VALIDUS HOLDINGS LTD
Form PRER14A
April 21, 2009

Table of Contents

PRELIMINARY PROXY STATEMENT   SUBJECT TO COMPLETION, DATED APRIL 20, 2009

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934
(Amendment No. 1)

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

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

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

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

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

o 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 the transaction applies:

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

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):

4.) Proposed maximum aggregate value of transaction:

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1.) Amount Previously Paid:

2.) Form, Schedule or Registration Statement No.:

3.) Filing Party:

4.) Date Filed:

TABLE OF CONTENTS

PRELIMINARY COPY SUBJECT TO COMPLETION, DATED APRIL 20, 2009

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

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

SOLICITATION OF PROXIES IN OPPOSITION TO THE PROPOSED AMALGAMATION OF IPC HOLDINGS, LTD. AND MAX CAPITAL GROUP LTD.

This Proxy Statement (the Proxy Statement) and the enclosed GOLD proxy card are furnished by Validus Holdings, Ltd., a Bermuda exempted company (Validus), and Validus Ltd., a Bermuda exempted company and a wholly-owned subsidiary of Validus (Validus Ltd.) (for convenience purposes, throughout this Proxy Statement, we sometimes refer to Validus as the party soliciting proxies in connection herewith), in connection with Validus solicitation of proxies to be used at the annual general meeting (the Annual General Meeting) of shareholders of IPC Holdings, Ltd., a Bermuda exempted company (IPC or the Company), to be held on , 2009, at at Atlantic Time, and at any adjournments, postponements or reschedulings thereof. Pursuant to this Proxy Statement, Validus is soliciting proxies from holders of common shares, par value $0.01 per share (the Shares), of the Company, to vote AGAINST the proposal to issue Company Shares in connection with the Agreement and Plan of Amalgamation, dated as of March 1, 2009, as amended by Amendment No. 1 to the Agreement and Plan of Amalgamation dated as of March 5, 2009, among Max Capital Group Ltd. (Max), the Company and IPC Limited (as the same may be amended, the Max Amalgamation Agreement) which would result in the amalgamation of Max with and into IPC Limited, a wholly-owned subsidiary of IPC that was formed for the purpose of the amalgamation, with the amalgamated company remaining a wholly-owned subsidiary of IPC and the name of IPC being changed to Max Capital Group Ltd. (the Proposed Max Amalgamation). The specific proposal we are soliciting proxies to vote AGAINST is proposal #8 (Proposal #8) in the Joint Proxy Statement/Prospectus included in the Registration Statement on Form S-4 filed by IPC with the SEC on March 27, 2009, and amended by Amendment No. 1 to the Registration Statement on Form S-4 filed on April 13, 2009 (the IPC/Max S-4). With respect to the remaining proposals we will vote your Shares as instructed by you, or if you fail to instruct us, as indicated in this proxy statement. The Company has set , 2009 as the record date for determining those shareholders who will be entitled to vote at the Annual General Meeting (the Record Date). The registered offices of the Company are located at American International Building, 29 Richmond Road, Pembroke HM 08, Bermuda.

This Proxy Statement and the enclosed GOLD proxy card are first being mailed to the Company s shareholders on or about April , 2009.

WE ARE DISTRIBUTING THIS PROXY STATEMENT IN ORDER TO URGE THE COMPANY S SHAREHOLDERS TO VOTE AGAINST THE PROPOSED MAX AMALGAMATION. WE BELIEVE THAT THE CONSIDERATION TO BE PAID TO THE COMPANY S SHAREHOLDERS BY MAX IN THE PROPOSED MAX AMALGAMATION IS INADEQUATE, AND BETTER ALTERNATIVES EXIST.

On March 31, 2009, Validus publicly announced that it had delivered a binding offer to the Company presenting a proposal (the Validus Offer) to the Company for the amalgamation of Validus and IPC in an exchange of shares whereby each IPC common share will be exchanged for 1.2037 Validus common shares, par value $0.175 per share (the Validus Shares). The Company announced on April 7, 2009 that its board of directors (the Company s Board) determined that the Validus Offer does not constitute a superior proposal under the terms of the Max Amalgamation Agreement and reaffirmed its support of the Proposed Max Amalgamation. As of March 31, 2009 (based upon closing market prices as of March 30, 2009), the Validus Offer had a value of $29.98 per Share, or approximately $1.68 billion in the aggregate, which represented an 18% premium to the trading value of the Shares as of the market close on the day prior to the announcement, and a 24% premium over $24.26, which was the average closing price of the Shares between March 2, 2009, the day the Company and Max announced the

Table of Contents

Proposed Max Amalgamation, and March 30, 2009, the last trading day before we announced the Validus Offer. The premium represented by the Validus Offer may be larger or smaller depending on the market price of each of the Shares and the Validus Shares at the effective time of the amalgamation and will fluctuate between now and then depending on the market prices upon consummation.

WE ARE NOT ASKING YOU TO VOTE ON OR APPROVE THE VALIDUS OFFER AT THIS TIME. HOWEVER, A VOTE AGAINST THE ISSUANCE OF SHARES IN CONNECTION WITH THE PROPOSED MAX AMALGAMATION WILL SEND A CLEAR MESSAGE TO THE COMPANY S BOARD THAT IT SHOULD GIVE PROPER CONSIDERATION TO ALL PROPOSALS WHICH IT RECEIVES, INCLUDING THE VALIDUS OFFER.

EVEN IF YOU HAVE ALREADY SENT A PROXY CARD TO THE COMPANY, YOU HAVE EVERY RIGHT TO CHANGE YOUR VOTE. ONLY YOUR LATEST-DATED PROXY COUNTS. VOTE AGAINST THE PROPOSED MAX AMALGAMATION BY VOTING AGAINST PROPOSAL #8, SIGNING, DATING AND RETURNING THE ENCLOSED GOLD PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED. NO POSTAGE IS NECESSARY IF YOUR PROXY CARD IS MAILED IN THE UNITED STATES. THEREFORE, WE URGE YOU TO SIGN, DATE AND RETURN THE ENCLOSED GOLD PROXY CARD TO US.

REASONS TO VOTE AGAINST THE PROPOSED MAX AMALGAMATION

Validus is soliciting proxies from the Company s shareholders in opposition to the Proposed Max Amalgamation and specifically AGAINST the proposal to issue the Company Shares in connection with the Max Amalgamation Agreement. Validus urges all of the Company s shareholders to vote AGAINST the Proposed Max Amalgamation for the following reasons:

A vote AGAINST the Proposed Max Amalgamation preserves your opportunity to receive the significant premium for your Shares contemplated by the Validus Offer which, if consummated, provides significantly greater financial value than the Proposed Max Amalgamation.

The Proposed Max Amalgamation contemplates providing little or no premium to the Company s shareholders, who would continue to hold IPC common shares after the transaction. Based upon closing prices as of March 30, 2009, the last trading day prior to its announcement, the Validus Offer had a value of $29.98 per Share, or approximately $1.68 billion in the aggregate, which represented an 18% premium to the trading value of the Shares as of such date and a 24% premium over $24.26, which was the average closing price of the Shares between March 2, 2009, the day the Company and Max announced the Proposed Max Amalgamation, and March 30, 2009, the last trading day before we announced the Validus Offer. The premium represented by the Validus Offer may be larger or smaller depending on the market price of each of the Shares and the Validus Shares at the effective time of the amalgamation and will fluctuate between now and then depending on the market prices upon consummation. Based upon the closing prices on April 17, 2009, the last practicable date prior to the filing of this Proxy Statement, the Validus Offer had a value of $28.77 per Share, or $1.6 billion in the aggregate, which represented a 7.1% premium to the closing price of the Shares as of such date and a premium of 13.2% over the March 30, 2009 closing price of the Shares.

We are confident that the Company s shareholders recognize that the Validus Offer is superior to the Proposed Max Amalgamation. Information with respect to the range of closing prices for the Shares for certain dates and periods is set forth in the IPC/Max S-4. Validus urges shareholders to obtain a current market quotation for the Shares.

A vote AGAINST the Proposed Max Amalgamation stops the Board s attempt to sell the Company for little or no premium.

The Company has entered into a purported merger of equals with Max in which the Company s shareholders will receive little or no premium for their Shares. Although the Company s Board has stated its belief that the Proposed Max Amalgamation is a strategic merger of equals, we believe that its analysis is incorrect and we believe that the Proposed Max Amalgamation is in fact a sale of the Company. Based upon the expected roles to be played by the Company s existing management in the combined company and the proposed name of Max Capital Group Ltd. for the Company following the Proposed Max Amalgamation and the retirement and consulting agreement entered into by the Company s Chief Executive Officer and President, we believe that the Proposed Max Amalgamation looks much more like an agreement was reached to sell the Company to Max for little or no premium. In any case, we believe that under Bermuda law and good governance the Company s Board, in evaluating any strategic transaction of this type, should consider available alternative transactions beforehand, communicate these alternatives clearly to the Company s shareholders and act to maximize value for the Company s shareholders, whether on a long-term or short-term basis, and we believe that the Company s Board has failed to do so in this case. On February 27, 2009, the trading day immediately prior to the date that the Proposed Max Amalgamation was announced, the Proposed Max Amalgamation represented a 1% premium to the closing price of the Company s Shares (based on the closing price of Max s shares on that date multiplied by the inverse of the 0.6429 exchange ratio in the Proposed Max Amalgamation). The amount of any premium to be received by the IPC shareholders, or whether there is any premium at all will depend on the market prices of the Company s Shares and the Max common shares at the effective time of the Proposed Max Amalgamation. Based upon the closing prices on April 17, 2009, the last practicable date prior to the filing of this Proxy Statement, the Proposed Max Amalgamation represented a 0.5% discount to the closing price of the Company s Shares. You should consider that, since July 24, 2007 (the date of Validus initial public offering) through March 30, 2009 (the last trading day prior to the announcement of the Validus Offer), Max s common shares have declined 36.5% whereas the Validus common shares have appreciated 13.2% over the same period. Although we believe that the Validus Offer would provide the Company s shareholders with a significant premium for their Shares, because both the Proposed Max Amalgamation and the Validus Offer provide for stock consideration with fixed exchange ratios, the relative value of each to IPC shareholders will fluctuate based on changes in the trading prices of Max common shares, Validus Shares and the Company s Shares.

A vote AGAINST the Proposed Max Amalgamation rejects a transaction which will materially impair the Company s balance sheet to the detriment of shareholders.

Under the Proposed Max Amalgamation, the Company will be assuming the entirety of Max s assets and liabilities. Despite statements by the Company s Board of its desire to reduce earnings volatility through a business combination, it has chosen a deal in which the Company s shareholders will assume an investment portfolio with large concentrations of risky assets, including alternative investments and non-agency asset-backed securities, and inadequate property and casualty and life and annuity reserves. According to Max s most recent Form 10-K, as of December 31, 2008, its holdings of alternative investments and non-agency asset-backed securities totaled 99% of its tangible equity, indicating a significant amount of embedded risk. Also, according to the IPC/Max S-4, the Company will have to add $130 million to Max s property and casualty and life and annuity reserves, indicating prior under-reserving.

In contrast, the Validus Offer brings with it no exposure to alternative investments. Validus investment policy specifically precludes it from making investments in the alternative asset class, which we view as having excessive risk for our policyholders and shareholders.

A vote AGAINST the Proposed Max Amalgamation rejects a transaction in which it will combine with an unprofitable company in the guise of diversification .

Under the Proposed Max Amalgamation, the Company s Board has chosen to combine with an entity that suffered a comprehensive net loss of $200.4 million, or $3.10 per Max diluted share, in 2008. 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.

The Board s choice to combine with a loss-making entity diversifies the Company 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 earned $45.3 million, or $0.61 per Validus diluted share, in 2008.

A vote AGAINST the Proposed Max Amalgamation rejects a transaction which favors the Max s senior management over the Company s shareholders.

-3-

Table of Contents

Although the Company s shareholders will receive little or no premium in the Proposed Max Amalgamation, the IPC/Max S-4 discloses that the senior executives of Max will receive accelerated vesting in 50% of their outstanding unvested equity awards, even though they will be taking over senior management positions of the Company after the Proposed Max Amalgamation. Given that the Proposed Max Amalgamation is a so-called merger of equals, why are Max s senior executives being compensated when you, as the Company s shareholders, are not? We urge you to carefully read the section of the IPC/Max S-4 titled The Merger Interests of Max Directors and Executive Officers in the Amalgamation for the details on these arrangements.

A vote AGAINST the Proposed Max Amalgamation encourages the Board to consider other alternatives for the Company.

The Section entitled The Amalgamation Background of the Amalgamation in the IPC/Max S-4 discloses that the Company contacted a selected list of third parties who had been identified as potential counterparties for a business combination prior to entering into the Max Amalgamation Agreement. However, even though the Company s Board apparently decided to put the Company up for sale, it chose a deal with little or no premium and then justified its decision by labeling the Proposed Max Amalgamation as a merger of equals. Additionally, the Company and its advisors specifically excluded parties (including Validus) from its sale process who might have been extremely interested in pursuing a business combination. The Validus Offer is evidence that a premium would have been, and is, available for the Company s shareholders. The Company s Board announced on April 7, 2009 that the Validus Offer does not constitute a superior proposal under the terms of the Max Amalgamation Agreement and IPC is not permitted to engage in negotiations or discussions with us or any other potential bidder under the terms of the Max Amalgamation Agreement. If the Proposed Max Amalgamation is rejected, the Company s Board will be encouraged to revisit its duty to find the best alternative for shareholders and we hope that it would choose to enter into discussions with Validus or other potential counterparties.

A vote AGAINST the Proposed Max Amalgamation clears the way for acceptance of the Validus Offer.

Even though the Company s Board has made a determination against our offer, we believe that the Validus Offer constitutes a superior proposal to the Proposed Max Amalgamation. When our proposal was announced on March 31, 2009, the closing price of the Company s Shares increased by $1.63 (to $27.04 per share), or 6.4%, over its $25.41 per share closing price on March 30, 2009. Based upon trading prices of Max s common shares, the Proposed Max Amalgamation had a value to the Company s shareholders of $26.38 per share after market close on March 30, 2009.

In addition, the Validus Offer provides a number of significant benefits for the Company and its shareholders, including: (i) quality diversification into profitable business lines that create value for the Company s shareholders; (ii) a strong balance sheet with significantly less exposure to alternative asset risk, none of which is contributed by Validus, and lower financial leverage than a combination with Max; (iii) a larger total GAAP capital base relative to a combination with Max; (iv) leadership positions in attractive, profitable business lines such as marine and energy; (v) low transaction execution risk in the form of no due diligence requirement and no required approvals from U.S. insurance regulators; and (vi) a superior outcome for the Bermuda community and the Company s clients in the form of a greater commitment to the lines of business underwritten by the Company.

RETURN YOUR GOLD PROXY CARD AND VOTE AGAINST THE PROPOSED MAX AMALGAMATION AGREEMENT TODAY.

DO NOT RETURN ANY PROXY CARD THAT YOU RECEIVE FROM THE COMPANY. EVEN IF YOU HAVE PREVIOUSLY SUBMITTED A PROXY CARD FURNISHED BY THE COMPANY, IT IS NOT TOO LATE TO CHANGE YOUR VOTE BY SIMPLY SIGNING, DATING AND RETURNING THE ENCLOSED GOLD PROXY

CARD TODAY.

WE URGE YOU TO SEND THE COMPANY S BOARD A CLEAR MESSAGE THAT A SALE TO MAX FOR LITTLE OR NO PREMIUM IS NOT A DESIRED OUTCOME AND THAT THEY SHOULD TAKE ALL NECESSARY STEPS TO CONSIDER ALL OTHER PROPOSALS INCLUDING THE VALIDUS OFFER. **VOTE AGAINST THE PROPOSED MAX AMALGAMATION.**

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on , 2009:

The Proxy Statement and our proxy materials are available free of charge on Validus website at www.validusre.bm.

BACKGROUND OF THE SOLICITATION

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

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

Following this telephone call, in the morning of March 31, 2009, Validus delivered a proposal letter containing the Validus Offer to the Company s Board in care of Mr. Bryce and issued a press release announcing the Validus Offer. The letter reads as follows:

March 31, 2009

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

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

Dear Sirs:

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

1. Superior size and scale, with pro forma December 31, 2008 shareholders equity of $3.7 billion and total GAAP capitalization of $4.1 billion;

2. Superior financial flexibility, with debt/total capitalization of only 1.8% and total leverage including hybrid securities of only 9.1%;

3. A global platform, with offices and underwriting facilities in Bermuda, at Lloyd s in London, Dublin, Singapore, New York and Miami;

4. Superior diversified business mix, with lines of business concentrated in short-tail lines where pricing momentum is strongest; and

5. An experienced, proven and stable management team with substantial expertise operating in IPC s core lines of business.

Our superior growth prospects are evidenced by our historical track record. Between December 31, 2005 and December 31, 2008, Validus grew its book value per share (including accumulated dividends) at a 13.2% compound annual rate vs. Max s 8.8% growth over the same period. In 2008, we grew our book value per share (including accumulated dividends) by 2.4% vs. Max s 10.8% decline over the same period.

Expedited Closing Process. We will be able to close an amalgamation with IPC more quickly than Max because we will not require the approval of U.S. insurance regulators.[1]

[1] To clarify, as of the date of this proxy statement, the Validus amalgamation with IPC will not require the approval of U.S. insurance regulators because neither IPC nor Validus operates a U.S.-regulated insurance business that would require any such approval.

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

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

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

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

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

We look forward to your prompt response.

Sincerely,

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

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

John J. Schuster
Cahill Gordon & Reindel LLP

In the afternoon on March 31, 2009, the Company issued a press release acknowledging receipt of the letter from Validus outlining the Validus Offer and indicating that the Company s Board of Directors would review the terms of the Validus Offer in a manner consistent with its obligations under the Max Amalgamation Agreement and applicable Bermuda law.

Also in the afternoon on March 31, 2009, Max issued a press release announcing that it had received from the Company a copy of the letter from Validus outlining the Validus Offer.

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

-7-

Dear Members of the Board:

We are writing regarding the many business and financial issues raised by the public proposal by Validus Holdings Ltd. (Validus) to acquire IPC Holdings, Ltd. (IPC) in lieu of the pending IPC amalgamation with Max Capital Group Ltd. (Max). The IPC/Max amalgamation was founded on a shared vision of allowing our combined group of shareholders to enjoy the benefits of a strong, diversified operating platform with a proven track record. The Validus proposal does not offer that.

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

A. You can agree to be taken over by Validus at a price that is below IPC s book value. The result of this takeover for your shareholders would be a minority equity stake in an entity that offers substantially similar product lines to those offered by IPC today, with little risk diversification, and apparently no ability by the IPC Board to steward the longer term prospects of the company.

OR

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

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

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

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

3. *Max is a truly diversified underwriting platform.* The IPC/Max Plan offers IPC s shareholders superior current and future value by combining IPC with a truly diversified underwriting platform, with a strong and well established track record. Max enjoys a diversified portfolio of business across many dimensions by class, geography, customers and

distribution. We believe that Max s diversified underwriting platform, with its strong emphasis on profitable longer-tail casualty business, will generate more stable returns on capital through underwriting cycles, compared to the volatility embedded in the Validus short-tail portfolio. Validus, whose 2008 gross premiums written are 94% concentrated in short- tail lines of business, claims that its portfolio represents diversification. Validus ability to deliver anything approaching true diversification seems to be constrained by its limited underwriting platforms in Bermuda and at Lloyd s and lack of underwriting capabilities in longer-tail casualty classes.

-8-

Table of Contents

Combining two short-tailed property catastrophe companies as proposed by Validus does little for shareholder diversification. Validus stated intention to take advantage of currently strong rates in the property market is a short-term strategy that is capital intensive, creates greater volatility for shareholders, and is one which IPC could have continued on a stand-alone basis but elected not to do so. By contrast, Max remains committed to an underwriting strategy that produces attractive results across market cycles, by continuing to expand its specialty insurance business in selected underwriting classes and limiting volatility in its underwriting results.

4. *Max has a proven, long-term, operating history.* Max s underwriting has been tested through the tragic events of 9/11, the active 2004 hurricane season and the confluence of Hurricanes Katrina, Rita, and Wilma in 2005. Validus operating history, by contrast, does not extend beyond the past three years, during which time the industry as a whole has experienced both strong property catastrophe pricing and limited catastrophe activity. The first test of Validus portfolio of business and risk management capabilities since its formation three years ago came in 2008 with Hurricanes Ike and Gustav. In our view, the results speak for themselves: the net loss reported by Validus for these events represented 12.4% of its June 30, 2008 shareholders equity, the largest percentage loss of its broad peer group which averaged 7.2% of shareholders equity. The loss was almost double the net loss incurred by IPC, which represented just 6.7% of IPC s June 30, 2008 shareholders equity. The losses recorded by Validus included a 42% increase in its initial loss estimate for Hurricane Ike (from $165 million to $235 million) during the fourth quarter of 2008. By comparison, Max s net incurred losses from Hurricanes Ike and Gustav were limited to 3.4% of June 30, 2008 shareholders equity, the lowest among the broader peer group, demonstrating the lower embedded volatility of Max s underwriting results versus Validus.

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

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

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

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

7. *Max s complementary and diversified platform is appreciated by our ratings agencies.* Max currently has a financial strength rating of A- by A.M. Best, with its outlook changed to positive in December 2008. As IPC and Max have jointly presented to our ratings agencies, IPC s Board has the comfort of knowing that the

Table of Contents

ratings agencies view our combination, and its diversifying impact on IPC s business, positively. In contrast, we believe that the agencies would not look as favorably on combining two short-tailed property-oriented platforms.

8. *Max maintains less underwriting volatility through greater diversification of its portfolio of risks.* Max seeks to limit its exposure to catastrophic events (probable maximum loss based on a 1 in 250 year event) to a maximum of 20% of its shareholders equity, often operating below this level. As part of the IPC/Max Plan, we have discussed continuing to have a significant presence in the property catastrophe market while on a combined equity basis adhering to this same 20% risk tolerance. In contrast, Validus maintains peak exposures where the probable maximum loss based on a 1 in 250 year event runs at a stated 33% of shareholders equity. Max believes that combining this risk profile with IPC would expose IPC shareholders to an even greater level of volatility than at present and would not change the markets perception of IPC as being a property catastrophe company. The volatility of Validus results would also seem to be cause for concern, particularly when the net losses from Hurricanes Ike and Gustav (which approximated a 1 in 15 year event) was 12.4% of shareholders equity, the highest among its broader peer group. This compared to a net loss of 6.7% of shareholders equity for IPC and 3.4% for Max.

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

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

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

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

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

Table of Contents

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

Very truly yours,

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

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

April 2, 2009

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

Dear Members of the Board:

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

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

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

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

1. A combination with Max delivers 29% more tangible book value per share to IPC. Max believes book value per share is a very important measure in our industry, and we do not disagree. The relevant question

-11-

Table of Contents

for the IPC Board, however, is not, as Max suggests, the relative percentage of book value being delivered to IPC shareholders in the two proposals, but the absolute value of the shares themselves. On this measure, the Validus proposal is clearly superior, as it offers IPC shareholders a significant premium over the current value of their shares. Moreover, Max does not explain in its letter why Max s shares are trading at such a deep discount to its book value. We can only guess that the market assigns such a discount because of Max s stewardship of its business or because so much of Max s investment portfolio is tied up in risky alternative assets. Indeed, of Max s $1.2 billion of tangible common equity, $754 million is in alternative assets, which in 2008 generated mark downs of $233 million, greater than the entirety of Max s underwriting income, and $476 million is in non-agency asset/mortgage backed securities. We believe it is a far better value proposition for the IPC shareholders to receive Validus shares, a currency which the market values at a premium to book.

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

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

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

By focusing on the net loss reported by Validus based on hurricanes Ike and Gustav, Max is yet again ignoring the larger benefit of Validus conservative risk management and diversification. Validus assumed that the hurricane season in 2008 would generate a market loss of $18 to $21 billion, and we set our reserve levels accordingly. IPC, by contrast, assumed $14.5 billion of losses. Notwithstanding the severity of the events of that hurricane season, Validus was easily able to absorb the loss (yielding a combined ratio of 92.2%, with a corresponding combined ratio at Validus Re of 86.0%). As a result, Validus was profitable, notwithstanding the losses associated with hurricanes Gustav and Ike. Its highly touted diversification notwithstanding, Max sustained a loss for the year in excess of $200 million, demonstrating beyond a shadow of a doubt that its greater diversification is not a guarantee of profitability.

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

5. *IPC and Max can complete an amalgamation more quickly, with greater certainty.* Max now claims (contrary to the statements it made prior to the Validus Proposal) that Max and IPC will be able to close their amalgamation in June 2009. Max freely admits, however, that it does not control the time table: the SEC must clear the proxy statement/prospectus filed by IPC, it must clear the proxy statement for Max, and the parties must obtain shareholders approval (which we believe will be difficult to do while our Superior Proposal is pending). Most importantly, the closing of the IPC/Max transaction requires regulatory approvals from several different state insurance departments in the United States. Implicit in Max s prediction of a closing date is a presumption of the receipt of regulatory approvals, which simply cannot be taken for granted given the likely timing of regulatory review and the public hearing process. Thus there is absolutely no guarantee that the IPC/Max deal can be consummated in the second quarter. Finally, it is important for the IPC Board not to lose sight of the fact that the Amalgamation Agreement cedes to Max the power to delay the closing of a Validus/IPC combination.[2]

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

6. *Max s business is complementary to IPC.* Max s assertions that a combination of Validus and IPC would result in a loss of customers are without merit and are particularly surprising, given that Max has publicly stated its intention to significantly reduce IPC s core reinsurance activities. As we are both aware, the current reinsurance market is in the midst of a capacity shortage. As a result, we do not believe that clients will actively seek to diversify their reinsurance placements away from our combined company. In fact, our combined financial strength and clout should only serve to make a combined Validus/IPC a go-to player for reinsurance placements.

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

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

9. *Max has a proven, long term history of successful acquisitions without incurring good will.* Validus has a proven track record of acquiring a high quality premier business with a leading position in its market. Max s pointing to its acquisition of Imagine Group (UK) Limited as an example of a successful

[2] To clarify, as of the date of this proxy statement, the Max Amalgamation Agreement cedes to Max the power to delay the closing of a Validus/IPC combination because IPC has no right to terminate the Max Amalgamation Agreement until after the vote of the IPC shareholders at the Annual General Meeting, even if the IPC Board changes its recommendation and recommends a vote FOR the Validus Offer.

acquisition is ironic, especially relative to our successful acquisition of Talbot. In that transaction, Validus acquired a strong balance sheet with excess reserves at a multiple of 3.1x earnings demonstrating Validus commitment to creating value for our shareholders. When we acquired Talbot, Validus booked $154 million of goodwill and intangible assets; however, from acquisition closing until December 31, 2008, we benefited from $105 million in reserve releases from the Talbot business, emanating from periods prior to the acquisition. [Sentence omitted.]

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

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

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

* * *

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

Sincerely,

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

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

April 5, 2009

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

Dear Members of the Board:

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

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

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

We look forward to your response to the Validus Proposal.

Sincerely,

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

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

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

On the morning of April 6, 2009, Max issued a press release reaffirming its prior disclosure regarding the Validus Offer and stating that it continues to believe that Validus had not presented a Superior Proposal, nor one that can be reasonably expected to lead to a Superior Proposal (as such term is defined in the [Max Amalgamation Agreement]) .

Table of Contents

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

April 6, 2009

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

Dear Members of the Board:

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

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

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

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

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

Sincerely,

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

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

Table of Contents

Adjustments to Max Book Value Upon Combination with IPC

(In millions, except per share values)

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

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

(1) Represents historical net book value of Max.

(2) Represents adjustment to reduce the deferred acquisition costs of Max to their estimated fair value at December 31, 2008.

(3) Represents adjustment to reduce goodwill and intangible assets of Max to their estimated fair value at December 31, 2008.

(4) The fair value of Max s reserve for property and casualty losses and loss adjustment expenses, life and annuity benefits, and loss and loss adjustment expenses recoverable were estimated based on the present value of the underlying cash flows of the loss reserves and recoverables. In determining the fair value estimate, IPC s management estimated a risk premium deemed to be reasonable and consistent with expectations in the marketplace given the nature and the related degree of uncertainty of such reserves. Such risk premium exceeded the discount IPC s management would use to determine the present value of the underlying cash flows.

(5) Represents the estimated fair value of the profit within Max s unearned property and casualty premiums. In determining fair value, IPC s management estimated the combined ratio associated with Max s net unearned property and casualty premiums.

(6) Represents adjustment to record Max s senior notes to their estimated fair value at December 31, 2008.

(7)

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

Table of Contents

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

April 7, 2009

Edward J. Noonan
Chairman & Chief Executive Officer
Validus Holdings Ltd.
19 Par-La-Ville Road
Hamilton, HM 11
Bermuda

Dear Mr. Noonan:

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

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

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

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

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

The Validus Amalgamation Proposal Is Less Certain, Is Riskier for IPC s Shareholders and Would Take Longer to Close We currently expect to be able to complete the transaction with Max in June, with all regulatory approvals obtained. In contrast, in our view, any transaction with Validus likely could not be completed before September, right in the middle of the wind season. Our transaction with Max would have to be rejected by IPC shareholders before IPC would be able to conduct due diligence on and negotiate with Validus. There is no assurance IPC would, at that time, choose to enter into a transaction with Validus. Even if IPC were to proceed with Validus at that time, Validus and IPC would both need to obtain consents under their credit facilities before the deal could close, whereas no such additional consents would be necessary to close the IPC/Max transaction. Validus and IPC would also need to achieve satisfactory indications from the ratings agencies regarding the ratings outcomes of such a combination.

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

Sincerely,

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

Table of Contents

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

April 8, 2009

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

Dear Mr. Hammond,

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

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

We hereby advise the shareholders of IPC that:

1. We have retained Georgeson as our proxy solicitor. We will shortly file proxy solicitation materials with the SEC and those materials will contain, among other things, the many reasons why we believe you should vote against the Max takeover. Once the proxy is effective, Georgeson will be in touch with IPC s shareholders to solicit their votes AGAINST the Max takeover. If, as we [hope][3], IPC s shareholders vote down the Max takeover, you will be unencumbered by the restrictive Amalgamation Agreement and free to execute the Validus Agreement.

2. In our capacity as an IPC shareholder, we object to the punitive nature of the $50 million Max Termination Fee. The Termination Fee is an unenforceable penalty under Bermuda law and we are commencing litigation to reduce this penalty. If successful,[4] we will permit IPC to pay the amount by which such penalty is reduced as a dividend to IPC shareholders, so that IPC shareholders and not Max or Validus shareholders will share in the value obtained.

[3] To clarify, as of the date of this proxy statement, the word hope has been inserted to replace the word expect in this sentence.

[4] To clarify, as of the date of this proxy statement, the reference to success in this sentence relates to Validus success in pursuing the litigation strategy referenced in the immediately prior sentence followed by the successful consummation of the Validus Offer.

Table of Contents

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

Sincerely,

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

On April 9, 2009, Validus filed this preliminary proxy statement with the SEC with respect to soliciting votes against the approval of the Proposed Max Amalgamation.

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

On April 16, 2009, Validus filed a preliminary proxy statement with respect to soliciting votes from Validus shareholders to approve the issuance of Validus Shares in connection with the acquisition of all of the outstanding Shares pursuant to the amalgamation agreement delivered by Validus as part of the Validus Offer.

On April 20, 2009, Validus filed an amendment to this preliminary proxy statement with the SEC.

CERTAIN INFORMATION CONCERNING THE PROPOSED MAX AMALGAMATION

At the Annual General Meeting, the Company s shareholders of record at the close of business on the Record Date will be voting on, among other things, whether to approve the issuance of Shares in connection with the Proposed Max Amalgamation. According to the IPC/Max S-4, under the terms of the Max Amalgamation Agreement, each outstanding Max common share (the Max Shares), other than Max Shares held by Max as treasury shares, will be cancelled and converted into the right to receive 0.6429 IPC common shares, par value $0.01 per share (the IPC Shares) (together with cash in lieu of fractional shares). IPC shareholders would continue to retain their shares after the Proposed Max Amalgamation. According to the IPC/Max S-4, as a result of the Proposed Max Amalgamation, the Company s shareholders would end up owning approximately 58% of the combined company. The conditions to the consummation of the Proposed Max Amalgamation include the following: (1) adoption of the Max Amalgamation Agreement and approval of the Proposed Max Amalgamation by Max s shareholders, (2) approval by the Company s shareholders of (i) the issuance of the Company s shares to shareholders of Max on the terms and conditions set out in the Max Amalgamation Agreement and (ii) certain amendments to the Company s bye-laws, (3) receipt of all regulatory approvals, (4) absence of any applicable law prohibiting the Proposed Max Amalgamation, (5) effectiveness of the registration statement registering the Company common shares to be issued in the Proposed Max Amalgamation, (6) authorization of the listing of such Company common shares on Nasdaq, (7) the truth and correctness of the representations and warranties of the Company and Max set forth in the Max Amalgamation Agreement in all material respects, (8) performance by the Company and Max of their respective material obligations under the Max Amalgamation Agreement, and (9) receipt by the Company and Max of opinions of their respective legal counsel with respect to certain U.S. federal income tax consequences of the Proposed Max Amalgamation.

The Max Amalgamation Agreement also provides that the termination of the Max Amalgamation Agreement by either party under certain circumstances specified in the Max Amalgamation Agreement, including the termination by Max if the Company s Board withdraws or adversely modifies its approval or recommendation to shareholders of the Proposed Max Amalgamation, will require the Company to pay Max $50 million as a termination fee.

The Max Amalgamation Agreement also provides for the payment by the Company to Max of the $50 million termination fee if the Max Amalgamation Agreement is terminated in the following circumstances: (i) by Max if the Company s Board withdraws, modifies or changes its recommendation of the Proposed Max Amalgamation in a manner adverse to Max in reference to a third party acquisition proposal or (ii) by the Company or Max if (a)(x) the Max Amalgamation Agreement has not been consummated by November 30, 2009 or (y) the Company s shareholder approval for the Proposed Max Amalgamation has not been obtained, (b) prior to the Annual General Meeting a third party acquisition proposal has been made or otherwise becomes publicly known or any person has publicly announced an intention to make a third party acquisition proposal and (c) within 12 months after termination of the Max Amalgamation Agreement, the Company or any of its subsidiaries enters into a contract or agreement with respect to, or consummates, a third party acquisition proposal with the person that made such acquisition proposal.

WE ARE DISTRIBUTING THIS PROXY STATEMENT IN ORDER TO URGE THE COMPANY S SHAREHOLDERS TO VOTE AGAINST THE PROPOSED MAX AMALGAMATION. WE BELIEVE THAT THE CONSIDERATION TO BE PAID BY MAX IN THE PROPOSED MAX AMALGAMATION IS INADEQUATE, AND BETTER ALTERNATIVES EXIST.

CERTAIN INFORMATION CONCERNING VALIDUS AND VALIDUS LTD.

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 global provider of short-tail lines of reinsurance, including property catastrophe, property pro-rata and property per risk, marine and energy, and other specialty lines. Validus was formed in Bermuda in December 2005 following the significant natural catastrophes of 2005 with an experienced management team and an unencumbered capital base of approximately $1 billion. Validus shares are traded on the NYSE under the symbol VR and, as of the date preceding the filing of this Proxy Statement, Validus had a market capitalization of approximately $1.84 billion.

Table of Contents

Validus has approximately 280 employees. Validus acquired 100 Shares, through its wholly owned subsidiary, Validus Reinsurance, Ltd., a Bermuda exempted company, in the open market on April 8, 2009. As of the date of the filing of this Proxy Statement with the SEC, Validus beneficially owns 100 Shares, or less than 1% of the outstanding Shares.

Validus Ltd. is a recently formed Bermuda exempted company organized in connection with the acquisition of the Company s common shares and the Validus Offer and has not carried on any activities other than in connection therewith.

The principal offices of Validus Ltd. are located at 19 Par-La-Ville Road Hamilton HM11 Bermuda. The telephone number of Validus Ltd. is (441) 278-9000. Validus Ltd. is a wholly owned subsidiary of Validus.

Unless Validus Ltd. exchanges Shares on behalf of Validus pursuant to the Validus Offer, it is not anticipated that Validus Ltd. will have any significant assets or liabilities or engage in activities other than those incidental to its formation and capitalization.

Information for each of the directors and executive officers of Validus and Validus Ltd. 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, Validus Ltd. or any of the participants set forth on Schedule I hereto have any interest, direct or indirect, by security holdings or otherwise, in the Proposed Max Amalgamation.

Table of Contents

UNAUDITED CONDENSED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

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

You should read the following condensed consolidated pro forma financial information in conjunction with Validus Annual Report on Form 10-K for the year ended December 31, 2008 and IPC s Annual Report on Form 10-K for the year ended December 31, 2008, each as filed with the Securities and Exchange Commission.

Table of Contents

The following table presents unaudited condensed consolidated pro forma balance sheet data at December 31, 2008 (expressed in thousands of U.S. dollars, except share and per share data).

	Historical Validus Holdings, Ltd.	Historical IPC Holdings, Ltd.	Pro Forma Purchase adjustments	Notes	Pro Forma Consolidated
Assets					
Fixed maturities, at fair value	$ 2,454,501	$ 1,793,020	$		$ 4,247,521
Short-term investments, at fair value	377,036				377,036
Equity investments, at fair value		365,147			365,147
Cash and cash equivalents	449,848	77,020	(85,000)	3(a)	441,868
Total investments and cash	3,281,385	2,235,187	(85,000)		5,431,572
Premiums receivable	408,259	108,033			516,292
Deferred acquisition costs	108,156	9,341			117,497
Prepaid reinsurance premiums	22,459	2,165			24,624
Securities lending collateral	98,954				98,954
Loss reserves recoverable	208,796	2,771			211,567
Paid losses recoverable	1,388				1,388
Net receivable for investments sold	490				490
Accrued investment income	20,433	27,717			48,150
Current taxes recoverable	1,365				1,365
Intangible assets	127,217				127,217
Goodwill	20,393				20,393
Other assets	23,185	3,474			26,659
Total assets	$ 4,322,480	$ 2,388,688	$ (85,000)		$ 6,626,168
Liabilities					
Unearned premiums	$ 539,450	$ 85,473			$ 624,923
Reserve for losses and loss expense	1,305,303	355,893			1,661,196
	33,042	628			33,670

Reinsurance balances payable					
Deferred taxation	21,779				21,779
Securities lending payable	105,688				105,688
Bank loan payable		75,000			75,000
Accounts payable and accrued expenses	74,184	20,747			94,931
Debentures payable	304,300				304,300
Total liabilities	2,383,746	537,741			2,921,487
Shareholders equity					
Ordinary shares	13,235	561	11,328	3(a), 3(b), 3(c)	25,124
Additional paid-in capital	1,412,635	1,089,002	591,431	3(a), 3(b), 3(c)	3,093,068
Accumulated other comprehensive loss	(7,858)	(876)	876	3(c)	(7,858)
Retained earnings	520,722	762,260	(688,635)	3(a), 3(c), 3(e)	594,347
Total shareholders equity	1,938,734	1,850,947	(85,000)		3,704,681
Total liabilities and shareholders equity	$ 4,322,480	$ 2,388,688	$ (85,000)		$ 6,626,168
Common shares outstanding	75,624,697	55,943,297	67,338,947		142,963,644
Common shares and common share equivalents outstanding	90,091,403	56,440,530	67,937,467		158,028,870
Book value per share	$ 25.64	$ 33.09		7	$ 25.91
Diluted book value per share	$ 23.78	$ 32.79		7	$ 24.73
Diluted tangible book value per share	$ 22.14	$ 32.79			$ 23.80

-25-

Table of Contents

The following table sets forth unaudited condensed consolidated pro forma results of operations for the year ended December 31, 2008 (expressed in thousands of U.S. dollars, except share and per share data):

Historical Validus Holdings, Ltd.	Historical IPC Holdings, Ltd.	Pro Forma Pur- chase adjustments	Notes	Pro Forma Consolidated