IPC HOLDINGS LTD
Form PRRN14A
May 07, 2009

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PRELIMINARY PROXY STATEMENT   SUBJECT TO COMPLETION, DATED MAY 6, 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. 3)

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.:

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PRELIMINARY COPY SUBJECT TO COMPLETION, DATED MAY 6, 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), 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 IPC Shares), of IPC, to vote AGAINST the proposal to issue IPC 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), IPC 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, further amended by Amendment No. 2 to the Registration Statement on Form S-4 filed on April 28, 2009 and further amended by Amendment No. 3 to the Registration Statement filed on May 4, 2009 (collectively, the IPC/Max S-4). With respect to the remaining proposals we will vote your IPC Shares as instructed by you, or if you fail to instruct us, as indicated in this proxy statement. IPC has set April 28, 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 IPC 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 IPC s shareholders on or about May , 2009.

WE ARE SOLICITING PROXIES FROM IPC SHAREHOLDERS TO VOTE AGAINST THE PROPOSED MAX AMALGAMATION. WE BELIEVE THE PROPOSED MAX AMALGAMATION IS A BAD DEAL FOR HOLDERS OF IPC SHARES AND DOES NOT REPRESENT THE BEST ALTERNATIVE FOR IPC. WE BELIEVE THE VALIDUS AMALGAMATION OFFER IS A BETTER ALTERNATIVE FOR THE IPC SHAREHOLDERS.

On March 31, 2009, Validus publicly announced that it had delivered an offer to IPC (the Validus Amalgamation Offer) to acquire each outstanding IPC Share in exchange for 1.2037 Validus voting common shares, par value $0.175 per share (the Validus Shares). IPC announced on April 7, 2009 that its board of directors (IPC s Board) determined that the Validus Amalgamation 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 Amalgamation Offer had a value of $29.98 per IPC Share, or approximately $1.68 billion in the aggregate, which represented an 18% premium to the trading value of the IPC Shares as of the market close on the day prior to the announcement, and a 24% premium over $24.26, which was the average

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closing price of the IPC Shares between March 2, 2009, the day IPC and Max announced the Proposed Max Amalgamation, and March 30, 2009, the last trading day before we announced the Validus Amalgamation Offer. The premium represented by the Validus Amalgamation Offer may be larger or smaller depending on the market price of each of the IPC 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 May 5, 2009, the last practicable date prior to the filing of this Proxy Statement, the Validus Amalgamation Offer had a value of $28.01 per IPC Share, or $1.6 billion in the aggregate, which represented a 6.1% premium to the closing price of the IPC Shares as of such date and a premium of 10.2% over the March 30, 2009 closing price of the IPC Shares.

WE ARE NOT ASKING YOU TO VOTE ON OR APPROVE THE VALIDUS AMALGAMATION 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 IPC s BOARD THAT IPC SHAREHOLDERS REJECT THE PROPOSED MAX AMALGAMATION AND THAT THE IPC BOARD SHOULD ACCEPT THE VALIDUS AMALGAMATION OFFER.

EVEN IF YOU HAVE ALREADY SENT A PROXY CARD TO IPC, 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 IPC s shareholders in opposition to the Proposed Max Amalgamation and specifically AGAINST the proposal to issue the IPC Shares in connection with the Max Amalgamation Agreement. Validus urges all of IPC 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 premium for your IPC Shares contemplated by the Validus Amalgamation Offer.

Based upon closing prices of IPC common shares and Validus common shares as of March 30, 2009, the last trading day prior to the announcement of the Validus Amalgamation Offer, the Validus Amalgamation Offer had a value of $29.98 per IPC Share, or approximately $1.68 billion in the aggregate, which represented an 18% premium to the trading value of the IPC Shares as of such date and a 24% premium over $24.26, which was the average closing price of the IPC Shares between March 2, 2009, the day IPC and Max announced the Proposed Max Amalgamation, and March 30, 2009, the last trading day before we announced the Validus Amalgamation Offer. The premium represented by the Validus Amalgamation Offer may be larger or smaller depending on the market price of each of the IPC 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 May 5, 2009, the last practicable date prior to the filing of this Proxy Statement, the Validus Amalgamation Offer had a value of $28.01 per IPC Share, or $1.6 billion in the aggregate, which represented a 6.1% premium to the closing price of the IPC Shares as of such date and a premium of 10.2% over the March 30, 2009 closing price of the IPC Shares.

Information with respect to the range of closing prices for the IPC 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 IPC Shares.

A vote AGAINST the Proposed Max Amalgamation paves the way for IPC shareholders to receive what we believe is an attractive investment.

We believe that the relative performance of Validus common shares in the market indicates that the markets view Validus as a more attractive investment than Max. From July 24, 2007 (the date of Validus initial public offering) through March 30, 2009 (the last trading day prior to the announcement of the Validus Amalgamation Offer), Validus common shares have appreciated 13.2% whereas Max common shares have declined 36.5% over the same period. Based on the closing prices of the Validus common shares and Max common shares on March 30,

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2009, the last day of trading prior to Validus announcement of the Validus Amalgamation Offer, Validus common shares traded at a premium to their diluted book value and diluted tangible book value of 1.05x and 1.13x, respectively, whereas Max common shares traded at a discount, at 0.76x and 0.77x, respectively.

Between December 31, 2005 and December 31, 2008, and notwithstanding the significant property catastrophe claim activity during this period (generated, for instance, by Hurricanes Ike and Gustav),Validus grew its book value per share (including accumulated dividends) at a 13.2% rate compared to Max s 8.8% growth rate over the same period. In 2008, Validus grew its book value per share by 2.4% compared to Max s decline in book value of 10.8% during the same period. Moreover, Validus common shares are more liquid than Max common shares (as measured by their respective dollar trading volumes in various periods prior to announcement of the proposed Max amalgamation). Further, shareholders in a combined Validus/IPC will receive a dividend payable at an annual rate of $0.96/share (based on Validus current annual rate of $0.80/share multiplied by the exchange ratio of 1.2037), compared to the current IPC annual dividend of $0.88/share, in both cases based on the most recent quarterly dividends declared and paid by each company.

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

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

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

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

Additionally, an IPC/Validus combination will result in a combined entity with pro forma December 31, 2008 GAAP shareholders equity that totaled approximately $3.7 billion. This compares to a combined IPC/Max pro forma shareholders equity of approximately $3.0 billion, according to the IPC/Max S-4. Validus believes that a significant capital base provides an important competitive advantage for companies in Validus industry, especially given the current economic climate in which companies face limited access to new capital and the demand for reinsurance is increasing.

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

By entering into the Proposed Max Amalgamation, IPC s board of directors has chosen to combine with an entity that reported a comprehensive net loss of $200.4 million, or $3.10 per Max diluted share, in 2008. While Max reported a combined ratio of 91.9% in 2008, its underwriting results benefited from $106 million in favorable reserve development. Excluding this benefit, Max s underwriting activities in the 2008 year generated an underwriting loss and a combined ratio of 103.9%. Max s U.S. Specialty segment, the centerpiece of its diversified businesses, operated in 2008 with a combined ratio of 138.5%. The combined ratio is a commonly used measure of an insurance company s underwriting profitability. It is calculated as the sum of an insurer s net loss ratio and its expense ratio. A combined ratio below 100% indicates profitable underwriting; a combined ratio of 100% or higher indicates that premiums are less than aggregate claims and expenses. The net loss ratio is calculated by dividing losses and loss expenses incurred (including estimates for incurred but not reported losses) by net premiums earned. The expense ratio is calculated by dividing acquisition costs combined with general and administrative expenses by net premiums earned. As evidenced by Max s combined ratio in 2008, Max s underwriting business was loss-making in 2008. In contrast, the combined ratio at Validus in 2008, notwithstanding the unusual concurrence of two major events giving rise to claims (Hurricanes Gustav and Ike), was 92.2%, indicating profitable underwriting results.

Max s results have been significantly more volatile than those of Validus in recent years, despite statements by IPC s board of directors and Max management alleging the reduced volatility that will result from an IPC/Max combination. For example, according to page 55 of Max s 2008 annual report on Form 10-K, Max s return on average shareholders equity has varied between -12.2% and 20.4% in the period from 2006 through 2008. In contrast, Validus return on average shareholders equity has varied between 2.7% and 26.9% in the same period, and has been higher than Max s in each of those years.

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

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

A vote AGAINST the Proposed Max Amalgamation stops the IPC board from handing over operational control of IPC to Max management.

The Proposed Max Amalgamation contemplates that existing Max senior management will have senior management roles in the combined company, including as president and chief executive officer, chief operating

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officer, chief financial officer and general counsel of the combined entity. The existing Max senior management team has been in control of Max as Max has generated losses in its U.S. Specialty segment in 2008, the centerpiece of its diversified business strategy. The existing Max senior management has also been in control of Max s risk management decisions which have led to the $130 million fair value adjustment to Max s property and casualty and life and annuity reserves disclosed in the IPC/Max S-4. In addition, Max s existing senior management has been in control of Max as Max s risky investment decisions necessitated significant writedowns in its alternative investment portfolio in 2008 of $233 million, an amount which exceeded Max s underwriting income for the year. The inferior operational, risk management and investment performance of Max under the leadership of the existing senior management has not been viewed favorably by the markets, as evidenced by the fact that Max common shares traded at a discount of 0.76x and 0.77x , respectively, to Max s diluted book value and diluted tangible book value based on the closing price of Max common shares on March 30, 2009.

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

A vote AGAINST the Proposed Max Amalgamation encourages IPC s board of directors to terminate the Max Amalgamation Agreement and accept the Validus Amalgamation Offer.

The Section entitled The Amalgamation Background of the Amalgamation in the IPC/Max S-4 discloses that IPC 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, in our view, IPC s board of directors decided to put IPC up for sale and IPC and its advisors specifically excluded parties (including Validus) from its process who might have been extremely interested in pursuing a business combination that delivers a premium to IPC shareholders. The Validus Amalgamation Offer is evidence that a premium would have been, and is, available to IPC s shareholders. IPC s Board announced on April 7, 2009 that the Validus Amalgamation Offer does not constitute a superior proposal under the terms of the Max Amalgamation Agreement. However, 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 IPC board of directors will be able to terminate the Max Amalgamation Agreement and we hope that it would choose to accept the Validus Amalgamation Offer.

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

Validus is pursuing a three-part plan to facilitate the expeditious closing of what it believes is a Superior Proposal for IPC shareholders:

First, Validus is asking IPC shareholders to vote AGAINST the Proposed Max Amalgamation. If, as Validus hopes, the Proposed Max Amalgamation is voted down by IPC shareholders, IPC would be able to terminate the Max Amalgamation Agreement and accept the Validus Amalgamation Offer.

Second, Validus intends to commence in the near future an exchange offer for all of the outstanding common shares of IPC. The exchange offer would allow Validus to complete its acquisition of IPC shortly following the IPC Annual General Meeting, if the IPC shareholders vote down the Proposed Max Amalgamation and the other conditions to the exchange offer are satisfied. Under the terms of the exchange offer, IPC shareholders would receive 1.2037 Validus common shares for each IPC common share. The exchange offer will be subject to certain conditions described in the Offer to Exchange materials filed with the SEC, including the tender of at least 90% of the total outstanding common shares (on a fully diluted basis) of IPC, termination of the Max Amalgamation Agreement, and the consent of Validus lenders. Under Bermuda law, if Validus acquires 90% or more of IPC shares in the exchange offer, Validus will have the right to acquire the remaining IPC common shares in a second step acquisition under Bermuda law. The exchange offer will not be conditioned on regulatory approvals or the elimination of the possible termination fee to Max.

Third, Validus intends to petition the Supreme Court of Bermuda to approve a Scheme of Arrangement under which Validus would acquire all of IPC s common shares under the same economic terms as in the Validus Amalgamation Offer. The Scheme of Arrangement can be accomplished without the approval of the IPC Board if approved by IPC shareholders at two shareholder meetings and sanctioned by the Bermuda court. The first shareholder meeting is a court-ordered meeting at which IPC s shareholders can vote to approve the Scheme of Arrangement. In addition, if the IPC Board continues to be uncooperative despite shareholder approval at the court-ordered meeting, IPC shareholders can call a second meeting at which IPC shareholders can require IPC to approve and be bound by the Scheme of Arrangement and to terminate the IPC-Max amalgamation agreement. Following IPC shareholder approval at both of these meetings, and approval by the Supreme Court of Bermuda, the Scheme of Arrangement would become effective and IPC would become a subsidiary of Validus. The Scheme of Arrangement would be approved with the vote of a majority in number of the holders of IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy, representing 75% or more in value of the IPC Shares voting at the court-ordered IPC meeting, whether in person or by proxy. The required vote at the second meeting is an affirmative vote of the holders of a majority of IPC shares voting at the meeting.

As a result of this three-part plan, if IPC shareholders vote AGAINST the Proposed Max Amalgamation, we will be in a position to acquire IPC common shares (i) with the cooperation of the IPC board of directors in a negotiated transaction or (ii) without the cooperation of the IPC board of directors in the Exchange Offer or the Scheme of Arrangement.

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

DO NOT RETURN ANY PROXY CARD THAT YOU RECEIVE FROM IPC. EVEN IF YOU HAVE PREVIOUSLY SUBMITTED A PROXY CARD FURNISHED BY IPC, 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 IPC s BOARD A CLEAR MESSAGE THAT IPC SHAREHOLDERS REJECT THE PROPOSED MAX AMALGAMATION AND THAT THE IPC BOARD SHOULD ACCEPT THE VALIDUS AMALGAMATION 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, IPC 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 IPC 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 IPC. 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.

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Following this telephone call, in the morning of March 31, 2009, Validus delivered a proposal letter containing the Validus Amalgamation Offer to IPC s Board in care of Mr. Bryce and issued a press release announcing the Validus Amalgamation 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[1] 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.

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.

[1] Throughout this letter we refer to our binding offer because, as of the date of this letter, we had indicated to IPC that our offer could not be withdrawn prior to April 15, 2009. As of the date of this proxy statement, we have not withdrawn our offer, but have reserved the right to do so.

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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.[2] 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.

[2] The occurrence of severe catastrophic events after an amalgamation with IPC could cause Validus net income to be more volatile than if the amalgamation did not take place. For the year ended December 31, 2008, Validus gross premiums written on property catastrophe business were $328.2 million or 24.1% of total gross premiums written. For the year ended December 31, 2008, 93% of IPC s gross premiums written (excluding reinstatement premiums) covered property catastrophe reinsurance risks. For the year ended December 31, 2008, after giving effect to the Validus amalgamation as if it had been consummated on December 31, 2008, gross premiums written on property catastrophe business would have been $661.9 million or 37.5% of total gross premiums of Validus on a pro forma basis. Because Validus after the amalgamation will, among other things, have larger aggregate exposures to natural and man-made disasters than it does today, Validus aggregate loss experience could have a significant influence on Validus net income.

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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.[3]

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.[4]

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

[3] As of the date of this letter, our belief that we could close an amalgamation with IPC more quickly than Max was based on the observation that the Validus amalgamation with IPC would 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 while the Proposed Max Amalgamation requires such approvals.

[4] We believe that a larger, stronger entity will benefit the Bermuda community because it offers greater stability.

In the afternoon on March 31, 2009, IPC issued a press release acknowledging receipt of the letter from Validus outlining the Validus Amalgamation Offer. The text of the press release reads as follows:

IPC Holdings, Ltd. (NASDAQ: IPCR) (IPC) acknowledges receipt of an unsolicited letter dated today, March 31, 2009, from Validus Holdings, Ltd. (NYSE: VR) (Validus) outlining a proposed transaction.

On March 2, 2009, IPC entered into an Agreement and Plan of Amalgamation (the Amalgamation Agreement) with its wholly-owned subsidiary IPC Limited and Max Capital Group Ltd. (Max) which provides that Max will amalgamate with IPC Limited. IPC continues to be bound by the terms of the Amalgamation Agreement and the parties have recently filed a joint proxy statement/prospectus with the Securities & Exchange Commission.

IPC s Board of Directors will review the terms of the proposal submitted by Validus in a manner consistent with its obligations under the Amalgamation Agreement and applicable Bermuda law.

IPC will have no further comment on this matter until IPC s Board of Directors makes a determination regarding Validus offer.

Also in the afternoon on March 31, 2009, Max issued a press release announcing that it had received from IPC a copy of the letter from Validus outlining the Validus Amalgamation Offer. The text of the press release reads as follows:

Max Capital Group Ltd. (NASDAQ: MXGL; BSX: MXGL BH) today announced that it has received a copy of Validus Holdings, Ltd. s unsolicited, stock-for-stock, proposal for IPC Holdings, Ltd.

As previously announced on March 2, 2009, Max and IPC entered into an Agreement and Plan of Amalgamation pursuant to which Max will amalgamate with IPC Limited. The Boards of both companies have previously stated that the combination of Max with IPC would create a strong company with a balanced, diversified portfolio of risk across a mix of geographies and business lines with the opportunity to generate more stable and attractive returns on capital. Max s pending merger with IPC is expected to be completed late in the second quarter or early in the third quarter of this year.

W. Marston (Marty) Becker, Chairman and Chief Executive Officer of Max Capital, said: In today s unprecedented business environment and cycle, we believe that diversification, in terms of global presence and both short and long-tail exposures, significantly reduces risk and provides a more solid platform for building sustained long-term value. The merger of IPC and Max was founded on a shared vision of allowing the combined group of shareholders to enjoy the benefits of a strong, diversified operating platform with a proven track record. While we have not yet had the opportunity to review Validus proposal carefully, we believe that combining two short-tailed property catastrophe oriented companies would appear to do little for true shareholder diversification. By contrast, Max s track record of building a diversified platform without diluting shareholder value should lead to better long-term growth prospects and value creation following completion of the pending IPC-Max merger.

In the morning on April 2, 2009, Max sent a letter to IPC 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 Amalgamation Offer and issued a press release announcing the letter. The text of the letter reads as follows:

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.

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

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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 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

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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.

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.

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In the afternoon on April 2, 2009, Validus sent a letter to IPC s Board of Directors addressing the claims made by Max in its letter to IPC 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 affai