

VALIDUS HOLDINGS LTD
Form S-4/A
August 19, 2011

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As filed with the Securities and Exchange Commission on August 19, 2011

Registration Number 333-175774

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Amendment No. 3
to
Form S-4**

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VALIDUS HOLDINGS, LTD.

(Exact Name of Registrant as Specified in its Charter)

BERMUDA
(State or Other Jurisdiction of
Incorporation or Organization)

6331
(Primary Standard Industrial
Classification Code Number)
29 Richmond Road, Pembroke, Bermuda HM 08
(441) 278-9000

98-0501001
(I.R.S. Employer
Identification Number)

(Address, including zip code, and telephone number, including
area code, of registrant's principal executive offices)

Robert F. Kuzloski, Esq.
Executive Vice President & Chief Corporate Legal Officer
Validus Holdings, Ltd.
29 Richmond Road, Pembroke, Bermuda HM 08
(441) 278-9000

(Name, address, including zip code, and telephone number, including
area code, of agent for service)

Copies to:

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New York, New York 10036
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Approximate date of commencement of proposed sale of securities to the public:

As soon as practicable after the effective date of this Registration Statement.

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

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

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

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

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

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

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

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

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

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

Offer to Exchange

**Each Outstanding Share of Common Stock
(together with the associated preferred stock purchase rights)
of**

TRANSATLANTIC HOLDINGS, INC.

**for
1.5564 Validus Holdings, Ltd. Voting Common Shares
and
\$8.00 in Cash
by**

VALIDUS HOLDINGS, LTD.

Validus Holdings, Ltd., which we refer to as "Validus" or "we," "us" or "our," is offering, upon the terms and subject to the conditions set forth in this prospectus/offer to exchange and in the accompanying letter of transmittal, to exchange 1.5564 voting common shares, par value \$0.175 per share, of Validus, which we refer to as "Validus common shares," and \$8.00 in cash (less applicable withholding taxes and without interest) for each outstanding share of common stock of Transatlantic Holdings, Inc., which we refer to as "Transatlantic," par value \$1.00 per share (together with the associated preferred stock purchase rights), which we refer to as "shares of Transatlantic common stock," you validly tender and do not properly withdraw before the expiration time of the exchange offer described below. In addition, you will receive cash in lieu of any fractional Validus common share to which you may be entitled, as described herein. We refer to this offer as the "exchange offer."

THE EXCHANGE OFFER AND THE WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., EASTERN TIME, ON FRIDAY, SEPTEMBER 30, 2011, OR THE "EXPIRATION TIME OF THE EXCHANGE OFFER," UNLESS EXTENDED. SHARES OF TRANSATLANTIC COMMON STOCK TENDERED PURSUANT TO THE EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION TIME OF THE EXCHANGE OFFER, BUT NOT DURING ANY SUBSEQUENT OFFERING PERIOD.

Validus common shares are listed on the New York Stock Exchange under the ticker symbol "VR." Shares of Transatlantic common stock are listed on the New York Stock Exchange under the ticker symbol "TRH."

FOR A DISCUSSION OF RISKS AND OTHER FACTORS THAT YOU SHOULD CONSIDER IN CONNECTION WITH THE EXCHANGE OFFER, PLEASE CAREFULLY READ THE SECTION OF THIS PROSPECTUS/OFFER TO EXCHANGE TITLED "RISK FACTORS" BEGINNING ON PAGE 36.

Validus' obligation to accept shares of Transatlantic common stock for exchange and to exchange any shares of Transatlantic common stock for Validus common shares is subject to conditions, including a condition that Transatlantic stockholders shall have validly tendered and not withdrawn prior to the expiration time of the exchange offer at least that number of shares of Transatlantic common stock that, when added to the shares of Transatlantic common stock then owned by Validus or any of its subsidiaries, shall constitute a majority of the then-outstanding number of shares of Transatlantic common stock on a fully-diluted basis, and a condition that the Agreement and Plan of Merger, dated as of June 12, 2011, by and among Transatlantic, Allied World Assurance Company Holdings, AG, a corporation limited by shares organized under the laws of Switzerland, which we refer to as "Allied World," and GO Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Allied World, which we refer to as the "Allied World acquisition agreement," has been terminated. We refer to the proposed acquisition of Transatlantic by Allied World pursuant to the Allied World acquisition agreement as the "proposed Allied World acquisition." The conditions to the exchange offer are described in the section of this prospectus/offer to exchange titled "The Exchange Offer Conditions of the Exchange Offer."

On July 12, 2011, Validus publicly announced that it had delivered a written proposal to the Transatlantic board of directors to combine the businesses of Validus and Transatlantic through a merger transaction in which Validus would acquire all of the issued and outstanding shares of Transatlantic common stock. The proposal contemplates that Transatlantic stockholders would receive 1.5564 Validus common shares in the merger and \$8.00 per share in cash pursuant to a one-time special dividend from Transatlantic immediately prior to closing of the merger for each share of Transatlantic common stock they own. We refer to this proposal and the proposed transaction as the "Validus merger offer." In light of the uncertainty of entering into a consensual transaction with Transatlantic, Validus is making the exchange offer directly to Transatlantic stockholders on the terms and conditions set forth in this prospectus/offer to exchange as an

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alternative to the Validus merger offer.

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

VALIDUS IS NOT ASKING YOU FOR A PROXY AS PART OF TENDERING INTO THE EXCHANGE OFFER AND YOU ARE REQUESTED NOT TO SEND A PROXY TO VALIDUS. As described in this prospectus/offer to exchange, Validus is soliciting proxies against the adoption of the Allied World acquisition agreement at the special meeting of Transatlantic stockholders, called for the purpose of considering the adoption of the Allied World acquisition agreement, which we refer to as the "Transatlantic special stockholder meeting," and intends to solicit proxies through separate proxy solicitation materials in connection with various other matters that are described in the section of this prospectus/offer to exchange titled "Solicitation of Proxies."

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

The dealer manager for the exchange offer is:

The date of this prospectus/offer to exchange is August 19, 2011.

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

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THIS INFORMATION IS AVAILABLE AT THE INTERNET WEBSITE THE SEC MAINTAINS AT <http://www.sec.gov>, AS WELL AS FROM OTHER SOURCES. PLEASE SEE THE SECTION OF THIS PROSPECTUS/OFFER TO EXCHANGE TITLED "WHERE YOU CAN FIND MORE INFORMATION." YOU ALSO MAY REQUEST COPIES OF THESE DOCUMENTS FROM VALIDUS, WITHOUT CHARGE, UPON WRITTEN OR ORAL REQUEST TO VALIDUS' INFORMATION AGENT AT ITS ADDRESS OR TELEPHONE NUMBER SET FORTH BELOW AND ON THE BACK COVER OF THIS PROSPECTUS/OFFER TO EXCHANGE. IN ORDER TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS, YOU MUST MAKE YOUR REQUEST NO LATER THAN SEPTEMBER 23, 2011, OR FIVE BUSINESS DAYS PRIOR TO THE EXPIRATION TIME OF THE EXCHANGE OFFER, WHICHEVER IS LATER.

As described in the section of this prospectus/offer to exchange titled "Risk Factors" on page 40, Validus has only conducted a review of Transatlantic's publicly available information and has not had access to Transatlantic's non-public information. As a result, Transatlantic stockholders should be aware that statements in this prospectus/offer to exchange regarding synergies that could arise as a result of the proposed transaction, Transatlantic's strategic fit with Validus, the structural flexibility of a combined company and similar statements reflecting the potential results of a combination of Validus and Transatlantic are based exclusively on publicly available information.

On August 12, 2011, Validus filed proxy solicitation materials complying with the requirements of Section 14(a) of the Securities Exchange Act of 1934, as amended, which we refer to as the "Exchange Act." As described in this prospectus/offer to exchange, Validus is soliciting proxies to vote against the adoption of the Allied World acquisition agreement at a special meeting of Transatlantic stockholders and intends to solicit proxies through separate proxy solicitation materials in connection with various other matters which are described in the section of this prospectus/offer to exchange titled "Solicitation of Proxies." Each stockholder is urged to read each proxy statement regarding the business to be conducted at the applicable meeting, if and when it becomes available, because it contains, or will contain, important information. Any such proxy statement has been, or will be, filed with the SEC. When completed, each definitive proxy statement of Validus and an accompanying proxy card of Validus will be made available to applicable stockholders and such stockholders will be able to obtain a free copy of any proxy statement, as well as other filings containing information about the parties (including information regarding the participants in any proxy solicitation (which may include Validus' officers and directors and other persons) and a description of their direct and indirect interests, by security holdings or otherwise), from the SEC's web site at <http://www.sec.gov>. Each such proxy statement and these other documents, if and when available, may also be obtained for free from Validus' web site at <http://www.validusholdings.com> or upon written or oral request to the information agent at Innisfree M&A Inc., 501 Madison Avenue, 20th Floor, New York, New York 10022, banks and brokerage firms please call (212) 750-5833, all others call toll-free at (877) 717-3929.

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QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

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

Who is offering to buy my shares of Transatlantic common stock?

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

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

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

What will I receive for my shares of Transatlantic common stock in the exchange offer?

Validus is offering, upon the terms and subject to the conditions set forth in this prospectus/offer to exchange and in the accompanying letter of transmittal, to exchange 1.5564 Validus common shares and \$8.00 in cash (less applicable withholding taxes and without interest) for each outstanding share of Transatlantic common stock you validly tender and do not properly withdraw before the expiration time of the exchange offer. Because no fractional Validus common shares will be issued in the exchange offer, to the extent that you would be entitled to receive fractional Validus common shares in the exchange offer, you will receive cash in lieu of the fractional share interest to which you would otherwise be entitled.

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

What has Validus proposed to the Transatlantic board of directors?

On July 12, 2011, Validus publicly announced that it had delivered the Validus merger offer to the Transatlantic board of directors, pursuant to which the businesses of Validus and Transatlantic would be combined through a merger transaction in which Validus would acquire all of the issued and outstanding shares of Transatlantic common stock. In the Validus merger offer, Transatlantic stockholders would receive 1.5564 Validus voting common shares and \$8.00 per share in cash pursuant to a one-time special dividend from Transatlantic immediately prior to closing of the merger for each share of Transatlantic common stock they own.

When it made the Validus merger offer to Transatlantic, Validus stated that it is prepared to enter into a merger agreement with Transatlantic that includes substantially similar non-price terms and conditions to the Allied World acquisition agreement and delivered to the Transatlantic board of directors a merger agreement reflecting such terms and conditions. Although the stock and cash consideration received in the exchange offer will be taxable to Transatlantic stockholders, Validus remains willing to discuss the Validus merger offer, which is structured to provide Transatlantic stockholders tax-free treatment on their receipt of Validus common shares, with the Transatlantic board of directors.

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Have you discussed the exchange offer with the Transatlantic board of directors?

No, we have not. Transatlantic announced on July 19, 2011 that its board of directors had determined that the Validus merger offer is reasonably likely to lead to a "superior proposal" and that the failure to enter into discussions regarding the Validus merger offer would result in a breach of the Transatlantic board of directors' fiduciary duties under applicable law. On July 23, 2011, Transatlantic delivered a form of confidentiality agreement for Validus' execution as a precondition to the commencement of discussions and exchange of confidential information. However, the form of confidentiality agreement included standstill provisions that would have prevented Validus from making the exchange offer directly to Transatlantic stockholders. Transatlantic would not agree to the removal of such restrictive provisions. Later that evening, Validus delivered a form of confidentiality agreement to Transatlantic that it would be prepared to execute, but has not received any response from Transatlantic as of the date of this prospectus/offer to exchange. While Validus continues to hope that it is possible to reach a consensual transaction with Transatlantic, Validus does not believe that it is in Transatlantic stockholders' best interests to give the Transatlantic board of directors unilateral control over whether the exchange offer is made available to Transatlantic stockholders.

Validus commenced the exchange offer on July 25, 2011. On July 28, 2011, Transatlantic filed a Solicitation/Recommendation Statement on Schedule 14D-9 reporting that the Transatlantic board of directors had met on July 26, 2011 and reaffirmed its support of the proposed Allied World acquisition, and determined to recommend that Transatlantic stockholders reject the exchange offer and not tender their shares of Transatlantic common stock pursuant to the exchange offer.

What is the purpose of the exchange offer?

The exchange offer is intended to allow Validus to acquire all of the issued and outstanding shares of Transatlantic common stock. We intend to, promptly after completion of the exchange offer, consummate a second-step merger of Transatlantic with a wholly-owned subsidiary of Validus, which we refer to as the "second-step merger," pursuant to the General Corporation Law of the State of Delaware, as amended, which we refer to as the "DGCL." The purpose of the second-step merger is for Validus to acquire all outstanding shares of Transatlantic common stock that are not acquired in the exchange offer. In this second-step merger, each remaining share of Transatlantic common stock (other than shares held in treasury by Transatlantic and other than shares held by Transatlantic stockholders who properly exercise applicable dissenters' rights under Delaware law) will be cancelled and converted into the right to receive the same number of Validus common shares and the same amount of cash (without interest) as are received by Transatlantic stockholders pursuant to the exchange offer. After this second-step merger, Validus will own all of the issued and outstanding shares of Transatlantic common stock. Please see the sections of this prospectus/offer to exchange titled "The Exchange Offer Purpose and Structure of the Exchange Offer"; "The Exchange Offer Second-Step Merger"; and "The Exchange Offer Plans for Transatlantic."

Why is Validus proposing the exchange offer?

Validus is seeking to acquire Transatlantic. The Validus common shares to be issued and cash to be paid to Transatlantic stockholders in exchange for shares of Transatlantic common stock in the exchange offer will provide Transatlantic stockholders with a compelling opportunity to participate in the growth and opportunities of the combined company. Validus believes that the acquisition of Transatlantic represents a compelling combination and excellent strategic fit that will create a unique, global leader in reinsurance that will:

deploy capital effectively to maximize underwriting profitability and achieve superior growth in book value per share,

continue to aggressively manage capital, consistent with Validus' past practice, and

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be a recognized leader in multiple classes, emphasizing short-tail lines while being well-positioned for cycle management.

Why is the exchange offer superior to the proposed Allied World acquisition?

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

The exchange offer provides a premium to Transatlantic stockholders compared to the proposed Allied World acquisition.

Based upon closing prices as of August 18, 2011, the last practicable date prior to the filing of this prospectus/offer to exchange, the exchange offer had a value of \$48.02 per share of Transatlantic common stock, which represented 6.0% premium to the consideration to be received by Transatlantic stockholders in the proposed Allied World acquisition.

Information with respect to the range of closing prices for shares of Transatlantic common stock for certain dates and periods is set forth in the section of this prospectus/offer to exchange titled "Comparative Market Price and Dividend Information." Validus urges Transatlantic stockholders to obtain a current market quotation for shares of Transatlantic common stock and Validus common shares. Please also see the section of this prospectus/offer to exchange titled "Risk Factors" for a discussion, among other things, of the effect of fluctuations in the market price of Validus common shares.

The Validus common shares to be issued to Transatlantic stockholders in exchange for shares of Transatlantic common stock pursuant to the exchange offer represent what we believe is a superior currency to Allied World's common shares.

Superior Currency

Validus common shares have superior performance and liquidity characteristics to Allied World's common shares:

	Validus	Allied World
Total Shareholder Return Since Validus IPO ^(a)	+55%	+24%
Market Cap as of 6/10/11 ^(b)	\$ 3.0 billion	\$ 2.2 billion
Average Daily Trading Volume (3 month) ^(c)	\$ 27.6 million	\$ 14.6 million
Average Daily Trading Volume (6 month) ^(d)	\$ 22.4 million	\$ 13.4 million
Price / As-Reported Diluted Book (Unaffected) ^(e)	0.97x	0.78x
Price / As-Reported Diluted Book (as of 7/12/11) ^(e)	0.98x	0.76x
Dividend Yield as of 6/10/11 (Unaffected)	3.3% ^(f)	2.6% ^(g)

(a) Including dividends. Based on the closing prices on June 10, 2011 and July 24, 2007. Source: SNL.

(b) "Market Cap as of 6/10/11" reflects Validus' and Allied World's unaffected market capitalization based on market prices of Validus and Allied World prior to the announcement of the proposed Allied World acquisition on June 12, 2011. As of August 18, 2011, Validus' market capitalization was \$2.5 billion and Allied World's market capitalization was \$2.0 billion.

(c) Three months prior to June 12, 2011, date of announcement of proposed Allied World acquisition of Transatlantic. Source: Bloomberg.

(d) Six months prior to June 12, 2011, date of announcement of proposed Allied World acquisition of Transatlantic. Source: Bloomberg.

(e) Based on March 31, 2011 GAAP diluted book value per share. Unaffected price / as-reported diluted book value measured prior to June 12, 2011 announcement of proposed Allied World acquisition of Transatlantic. Current is as of closing prices of Validus and Allied World stock on July 12, 2011.

(f)

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Based on \$0.25 per share quarterly dividend, as announced May 5, 2011.

(g)

Based on \$0.375 per share quarterly dividend, as disclosed in Allied World Form 8-K dated June 15, 2011.

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Moreover, Validus has maintained a premium valuation on a diluted book value per share multiple basis relative to its peers over the past two years, including Allied World.⁽¹⁾ Our commitment to transparency and shareholder value creation has allowed Validus to build a long-term institutional shareholder base.

- (1) Comparison of Validus and selected peer median quarterly Price / Diluted Book Value Per Share based on share price on day immediately following release of relevant quarter's earnings. Selected peer group consists of Allied World, Transatlantic, XL Group plc, Everest Re Group, Ltd., Arch Capital Group Ltd., Axis Capital Holdings Limited, Alterra Capital Holdings Ltd., Aspen Insurance Holdings Limited, Endurance Specialty Holdings Ltd., Argo Group International Holdings, Ltd., PartnerRe Ltd., RenaissanceRe Holdings Ltd., Platinum Underwriters Holdings, Ltd., Montpelier Re Holdings Ltd., Greenlight Capital Re, Ltd. and Flagstone Reinsurance Holdings SA. Source: FactSet, company filings, SNL.

We believe that a combined Validus and Transatlantic would be a superior company to Allied World following its acquisition of Transatlantic.

Strategic Fit

The combination of Validus' strong positions in Bermuda and London and Transatlantic's operations in the United States, continental Europe and Asia would produce a complementary business fit and a well-diversified company that will be a global leader in reinsurance. Validus intends that, following the acquisition of Transatlantic, Validus' and Transatlantic's respective brands will continue to be utilized in their respective markets in order to preserve each company's brand equity.⁽²⁾

- (2) Allied World has also stated an intent to preserve the Transatlantic brand.

This combination will solidify Validus' leadership in property catastrophe, with pro forma managed catastrophe premiums of over \$1 billion,⁽³⁾ while remaining within Validus' historical risk appetite. Validus has significant experience assimilating catastrophe portfolios, most recently its acquisition of IPC Holdings, Ltd., which we refer to as "IPC," in 2009.

- (3) Based on property catastrophe gross premiums written for Validus and net premiums written for Transatlantic in 2010. Pro forma for Validus (\$572 million), Transatlantic (\$431 million) and AlphaCat Re 2011 (\$43 million).

Size and Market Position

This combination will create a geographically diversified company with a top six reinsurance industry position on a pro forma basis,⁽⁴⁾ and will make the combined company meaningfully larger than many of the companies considered to be in the mutual peer group of Validus and Transatlantic. The combined company would have gross premiums written over the last twelve months of approximately \$6.3 billion as of June 30, 2011, which is comparable in amount to the pro forma combination of Transatlantic and Allied World.

- (4) Ranked by 2009 net premiums written and excluding the Lloyd's market per Standard & Poor's Global Reinsurance Highlights 2010.

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As the level of capital required to support risk will continue to rise globally, we believe that size will become an even more important competitive advantage in the reinsurance market. The recent renewals at June 1 and July 1, 2011 reinforced this belief as Validus was able to significantly outperform market rate levels which Validus believes was a result of our size, superior analytics and Validus' ability to structure private transactions at better than market terms, while not increasing Validus' overall risk levels.

Significant Structural Flexibility

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Given jurisdiction, size and market position benefits, we believe a combined Validus and Transatlantic would have significant structural flexibility, including its ability to optimally deploy capital globally in different jurisdictions, e.g., through targeted growth initiatives and/or capital management.

Global, Committed Leader in Reinsurance

Validus believes that its business plan for the combined company will drive earnings by capturing the best priced segments of the reinsurance market. A combined Validus / Transatlantic would derive a majority of its premiums from short-tail lines and 17% of premiums written from property catastrophe (compared to 10% for Allied World / Transatlantic).⁽⁵⁾ Validus believes this business mix allows for optimal cycle management as the attractive pricing in short tail reinsurance will allow the combined company to better position itself for the eventual upturn in long tail lines. Validus also intends to fortify Transatlantic's reserve position through a planned \$500 million pre-tax reserve strengthening.

(5) Based on gross premiums written for Validus and net premiums written for Transatlantic in 2010.

Following a combination of Validus and Transatlantic, we believe the combined company would have significant capital availability that could be actively managed to the benefit of the combined company's shareholders.

Active capital management is a core element of Validus' strategy which Validus believes has contributed to its premium valuation.⁽⁶⁾ From the inception of its repurchase program on November 11, 2009 through May 6, 2011, Validus repurchased 35 million Validus common shares for approximately \$947.2 million (approximately 26.7% of all Validus common shares outstanding since the inception of the repurchase program).

(6) Comparison of Validus and selected peer median quarterly Price / Diluted Book Value Per Share based on share price on day immediately following release of relevant quarter's earnings. Selected peer group consists of Allied World, Transatlantic, XL Group plc, Everest Re Group, Ltd., Arch Capital Group Ltd., Axis Capital Holdings Limited, Alterra Capital Holdings Ltd., Aspen Insurance Holdings Limited, Endurance Specialty Holdings Ltd., Argo Group International Holdings, Ltd., PartnerRe Ltd., RenaissanceRe Holdings Ltd., Platinum Underwriters Holdings, Ltd., Montpelier Re Holdings Ltd., Greenlight Capital Re, Ltd. and Flagstone Reinsurance Holdings SA. Source: FactSet, company filings, SNL.

The combination of Validus and Transatlantic would create a company with an estimated \$1.1 billion of pre-synergy, pre-catastrophe earnings,⁽⁷⁾ which could be available for expanded share repurchase activity.⁽⁸⁾ Validus intends to manage its capital following the acquisition of Transatlantic in a manner consistent with its past practices in order to benefit the combined company's shareholders.

(7) Based upon combined last twelve months pre-catastrophe accident year earnings as of June 30, 2011.

(8) The timing, form and amount of the share repurchases under any program would depend on a variety of factors, including market conditions, Validus' capital position relative to internal and rating agency targets, legal and regulatory requirements, contractual compliance and other factors. The repurchase program may be modified, extended or terminated by Validus' board of directors at any time.

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We believe that the combination of Validus and Transatlantic would yield significant synergies.

In addition to the aggregate earnings power of the combined company, Validus believes there will be significant opportunities to expand the combined company's earnings and return on equity through combination synergies. Once Validus and Transatlantic have combined, Validus believes potential synergies will arise from (1) the elimination of Transatlantic's public company costs, (2) the restructuring of the combined company's legal organization, including restructuring Transatlantic's non-U.S. subsidiaries, (3) the optimization of the combined company's catastrophe portfolio and harmonization of Validus' and Transatlantic's respective risk appetites, and (4) the maximization of after-tax returns on the combined company's investment portfolio. Please see the section of this prospectus/offer to exchange titled "Risk Factors Risk Factors Relating to the Exchange Offer and the Second-Step Merger."

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

As reflected in Schedule I to this prospectus/offer to exchange, Validus offers Transatlantic a highly experienced, first-class management team. Validus' management team has demonstrated the ability to execute growth strategies successfully, carefully manage risk and deliver enhanced shareholder value. Under the stewardship of its current management, Validus has completed the acquisitions of Talbot and IPC and established a meaningful presence in the property casualty, specialty, energy and aviation markets. The excellent performance of the leadership of the Validus management team is evidenced by the fact that Validus common shares traded at 0.98x and 1.02x, respectively, to Validus' as-reported diluted book value and diluted tangible book value based on the closing price of Validus common shares on July 12, 2011, the last trading day prior to the announcement of the Validus merger offer. Validus will also seek to retain the Transatlantic management team for the benefit of the combined company.

When do you expect the exchange offer to be completed?

We believe that we would be able to complete the exchange offer in the fourth quarter of 2011, which is consistent with the publicly announced timing of the proposed Allied World acquisition (subject to the satisfaction or waiver of the conditions to the exchange offer).

What are the conditions of the exchange offer?

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

Transatlantic stockholders shall have validly tendered and not withdrawn prior to the expiration time of the exchange offer at least that number of shares of Transatlantic common stock that, when added to the shares of Transatlantic common stock then owned by Validus or any of its subsidiaries, shall constitute a majority of the then-outstanding number of shares of Transatlantic common stock on a fully-diluted basis. We refer to this condition as the "minimum tender condition."

The Allied World acquisition agreement shall have been validly terminated, and Validus shall reasonably believe that Transatlantic has no liability, and Allied World shall not have asserted any claim of liability or breach against Transatlantic in connection with the Allied World acquisition agreement, other than with respect to the possible payment of a maximum of \$115 million in the aggregate in termination fees and reimbursement of permitted Allied World expenses thereunder, which we refer to in the aggregate as the "Allied World termination fee."

The registration statement of which this prospectus/offer to exchange is a part shall have become effective under the Securities Act of 1933, as amended, which we refer to as the "Securities Act," no stop order suspending the effectiveness of the registration statement shall have been

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issued and no proceedings for that purpose shall have been initiated or threatened by the SEC, and Validus shall have received all necessary state securities law or "blue sky" authorizations.

The Transatlantic board of directors shall have approved the acquisition of the shares of Transatlantic common stock pursuant to the exchange offer and second-step merger under Section 203 of the DGCL, or Validus shall be satisfied that Section 203 of the DGCL does not apply to or otherwise restrict such acquisition.

The Transatlantic board of directors shall have redeemed the preferred stock purchase rights, which we refer to as the "rights," issued pursuant to the Rights Agreement, dated as of July 27, 2011, between Transatlantic and American Stock Transfer & Trust Company, LLC, as Rights Agent, which we refer to as the "Transatlantic rights plan," or the rights shall have been redeemed or otherwise rendered inapplicable to the exchange offer and the second-step merger.

The shareholders of Validus shall have approved the issuance of the Validus common shares pursuant to the exchange offer and the second-step merger as required under the rules of the New York Stock Exchange, which we refer to as the "NYSE."

The Validus common shares to be issued to Transatlantic stockholders as a portion of the exchange offer consideration in exchange for shares of Transatlantic common stock in the exchange offer and the second-step merger shall have been authorized for listing on the NYSE, subject to official notice of issuance.

There shall be no pending litigation, suit, claim, action, proceeding or investigation by or before any governmental authority (and Validus shall not have disclosed the receipt of written notice from any person stating that such person intends to commence any litigation, suit, claim, action, proceeding or investigation against Validus) that, in the judgment of Validus, is reasonably expected to, directly or indirectly, restrain or prohibit (or which alleges a violation of law in connection with) the exchange offer or is reasonably expected to prohibit or limit the full rights of ownership of shares of Transatlantic common stock by Validus or any of its affiliates.

Since December 31, 2010, there shall not have been any material adverse effect on Transatlantic and its subsidiaries, taken as a whole, subject to certain exceptions and limitations.

Each of Transatlantic and its subsidiaries shall have carried on their respective businesses in the ordinary course consistent with past practice at all times on or after the date of this prospectus/offer to exchange and prior to the expiration time of the exchange offer.

All amendments or waivers under Validus' and its subsidiaries' credit facilities necessary to consummate the exchange offer, the second-step merger and the other transactions contemplated by this prospectus/offer to exchange shall have been obtained and be in full force and effect.

The New York State Insurance Department shall have approved Validus' application for acquisition of control of Transatlantic Reinsurance Company and Putnam Reinsurance Company, New York domiciled insurance companies and wholly-owned subsidiaries of Transatlantic, pursuant to Section 1506 of the New York Insurance Code and such approval shall be in full force and effect.

Any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the "HSR Act," and, if applicable, any agreement with the Federal Trade Commission, which we refer to as the "FTC," or Antitrust Division of the U.S. Department of Justice, which we refer to as the "Antitrust Division," not to accept shares of Transatlantic common stock for exchange in the exchange offer, shall have expired or shall have been terminated prior to the expiration time of the exchange offer.

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Any clearance, approval, permit, authorization, waiver, determination, favorable review or consent of any governmental authority, other than in connection with the matters set forth in the two foregoing bullet points, shall have been obtained and such approvals shall be in full force and effect, or any applicable waiting periods for such clearances or approvals shall have expired.

The exchange offer is subject to additional conditions referred to in the section of this prospectus/offer to exchange titled "The Exchange Offer Conditions of the Exchange Offer," including that Transatlantic stockholders shall not have adopted the Allied World acquisition agreement and that there shall have been no business combination consummated between Transatlantic and Allied World.

On August 17, 2011 at 11:59 p.m. Eastern time, the applicable waiting period under the HSR Act for the acquisition by Validus of shares of Transatlantic common stock pursuant to the exchange offer expired and the related condition to the exchange offer was satisfied.

Validus has obtained amendments to its applicable credit facilities, satisfying the condition relating to its and its subsidiaries' credit facilities described above. Please see the section of this prospectus/offer to exchange titled "The Exchange Offer Source and Amount of Funds."

What actions do you propose to take with respect to the proposed Allied World acquisition?

Validus has filed a preliminary proxy statement in connection with the solicitation of proxies from Transatlantic stockholders to vote against the adoption of the Allied World acquisition agreement and vote against other proposals brought before the Transatlantic special stockholder meeting.

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

On July 12, 2011, Validus publicly announced that it had delivered a written proposal to the Transatlantic board of directors to combine the businesses of Validus and Transatlantic through a merger transaction in which Validus would acquire all of the issued and outstanding shares of Transatlantic common stock. The exchange offer is intended to allow Validus to acquire all of the issued and outstanding shares of Transatlantic common stock. The Validus merger offer and the exchange offer are alternative methods for Validus to acquire all of the issued and outstanding shares of Transatlantic common stock. Ultimately, only one of these transactions can be pursued to completion. Validus intends to seek to combine with Transatlantic by whichever method Validus determines is most likely to be completed.

Validus has filed a preliminary proxy statement in connection with the solicitation against the adoption of the Allied World acquisition agreement and vote against other proposals brought before any Transatlantic special stockholder meeting as discussed in more detail in such preliminary proxy statement. If the Allied World acquisition agreement is not adopted by Transatlantic stockholders after a vote thereon, the Transatlantic board of directors will be able to terminate the Allied World acquisition agreement and enter into a merger agreement with Validus. If the Transatlantic board of directors were to enter into a merger agreement with Validus promptly following the termination of the Allied World acquisition agreement, Validus believes the merger contemplated by the Validus merger offer could be completed in the fourth quarter of 2011.

Validus commenced the exchange offer on July 25, 2011. In light of the uncertainty of entering into a consensual transaction with Transatlantic, Validus is making the exchange offer directly to Transatlantic stockholders on the terms and conditions set forth in this prospectus/offer to exchange as an alternative to the Validus merger offer. In the event that Validus accepts shares of Transatlantic common stock for exchange in the exchange offer, Validus intends to acquire any additional outstanding shares of Transatlantic common stock pursuant to the second-step merger. If Validus accepts shares of Transatlantic common stock for exchange and owns 90% or more of the outstanding shares of Transatlantic common stock after the exchange offer is completed, the second-step merger can be effected as a "short form" merger under Delaware law without the consent of any stockholder

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(other than Validus) and without the approval of the Transatlantic board of directors. However, if Validus does not acquire at least 90% of the outstanding shares of Transatlantic common stock in the exchange offer or otherwise, then both Transatlantic board approval and Transatlantic stockholder approval will be required to effect the second-step merger. In connection with consummation of the exchange offer or the second-step merger, and subject to applicable law, Validus currently expects to replace Transatlantic's existing board of directors.

Do I need to grant proxies to Validus in connection with the proxy solicitation described above if I wish to accept the exchange offer? Do I have to vote against the proposed Allied World acquisition?

No. Your ability to tender your shares of Transatlantic common stock in the exchange offer is not conditioned on your granting proxies to Validus in connection with any of the proxy solicitations described above. However, a tendering stockholder will irrevocably appoint designees of Validus as such stockholder's agents, attorneys-in-fact and proxies, effective as of the time and only to the extent that Validus accepts such tendered shares of Transatlantic common stock for exchange. Until such time as Validus accepts tendered shares of Transatlantic common stock for exchange from a Transatlantic stockholder, each such stockholder will be able to vote in connection with any proxy solicitation.

You may validly tender your shares of Transatlantic common stock in the exchange offer, regardless of whether or how you vote on the proposed Allied World acquisition. However, at least a majority of Transatlantic stockholders must either vote against the proposed Allied World acquisition or abstain from voting at the Transatlantic special stockholder meeting in order to ensure that the Allied World acquisition agreement will not be adopted. If the Allied World acquisition agreement is not adopted by Transatlantic stockholders after a vote thereon, this will permit the Transatlantic board of directors to terminate the Allied World acquisition agreement, which is one of the conditions to the exchange offer. We do not intend to waive this condition.

Do I have to vote at any meeting to approve the exchange offer or the second-step merger?

Your vote is not required in connection with the exchange offer. You simply need to tender your shares of Transatlantic common stock if you choose to do so. However, Validus intends to complete the exchange offer only if a sufficient number of shares of Transatlantic common stock are tendered in the exchange offer such that the minimum tender condition is satisfied.

In the event that Validus accepts shares of Transatlantic common stock for exchange in the exchange offer, Validus intends to acquire any additional outstanding shares of Transatlantic common stock pursuant to the second-step merger. If Validus accepts shares of Transatlantic common stock for exchange and owns 90% or more of the outstanding shares of Transatlantic common stock after the exchange offer is completed, the second-step merger can be effected as a "short-form merger" under Delaware law without the consent of any stockholder (other than Validus) and without the approval of the Transatlantic board of directors. However, if Validus does not acquire at least 90% of the outstanding shares of Transatlantic common stock in the exchange offer or otherwise, then both Transatlantic board approval and Transatlantic stockholder approval will be required to effect the second-step merger.

If Validus owned more than a majority but less than 90% of outstanding shares of Transatlantic common stock following the consummation of the exchange offer, it would have the voting power to approve the second-step merger, either through a written consent or at a stockholder meeting called for such purposes, without the vote of any other Transatlantic stockholder. In such a case, if Validus determines to seek approval of the second-step merger pursuant to a special meeting of stockholders, proxy solicitation materials will be delivered to Transatlantic stockholders at the appropriate time. We are not asking for your vote at this time.

What will the composition of the Transatlantic board of directors and Validus board of directors be following the exch