBMITTED TO IPC SHAREHOLDER VOTE
AT THE IPC SPECIAL GENERAL MEETING**

Proposal 1: Director Removal and Replacement Proposal:

a proposal to remove each of the IPC directors from his or her position as a director of IPC and fill the vacancies created by the removal of all IPC directors with the appointment of Raymond C. Groth, Paul G. Haggis and Thomas C. Wajnert.

Proposal 2: Proposal to Approve the Scheme of Arrangement:

a proposal for IPC to approve and to be bound by the Scheme of Arrangement.

Proposal 2 is subject to the Scheme of Arrangement having been duly approved at the court-ordered IPC meeting.

Proposal 3: Proposal Amending IPC s Restated Bye-laws to Specify Treatment of IPC Equity Awards under the Scheme of Arrangement:

a proposal to amend IPC s Restated Bye-laws to specify, among related matters, that if any IPC Shares are issued or transferred after the effective time of the Scheme of Arrangement pursuant to any option, right or award granted under any benefit, option or equity-based award plan of IPC (including, without limitation, any restricted shares, restricted share units or performance share units), such IPC Shares will be required to be transferred to Validus and the holders of such equity awards shall receive the consideration they would have received had such IPC Shares been outstanding immediately prior to the effective time of the Scheme of Arrangement, subject to adjustment for stock splits subsequent to the effective time and similar events.

Proposal 3 is subject to the Scheme of Arrangement having been duly approved at the court-ordered IPC meeting.

Proposal 4: Proposal Eliminating IPC s Restated Bye-laws Restricting Transfer of Shares:

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a proposal to amend IPC's Restated Bye-laws to delete IPC bye-law 63(2) (Restriction on Transfer) and all references in IPC's Restated Bye-laws thereto, and to replace such provisions with the words "Intentionally Left Blank."

Proposal 5: Proposal Eliminating IPC's Restated Bye-laws Limiting Voting Rights of Controlled Shares:

a proposal to amend IPC's Restated Bye-laws to delete IPC bye-law 52 (limitation on voting rights of Controlled Shares (as defined below)) and all references in IPC's Restated Bye-laws thereto, and to replace such provisions with the words "Intentionally Left Blank."

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Proposal 6: Proposal to Adjourn the IPC Special General Meeting:

a proposal to adjourn or postpone the IPC special general meeting, in the discretion of the persons named as proxies on the enclosed Gold proxy card.

For a full description of the Proposals, see *Proposals to be Submitted to IPC Shareholder Vote at the IPC Special General Meeting; Voting Requirements and Recommendation*.

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

At the IPC special general meeting each director of IPC shall be entitled to be heard on the Validus Proposal relating to such director's removal. A vote by a show of hands will be taken in the first instance on all matters properly brought before the IPC special general meeting unless a poll is requested in accordance with IPC's Restated Bye-laws.

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**SPECIAL GENERAL MEETING OF THE SHAREHOLDERS
OF
IPC HOLDINGS, LTD.
American International Building 29 Richmond Road, Pembroke HM 08, Bermuda
TO BE HELD ON [], 2009**

**PROXY STATEMENT
OF
VALIDUS HOLDINGS, LTD.**

This proxy statement (the proxy statement) and the enclosed GOLD proxy card are furnished by Validus Holdings, Ltd., a Bermuda exempted company (Validus) in connection with Validus solicitation of proxies to be used at the special general meeting (including any adjournments or postponements thereof, the IPC special general meeting) of holders of common shares, par value \$0.01 per share (the IPC Shares), of IPC Holdings, Ltd., a Bermuda exempted company (IPC), to be held on [], 2009, at [] at [] Atlantic time, for the purpose of giving such holders of IPC Shares the opportunity to consider and, if the IPC shareholders so determine, to approve the proposals described in this proxy statement (the Validus Proposals).

We are soliciting proxies to be used at the IPC special general meeting to allow IPC shareholders, if they so determine, to approve the Validus Proposals in order to facilitate Validus ability to acquire all of the IPC Shares (the Acquisition) 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 a scheme of arrangement (the 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 IPC special general meeting may be unnecessary and may not be held. 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 are seeking to replace the IPC board of directors. To effect this change, the Validus Proposal contained herein to remove and replace each of the IPC directors will be presented to IPC shareholders at the IPC special general meeting. In order to facilitate the Acquisition through the use of the Scheme of Arrangement or the Exchange Offer followed by a second-step acquisition, the IPC shareholders will be asked to approve the Validus Proposals contained herein related to the elimination of IPC s Restated Bye-laws (IPC s bye-laws) 52 and 63(2). Under Bermuda law, amendments to bye-laws of a Bermuda company require the approval of the board of directors and shareholders, which because of the bye-law amendments included in the Validus Proposals is another reason that we are seeking the removal and replacement of the IPC directors. For a full description of the Proposals, see *Proposals to be Submitted to IPC Shareholder Vote at the IPC Special General Meeting; Voting Requirements and Recommendation*.

In order to implement the Scheme of Arrangement, IPC shareholders must approve the Scheme of Arrangement at the court-ordered IPC meeting, 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 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

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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.

WE ARE DISTRIBUTING THIS PROXY STATEMENT IN ORDER TO URGE IPC S SHAREHOLDERS TO VOTE FOR THE VALIDUS PROPOSALS AT THE IPC SPECIAL GENERAL MEETING.

Raymond C. Groth, Paul G. Haggis and Thomas C. Wajnert (each a Potential IPC Replacement Director , and collectively, the Potential IPC Replacement Directors) and the director and the executive officers of Validus and its subsidiaries listed on Schedule I to this proxy statement (such persons, together with Validus and the Potential IPC Replacement Directors, the Participants) have no interest in IPC other than through the beneficial ownership (if any) of IPC Shares as disclosed herein, and in the case of the Potential IPC Replacement Directors, the Letter Agreements (as defined below) regarding compensation to be paid to such Potential IPC Replacement Directors for their agreement to be nominated and to serve, if appointed, as a director of IPC and indemnification to be provided by Validus as described herein. Each of the Potential IPC Replacement Directors has consented to be named in this proxy statement and to serve as a director of IPC if appointed as such at the IPC special general meeting. None of the Potential IPC Replacement Directors are a party adverse to IPC or any of its subsidiaries or has a material interest adverse to IPC or any of its subsidiaries in any material pending legal proceedings. The Potential IPC Replacement Directors would be appointed in order to permit IPC shareholders to choose freely whether IPC should consummate the Acquisition. If appointed, and subject to their fiduciary duties as directors under applicable law, the Potential IPC Replacement Directors intend to take the steps necessary or appropriate to remove any obstacle to IPC consummating the Acquisition, including approving the Scheme of Arrangement and approving the IPC bye-law amendments included in the Validus Proposals.

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

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. To Validus knowledge, none of the other Participants are registered holders of IPC Shares.

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 24, 2009, the last practicable date prior to the filing of this proxy statement, was \$21.81. 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 24, 2009, the last practicable date prior to the filing of this proxy statement, was \$26.60. All references to dollars and \$ in this proxy statement refer to U.S. dollars.

This proxy statement provides IPC shareholders with detailed information about the IPC special general meeting and the Scheme of Arrangement. You can also obtain information from publicly available documents filed by Validus and IPC with the SEC. **We encourage you to read this entire document carefully, including the section entitled *Risk Factors* beginning on page []**.

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

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receive such instructions, you may request them from that firm. If you have any questions or need additional copies of the proxy materials, please call Georgeson Inc. at the phone numbers listed below.

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

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

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

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

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

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SOURCES OF ADDITIONAL INFORMATION

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

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

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

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

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

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

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

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

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

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

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

A: The IPC special general meeting is scheduled to take place at [], Atlantic time, on [], 2009, at [].

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

A: The purpose of the meeting is to give IPC shareholders the opportunity to consider and vote upon the Validus Proposals to facilitate the Acquisition despite the failure of the IPC board of directors to cooperate with Validus.

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

A: At the IPC special general meeting, IPC shareholders will be asked to consider and vote upon the Validus Proposals to facilitate the Acquisition. Proposal 1 is to remove and replace each of the IPC directors. Proposals 2 and 3 facilitate the implementation of the Scheme of Arrangement. Proposals 4 and 5 facilitate the Acquisition through the Exchange Offer or the Scheme of Arrangement.

Q: Why is Validus seeking to remove and replace each of the IPC directors?

A: Validus believes that the removal and replacement of each of the IPC directors would facilitate the Acquisition. If appointed, and subject to their fiduciary duties as directors under applicable law, the Potential IPC Replacement Directors intend to take the steps necessary or appropriate to remove any obstacle to IPC consummating the Acquisition, including approving the Scheme of Arrangement and approving the IPC bye-law amendments included in the Validus Proposals.

Q: Why is Validus proposing the Acquisition?

A: Based on a number of factors described below under *The Acquisition Reasons to Vote FOR the Validus Proposals*, 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 Validus Proposals?

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

The Acquisition provides a premium to IPC shareholders.

The Validus Shares to be issued to IPC shareholders as a portion of the Validus Transaction Consideration 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 Acquisition 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 Validus Proposals*.

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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: What would happen under the Scheme of Arrangement?

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

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 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. 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: 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 the IPC board of directors will continue to seek to take measures that could delay or impede 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 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 [].

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Q: How does the Scheme of Arrangement and this proxy statement relate to the Exchange Offer commenced by Validus for all IPC Shares?

A: On May 12, 2009, Validus commenced the Exchange Offer whereby Validus is offering to exchange the Validus Transaction Consideration for each IPC Share tendered by participating IPC shareholders. Validus commenced the Exchange Offer as an alternative method to acquire all the IPC Shares. The Exchange Offer is intended to be pursued in parallel with the Scheme of Arrangement, since it may provide a means to acquire all the IPC Shares on the same economic terms as the Validus Amalgamation Offer. We intend to effect the Acquisition by whichever method we determine is most effective and efficient to consummate the Acquisition. The Exchange Offer is subject to the condition, among others, that a minimum of 90% of the then-outstanding IPC Shares on a fully-diluted basis (excluding any IPC Shares owned by Validus, its subsidiaries or IPC) be tendered. The Validus Proposals contained herein related to the elimination of IPC bye-laws 52 and 63(2) will facilitate our ability to consummate the Acquisition through the use of the Exchange Offer followed by a second-step acquisition or the Scheme of Arrangement.

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 24, 2009, the last practicable date prior to the filing of this proxy statement, the closing price of an IPC Share was \$26.60. IPC shareholders are encouraged to obtain a recent quotation for IPC

Shares before deciding how to vote at the IPC special general meeting.

Q: Are IPC shareholders able to dissent from the Scheme of Arrangement?

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

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Scheme of Arrangement once it is set. IPC shareholders may also vote against the Validus Proposals specified on the proxy card related to this proxy statement.

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

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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 are the closing conditions to the Exchange Offer?

A: The closing conditions to the Exchange Offer are substantially the same as those set forth in the Scheme of Arrangement. In addition, the Exchange Offer is also conditioned on 90% of the then-outstanding number of IPC Shares on a fully-diluted basis (excluding any IPC Shares owned by Validus, its subsidiaries or IPC) having been validly tendered into the Exchange Offer and not withdrawn. The conditions to the Exchange Offer are described in the section entitled *The Exchange Offer Conditions of the Exchange Offer* in Validus prospectus/offer to exchange included in the registration statement on Form S-4 filed by Validus with the SEC.