

Allied World Assurance Co Holdings, AG

Form S-4

July 08, 2011

**Table of Contents**

As filed with the U.S. Securities and Exchange Commission on July 7, 2011  
Registration No. 333-

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

**Form S-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**Allied World Assurance Company Holdings, AG**  
*(Exact name of registrant as specified in its charter)*

<b>Switzerland</b> <i>(State or Other Jurisdiction of Incorporation or Organization)</i>	<b>6331</b> <i>(Primary Standard Industrial Classification Code Number)</i>	<b>98-0681223</b> <i>(I.R.S. Employer Identification No.)</i>
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**Lindenstrasse 8, 6340 Baar  
Zug, Switzerland  
41-41-768-1080**

*(Address, including ZIP Code, and Telephone Number, including Area Code, of Registrant's Principal Executive  
Offices)*

**CT Corporation System  
111 Eighth Avenue, 13th Floor  
New York, New York 10011  
(212) 894-8940**

*(Name, Address, including ZIP Code, and Telephone Number, including Area Code, of Agent for Service)*

***Copies to:***

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New York, NY 10019  
(212) 728-8000**

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Allied World Assurance  
Company Holdings, AG  
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6340 Baar  
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(441) 278-5400**

**Gary A. Schwartz,  
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Transatlantic  
Holdings, Inc.  
80 Pine Street  
New York, NY  
10005  
(212) 365-2200**

**Lois Herzeca, Esq.  
Gibson, Dunn &  
Crutcher LLP  
200 Park Avenue  
New York, NY  
10166  
(212) 351-4000**

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed joint proxy statement/prospectus.

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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. (Check one):

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)

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price per Share</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
Common Shares	57,016,384(1)	N/A	\$3,172,184,251.20(2)	\$368,290.59(3)

- (1) Represents the estimated maximum number of the Registrant's common shares to be issued pursuant to the merger agreement described herein. The number of common shares is based on the number of shares of Transatlantic Holdings, Inc. (Transatlantic) common stock (Transatlantic common stock) outstanding as of July 5, 2011 and potentially issuable pursuant to Transatlantic stock options and stock-based awards prior to closing.
- (2) Estimated solely for purposes of calculating the registration fee required by Section 6(b) of the Securities Act and calculated pursuant to Rules 457(f)(1) and 457(c) under the Securities Act. The proposed maximum aggregate offering price of the Registrant's common shares was calculated based upon the market value of shares of Transatlantic common stock (the securities to be cancelled in the merger) in accordance with Rule 457(c) under the Securities Act as follows: the product of (a) \$48.96, the average of the high and low prices per share of Transatlantic common stock on July 5, 2011, as quoted on the New York Stock Exchange, multiplied by (b) 64,791,345, the estimated number of shares of Transatlantic common stock outstanding as of July 5, 2011 and potentially issuable pursuant to Transatlantic options and stock-based awards prior to closing.
- (3) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to \$116.10 per \$1,000,000 of the proposed maximum aggregate offering price.

**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, or until the Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**Table of Contents**

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This joint proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of such securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to appropriate registration or qualification under the securities laws of such jurisdiction.

**PRELIMINARY SUBJECT TO COMPLETION DATED July 7, 2011**

**PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT**

Allied World Assurance Company Holdings, AG ( Allied World ) and Transatlantic Holdings, Inc. ( Transatlantic ) have agreed to a merger of equals business combination of the two companies pursuant to the terms of an Agreement and Plan of Merger, dated as of June 12, 2011 (the merger agreement ). Pursuant to the terms of the merger agreement, GO Sub, LLC, a wholly-owned subsidiary of Allied World ( Merger Sub ), will merge with and into Transatlantic (the merger ), with Transatlantic surviving as a wholly-owned subsidiary of Allied World. Upon completion of the merger, Allied World will be the parent company of Transatlantic and Allied World's name will be changed to TransAllied Group Holdings, AG .

Upon completion of the merger, Transatlantic stockholders will be entitled to receive 0.88 registered shares (*Namenaktien*) of Allied World ( Allied World shares ) for each share of Transatlantic common stock, par value \$1.00 per share ( Transatlantic common stock ), that they own immediately prior to the effective time of the merger (the exchange ratio ), together with cash in lieu of Allied World fractional shares. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to the closing of the merger. Based on the closing price of Allied World shares on the New York Stock Exchange, Inc. (the NYSE ) on June 10, 2011, the last trading day before public announcement of the merger, the exchange ratio represented approximately \$51.10 in value for each share of Transatlantic common stock. Based on the closing price of Allied World shares on the NYSE on , 2011, the latest practicable trading day before the date of this joint proxy statement/prospectus, the exchange ratio represented approximately \$ in value for each share of Transatlantic common stock. Allied World shareholders will continue to own their existing Allied World shares after the merger. Allied World shares are currently traded on the NYSE under the symbol AWH, and Transatlantic common stock is currently traded on the NYSE under the symbol TRH. **We urge you to obtain current market quotations of Allied World shares and Transatlantic common stock.**

Based on the estimated number of Allied World shares and Transatlantic common stock that will be outstanding immediately prior to the closing of the merger, we estimate that, on a fully diluted basis, upon such closing, former Allied World shareholders will own approximately 42% of the combined company and former Transatlantic stockholders will own approximately 58% of the combined company.

Allied World and Transatlantic will each hold a meeting of their respective shareholders (the Special Shareholder Meetings ) in connection with the merger. At the extraordinary general meeting of Allied World shareholders, (the Allied World Special Shareholder Meeting ), Allied World shareholders will be asked to vote on proposals to increase the ordinary share capital, conditional share capital and authorized share capital of Allied World, a proposal to approve the issuance of Allied World shares to Transatlantic stockholders, a proposal to amend the Allied World Articles of Association to change Allied World's name to TransAllied Group Holdings, AG , a proposal to elect directors to the combined company's board of directors upon completion of the merger, and certain other related

proposals. At the special meeting of Transatlantic stockholders (the Transatlantic Special Shareholder Meeting ), Transatlantic stockholders will be asked to vote on the adoption of the merger agreement and certain other related proposals.

We cannot complete the merger unless the holders of each company's shares approve the proposals related to the merger. **Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend either Special Shareholder Meeting in person, please submit a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the Allied World or Transatlantic Special Shareholder Meeting, as applicable.**

**The Allied World board of directors has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby are in the best interests of Allied World. The Allied World board of directors unanimously recommends that the Allied World shareholders vote (i) FOR the proposals to increase the ordinary share capital, (ii) FOR the**

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**Table of Contents**

proposal to issue shares of Allied World in the merger, (iii) **FOR** the proposal to amend Allied World's Articles of Association to change the company's name, (iv) **FOR** the proposal to elect directors to the combined company's board of directors, (v) **FOR** the proposal to effect a capital reduction to allow for the payment of a dividend to the combined company's shareholders after the completion of the merger and (vi) **FOR** the proposal to approve the fourth amendment and restatement of the Allied World Third Amended and Restated 2004 Stock Incentive Plan.

The Transatlantic board of directors has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby are in the best interests of Transatlantic and its stockholders. The Transatlantic board of directors unanimously recommends that Transatlantic stockholders vote (i) **FOR** the proposal to adopt the merger agreement, (ii) **FOR** the proposal to approve adjournment of the Transatlantic Special Shareholder Meeting, if necessary or appropriate, to solicit additional proxies and (iii) **FOR** the proposal to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to Transatlantic's named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable.

The obligations of Allied World and Transatlantic to complete the merger are subject to the satisfaction or waiver of several conditions. The accompanying joint proxy statement/prospectus contains detailed information about Allied World, Transatlantic, the meetings, the merger agreement and the merger. **You should read this joint proxy statement/prospectus carefully and in its entirety before voting, including the section entitled Risk Factors beginning on page 22.**

We look forward to the successful combination of Allied World and Transatlantic.

Sincerely,

Scott A. Carmilani  
Chairman, President and Chief Executive Officer  
Allied World Assurance Company Holdings, AG

Richard S. Press  
Chairman of the Board of Directors  
Transatlantic Holdings, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated \_\_\_\_\_, 2011 and is first being mailed to the holders of shares of Allied World and Transatlantic on or about \_\_\_\_\_, 2011.

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**Table of Contents**

**ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG  
Lindenstrasse 8, 6340 Baar  
Zug, Switzerland**

**NOTICE OF SPECIAL SHAREHOLDER MEETING  
TO BE HELD ON           , 2011**

July   , 2011

To the Shareholders of Allied World Assurance Company Holdings, AG:

We are pleased to invite you to attend the extraordinary general meeting of shareholders of Allied World Assurance Company Holdings, AG ( Allied World ), a Swiss corporation, which will be held at Allied World 's corporate headquarters, Lindenstrasse 8, 6340 Baar, Zug, Switzerland, on           , 2011, at [2:00] p.m. local time, for the following purposes (the Allied World Special Shareholder Meeting ):

to consider and vote on the proposal to increase Allied World 's ordinary share capital pursuant to article 3a(a) of the Articles of Association of Allied World, a copy of which is included as Annex D to the joint proxy statement/prospectus of which this notice forms a part (the Allied World Articles ), by CHF            (equaling USD           ) to CHF            (equaling USD           ) by the issuance of            Allied World registered shares (*Namenaktien*) ( Allied World shares ) to Transatlantic Holdings, Inc. ( Transatlantic ) stockholders pursuant to, and only in connection with, the merger as contemplated by the Agreement and Plan of Merger, dated as of June 12, 2011, by and among Allied World, Transatlantic and GO Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Allied World (the merger agreement ), a copy of which is included as Annex A to the joint proxy statement/prospectus of which this notice forms a part, including the exclusion of all preferential subscription rights to which Allied World shareholders may be entitled; the contributions for the new registered shares are paid by converting existing reserves (*Kapitalreserven*) into share capital;

to consider and vote on the proposal to increase Allied World 's conditional share capital pursuant to article 5(a) of the Allied World Articles by CHF            (equaling USD           ) to CHF            (equaling USD           ), only in connection with the merger;

to consider and vote on the proposal to increase Allied World 's authorized share capital pursuant to article 6(a) of the Allied World Articles by CHF            (equaling USD           ) to CHF            (equaling USD           ), only in connection with the merger;

to consider and vote on the proposal to issue Allied World shares to Transatlantic stockholders pursuant to the merger and as contemplated by the merger agreement as required by New York Stock Exchange ( NYSE ) rules;

to consider and vote on the proposal to amend article 1 of the Allied World Articles to change Allied World 's name to TransAllied Group Holdings, AG ( TransAllied ) immediately following, and conditioned upon, the completion of the merger; and

to elect (x) three Class II directors to hold office commencing upon the completion of the merger and ending upon TransAllied 's Annual Shareholder Meeting in 2012, (y) four Class III directors to hold office commencing upon the completion of the merger and ending upon TransAllied 's Annual Shareholder Meeting in 2013 and (z) four Class I directors to hold office commencing upon the completion of the merger and ending upon TransAllied 's Annual Shareholder Meeting in 2014.



Completion of the merger is conditioned on, among other things, approval of each of the proposals described above.

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**Table of Contents**

In addition, there are two additional proposals, the approval of the second proposal is conditioned upon the approval of the proposals set forth above:

to consider and vote on the proposal to effect a capital reduction to allow for the payment of a dividend to the combined company's shareholders after the completion of the merger; and

to consider and vote on the proposal to amend and restate the Allied World Third Amended and Restated 2004 Stock Incentive Plan (the "Stock Incentive Plan"), the form of which is included as Annex E to the joint proxy statement/prospectus of which this notice forms a part, to, among other things, increase the number of shares reserved for issuance under the Stock Incentive Plan and extend the Stock Incentive Plan's termination date, effective upon the completion of the merger.

Allied World will transact no other business at the meeting except such business as may properly be brought before the Allied World Special Shareholder Meeting or any adjournment or postponement thereof. Please refer to the joint proxy statement/prospectus of which this notice forms a part for further information with respect to the business to be transacted at the Allied World Special Shareholder Meeting.

The Allied World board of directors has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, the issuance of the Allied World shares to Transatlantic stockholders pursuant to the merger and the amendment of the Allied World Articles, are in the best interests of Allied World. **The Allied World board of directors unanimously recommends that Allied World shareholders vote FOR each of the proposals set forth above.**

The Allied World board of directors has fixed the close of business on \_\_\_\_\_, 2011 as the record date for determination of Allied World shareholders entitled to receive notice of, and to vote at, the Allied World Special Shareholder Meeting or any adjournments or postponements thereof. Only holders of record of Allied World shares at the close of business on the record date are entitled to receive notice of, and to vote at, the Allied World Special Shareholder Meeting.

The approval of each of the proposals to increase the share capital of Allied World requires the approval of at least 66 2/3% of the votes represented at the Allied World Special Shareholder Meeting and a majority of the nominal value of the Allied World shares represented at such meeting, where holders of at least 50% of the total outstanding Allied World shares are represented and voting and who are entitled to vote on such proposal. The approval of the proposals to issue the Allied World shares pursuant to the merger and to amend and restate the Stock Incentive Plan in order to increase the shares reserved for issuance thereunder requires the affirmative vote of the holders of a majority of shares entitled to vote on the proposal and present in person or represented by proxy at the Allied World Special Shareholder Meeting; provided that the total votes cast on each such proposal represent over 50% of the outstanding Allied World shares entitled to vote on such proposal (whereby abstentions will be treated as votes cast for purposes of such proposal and will have the effect of votes against such proposals). The approval of the proposals to amend the Allied World Articles to change Allied World's name to TransAllied Group Holdings, AG following the completion of the merger, to elect the directors as described above and to approve a capital reduction to allow for payment of a dividend to the combined company shareholders after the completion of the merger, require a majority of the votes cast in favor of such proposals at the Allied World Special Shareholder Meeting (whereby abstentions, broker non-votes, blank or invalid ballots will be disregarded for purposes of establishing such majority) where holders of at least 50% of the total outstanding Allied World shares are represented and voting and who are entitled to vote on such proposals.

**Your vote is very important. Whether or not you expect to attend in person, we urge you to submit a proxy to vote your shares as promptly as possible by signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the Allied World Special Shareholder**

**Meeting. If your shares are held in an Allied World plan or in the name of a bank, brokerage firm or other nominee, please follow the instructions on the voting instruction card furnished by the plan trustee or administrator, or record holder, as appropriate.**

The enclosed joint proxy statement/prospectus provides a detailed description of the merger and the merger agreement. We urge you to read the joint proxy statement/prospectus of which this notice forms a part, including any documents incorporated by reference, and the Annexes carefully and in their entirety. If you

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**Table of Contents**

have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies or need help voting your Allied World shares, please contact Allied World's proxy solicitor:

**MacKenzie Partners, Inc.**  
105 Madison Avenue  
New York, NY 10016  
(800) 322-2885  
or  
(212) 929-5500 (collect)  
E-mail: [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)

By Order of the Board of Directors of  
Allied World Assurance Company Holdings, AG,

Wesley D. Dupont  
Corporate Secretary

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Table of Contents

**TRANSATLANTIC HOLDINGS, INC.**  
**80 Pine Street**  
**New York, NY 10005**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**  
**TO BE HELD ON           , 2011**

July   , 2011

To the Stockholders of Transatlantic Holdings, Inc.:

We are pleased to invite you to attend the special meeting of stockholders of Transatlantic Holdings, Inc. ( Transatlantic ), a Delaware corporation, which will be held at            on           , 2011 at [8:00] a.m. local time, for the following purposes (the Transatlantic Special Shareholder Meeting ):

to consider and vote on the proposal to adopt the Agreement and Plan of Merger, dated as of June 12, 2011 (the merger agreement ), by and among Allied World Assurance Company Holdings, AG ( Allied World ), Transatlantic and GO Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Allied World, a copy of which is included as Annex A to the joint proxy statement/prospectus of which this notice forms a part;

to consider and vote upon the proposal to adjourn the Transatlantic Special Shareholder Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal; and

to consider and vote on a proposal, on an advisory (non-binding) basis, to approve the compensation that may be paid or become payable to Transatlantic s named executive officers in connection with the merger, and the agreements and understandings pursuant to which such compensation may be paid or become payable, as described in the section entitled The Merger Interests of Transatlantic s Directors and Executive Officers in the Merger Golden Parachute Compensation.

Completion of the merger is conditioned on, among other things, approval of the proposal to adopt the merger agreement.

Transatlantic will transact no other business at the Transatlantic Special Shareholder Meeting except such business as may properly be brought before the Transatlantic Special Shareholder Meeting or any adjournment or postponements thereof. Please refer to the joint proxy statement/prospectus of which this notice forms a part for further information with respect to the business to be transacted at the Transatlantic Special Shareholder Meeting.

The Transatlantic board of directors has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of Transatlantic and its stockholders. **The Transatlantic board of directors unanimously recommends that Transatlantic stockholders vote FOR each of the proposals set forth above.**

The Transatlantic board of directors has fixed the close of business on           , 2011 as the record date for determination of Transatlantic stockholders entitled to receive notice of, and to vote at, the Transatlantic Special Shareholder Meeting or any adjournments or postponements thereof. Only holders of record of Transatlantic common stock ( Transatlantic common stock ) at the close of business on the record date are entitled to receive notice of, and to vote at, the Transatlantic Special Shareholder Meeting. A list of the names of Transatlantic stockholders of record will be

available for ten days prior to the Transatlantic Special Shareholder Meeting for any purpose germane to the Transatlantic Special Shareholder Meeting between the regular business hours of 9:00 a.m. and 5:00 p.m., local time, at Transatlantic's headquarters, 80 Pine Street, New York, NY. The Transatlantic stockholder list will also be available at the Transatlantic Special

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**Table of Contents**

Shareholder Meeting during the whole time thereof for examination by any stockholder present at such meeting.

Adoption of the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of Transatlantic common stock entitled to vote thereon. Approval of the proposal to adjourn the Transatlantic Special Shareholder Meeting, if necessary or appropriate, for the purpose of soliciting additional proxies requires the affirmative vote of the holders of a majority of the shares of Transatlantic common stock entitled to vote and present in person or represented by proxy, whether or not a quorum is present. Approval, on an advisory (non-binding) basis, of the compensation that may be paid or become payable to Transatlantic's named executive officers in connection with the merger, and the agreements and understandings pursuant to which such compensation may be paid or become payable, requires the affirmative vote of the holders of a majority of the shares of Transatlantic common stock present in person or represented by proxy and entitled to vote thereon.

**Your vote is very important. Whether or not you expect to attend the Transatlantic Special Shareholder Meeting in person, we urge you to submit a proxy to vote your shares as promptly as possible by either: (1) logging onto [redacted] and following the instructions on your proxy card; (2) dialing [redacted] and listening for further directions; or (3) signing and returning the enclosed proxy card in the postage-paid envelope provided, so that your shares may be represented and voted at the Transatlantic Special Shareholder Meeting. If your shares are held in the name of a bank, brokerage firm or other nominee, please follow the instructions on the voting instruction card furnished by the record holder, as appropriate.**

The enclosed joint proxy statement/prospectus provides a detailed description of the merger and the merger agreement. We urge you to read the joint proxy statement/prospectus of which this notice forms a part, including any documents incorporated by reference, and the Annexes carefully and in their entirety. If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies or need help voting your shares of Transatlantic common stock, please contact Transatlantic's proxy solicitor:

**Georgeson Inc.**  
199 Water Street  
New York, NY 10038  
(888) 613-9817  
(Banks and brokers please call: (212) 440-9800)  
E-mail: [transatlantic@georgeson.com](mailto:transatlantic@georgeson.com)

By Order of the Board of Directors of  
Transatlantic Holdings, Inc.,

Amy M. Cinquegrana  
Secretary

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**Table of Contents**

**ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates important business and financial information about Allied World and Transatlantic from other documents that are not included in or delivered with this joint proxy statement/prospectus. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this joint proxy statement/prospectus free of charge by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

**MacKenzie Partners, Inc.**  
105 Madison Avenue  
New York, NY 10016  
(800) 322-2885  
or  
(212) 929-5500 (collect)  
E-mail: proxy@mackenziepartners.com

or

**Allied World Assurance Company Holdings, AG**  
Lindenstrasse 8, 6340 Baar  
Zug, Switzerland  
Attn.: Corporate Secretary  
(441) 278-5400

**Georgeson Inc.**  
199 Water Street  
New York, NY 10038  
(888) 613-9817  
(Banks and brokers please call: (212) 440-9800)  
E-mail: transatlantic@georgeson.com

or

**Transatlantic Holdings, Inc.**  
80 Pine Street  
New York, NY 10005  
Attn.: Investor Relations  
(212) 365-2200

Investors may also consult Allied World's or Transatlantic's website for more information concerning the merger described in this joint proxy statement/prospectus. Allied World's website is [www.awac.com](http://www.awac.com). Transatlantic's website is [www.transre.com](http://www.transre.com). Information included on these websites is not incorporated by reference into this joint proxy statement/prospectus.

**If you would like to request any documents, please do so by \_\_\_\_\_, 2011 in order to receive them before the meetings.**

For a more detailed description of the information incorporated by reference in this joint proxy statement/prospectus and how you may obtain it, see "Where You Can Find More Information" beginning on page 159.

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**Table of Contents**

**ABOUT THIS JOINT PROXY STATEMENT/PROSPECTUS**

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed with the U.S. Securities and Exchange Commission (the "SEC") by Allied World, constitutes a prospectus of Allied World under Section 5 of the Securities Act of 1933, as amended (the "Securities Act"), with respect to the Allied World registered shares (the "Allied World shares") to be issued to the Transatlantic stockholders pursuant to the merger. This joint proxy statement/prospectus also constitutes a joint proxy statement for both Allied World and Transatlantic under Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). It also constitutes a notice of meeting with respect to the extraordinary general meeting of Allied World shareholders (the "Allied World Special Shareholder Meeting") and a notice of meeting with respect to the special meeting of Transatlantic stockholders (the "Transatlantic Special Shareholder Meeting").

You should rely only on the information contained in or incorporated by reference into this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated [redacted], 2011. You should not assume that the information contained in this joint proxy statement/prospectus is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this joint proxy statement/prospectus is accurate as of any date other than the date of the incorporated document. Neither our mailing of this joint proxy statement/prospectus to Allied World shareholders or Transatlantic stockholders nor the issuance by Allied World of Allied World shares pursuant to the merger will create any implication to the contrary.

**This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation. Information contained in this joint proxy statement/prospectus regarding Allied World has been provided by Allied World and information contained in this joint proxy statement/prospectus regarding Transatlantic has been provided by Transatlantic.**

All references in this joint proxy statement/prospectus to "Allied World" refer to Allied World Assurance Company Holdings, AG, a Swiss corporation, and/or its consolidated subsidiaries, unless the context requires otherwise; all references in this joint proxy statement/prospectus to "Transatlantic" refer to Transatlantic Holdings, Inc., a Delaware corporation, and/or its consolidated subsidiaries, unless the context requires otherwise; all references to "Merger Sub" refer to GO Sub, LLC, a Delaware limited liability company and wholly-owned subsidiary of Allied World formed for the sole purpose of effecting the merger; unless otherwise indicated or as the context requires, all references in this joint proxy statement/prospectus to "we," "our" and "us" refer to Allied World and Transatlantic collectively; and, unless otherwise indicated or as the context requires, all references to the "merger agreement" refer to the Agreement and Plan of Merger, dated as of June 12, 2011, by and among Allied World, Transatlantic and Merger Sub, a copy of which is included as Annex A to this joint proxy statement/prospectus. Allied World, following completion of the merger, is sometimes referred to in this joint proxy statement/prospectus as "TransAllied" or the "combined company." Also, in this joint proxy statement/prospectus, "\$" and "USD" refer to U.S. dollars and "CHF" refers to Swiss francs; and "local time" means the local time in Switzerland with respect to the Allied World Special Shareholder Meeting and related matters, and the local time in New York City with respect to the Transatlantic Special Shareholder Meeting and related matters.

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**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<u>QUESTIONS AND ANSWERS</u>	iii
<u>SUMMARY</u>	1
<u>The Companies</u>	1
<u>The Merger</u>	2
<u>The Meetings</u>	10
<u>Summary Historical Consolidated Financial Data</u>	13
<u>Summary Unaudited Pro Forma Condensed Consolidated Financial Information of Allied World and Transatlantic</u>	17
<u>Unaudited Comparative Per Share Data</u>	20
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	21
<u>RISK FACTORS</u>	22
<u>Risk Factors Relating to the Merger</u>	22
<u>Risk Factors Relating to the Combined Company Following the Merger</u>	25
<u>Other Risk Factors of Allied World and Transatlantic</u>	28
<u>THE COMPANIES</u>	29
<u>THE ALLIED WORLD SPECIAL SHAREHOLDER MEETING</u>	30
<u>THE TRANSATLANTIC SPECIAL SHAREHOLDER MEETING</u>	36
<u>THE MERGER</u>	42
<u>Effects of the Merger</u>	42
<u>Background of the Merger</u>	42
<u>Allied World's Reasons for the Merger; Recommendations of the Allied World Board of Directors</u>	51
<u>Opinion of Allied World's Financial Advisor</u>	53
<u>Certain Allied World Prospective Financial Information</u>	63
<u>Transatlantic's Reasons for the Merger; Recommendations of the Transatlantic Board of Directors</u>	64
<u>Opinion of Transatlantic's Financial Advisor</u>	68
<u>Certain Information Regarding Transatlantic's Financial Advisor – Goldman Sachs</u>	76
<u>Certain Transatlantic Prospective Financial Information</u>	76
<u>Interests of Allied World's Directors and Executive Officers in the Merger</u>	78
<u>Interests of Transatlantic's Directors and Executive Officers in the Merger</u>	78
<u>Board of Directors and Management Following the Merger</u>	81
<u>Regulatory Clearances Required for the Merger</u>	82
<u>Exchange of Shares in the Merger</u>	83
<u>Treatment of Transatlantic Stock Options and Other Long-Term Incentive Awards</u>	84
<u>Dividend Policy</u>	84
<u>Listing of Allied World Shares</u>	85
<u>De-Listing and Deregistration of Transatlantic Common Stock</u>	85
<u>No Appraisal Rights</u>	85
<u>Litigation Related to the Merger</u>	85
<u>The Combined Company's Share Repurchase Program Post-Merger</u>	86
<u>THE MERGER AGREEMENT</u>	87
<u>Terms of the Merger; Merger Consideration</u>	87
<u>Completion of the Merger</u>	88
<u>Exchange of Shares in the Merger</u>	88

<u>Representations and Warranties</u>	88
<u>Conduct of Business</u>	91
<u>No Solicitation of Alternative Proposals</u>	92
<u>Changes in Board Recommendations</u>	93
<u>Efforts to Obtain Required Stockholder Votes</u>	93
<u>Efforts to Complete the Merger</u>	94
<u>Governance Matters After the Merger</u>	95
<u>Transatlantic Common Stock Purchase</u>	96
<u>Cantonal Tax Ruling</u>	96
<u>Swiss Commercial Register Ruling</u>	96
<u>Retention Program and Employee Waivers</u>	96
<u>Treatment of Transatlantic Stock Options and Other Stock-Based Awards and Programs</u>	96

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**Table of Contents**

	<b>Page</b>
<u>Other Covenants and Agreements</u>	97
<u>Conditions to Completion of the Merger</u>	98
<u>Termination of the Merger Agreement</u>	99
<u>Expenses and Termination Fees; Liability for Breach</u>	99
<u>Amendments, Extensions and Waivers</u>	101
<u>No Third Party Beneficiaries</u>	102
<u>Specific Performance</u>	102
<u>CAPITAL INCREASES</u>	103
<u>NYSE SHARE ISSUANCE</u>	105
<u>AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF ALLIED WORLD</u>	106
<u>CAPITAL REDUCTION</u>	107
<u>ELECTION OF DIRECTORS</u>	113
<u>TRANSALLIED GROUP HOLDINGS, AG FOURTH AMENDED AND RESTATED 2004 STOCK</u>	
<u>INCENTIVE PLAN</u>	115
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES</u>	121
<u>ACCOUNTING TREATMENT</u>	123
<u>UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION</u>	124
<u>Pro Forma Condensed Consolidated Balance Sheet as of March 31, 2011</u>	125
<u>Pro Forma Condensed Consolidated Statement of Operations for the Three Months Ended March 31, 2011</u>	126
<u>Pro Forma Condensed Consolidated Statement of Operations for the Twelve Months Ended December 31, 2010</u>	127
<u>Notes to the Pro Forma Condensed Consolidated Financial Information</u>	128
<u>COMPARATIVE STOCK PRICE DATA AND DIVIDENDS</u>	137
<u>DESCRIPTION OF ALLIED WORLD SHARE CAPITAL</u>	138
<u>Authorized Share Capital</u>	138
<u>Other Classes or Series of Shares</u>	138
<u>Voting Rights</u>	138
<u>Compulsory Acquisitions: Appraisal Rights</u>	140
<u>Quorum</u>	141
<u>Dividends and Other Payments to Shareholders</u>	141
<u>Preemptive Rights and Advance Subscription Rights</u>	142
<u>Participation Certificates</u>	143
<u>New Shares</u>	144
<u>Antitakeover Provisions</u>	144
<u>Liquidation Rights</u>	145
<u>No Redemption; Repurchase</u>	145
<u>Stock Exchange Listing</u>	145
<u>No Sinking Fund</u>	145
<u>Transfer; Transfer Agent</u>	145
<u>COMPARISON OF RIGHTS OF TRANSALLIED SHAREHOLDERS AND TRANSATLANTIC</u>	
<u>STOCKHOLDERS</u>	146
<u>LEGAL MATTERS</u>	157
<u>EXPERTS</u>	157
<u>FUTURE STOCKHOLDER PROPOSALS</u>	158
<u>HOUSEHOLDING OF JOINT PROXY STATEMENT/PROSPECTUS</u>	158
<u>OTHER MATTERS</u>	159

<u>WHERE YOU CAN FIND MORE INFORMATION</u>	159
<u>Annex A Agreement and Plan of Merger, dated as of June 12, 2011</u>	A-1
<u>Annex B Opinion of Deutsche Bank Securities Inc.</u>	B-1
<u>Annex C Opinion of Moelis &amp; Company LLC</u>	C-1
<u>Annex D Form of Articles of Association of TransAllied Group Holdings, AG</u>	D-1
<u>Annex E Form of TransAllied Group Holdings, AG Fourth Amended and Restated 2004 Stock Incentive Plan</u>	E-1
<u>PART II INFORMATION NOT REQUIRED IN PROSPECTUS; UNDERTAKINGS</u>	II-1
<u>EX-23.2</u>	
<u>EX-23.3</u>	
<u>EX-99.1</u>	
<u>EX-99.2</u>	
<u>EX-99.3</u>	
<u>EX-99.4</u>	

**Table of Contents**

**QUESTIONS AND ANSWERS**

The following are some questions that you, as a shareholder of Allied World Assurance Company Holdings, AG (an Allied World shareholder ) or a stockholder of Transatlantic Holdings, Inc. (a Transatlantic stockholder ), may have regarding the merger and the other matters being considered at the contemplated meetings and the answers to those questions. Allied World Assurance Company Holdings, AG ( Allied World ) and Transatlantic Holdings, Inc. ( Transatlantic ) urge you to carefully read the remainder of this joint proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the Special Shareholder Meetings. Additional important information is also contained in the Annexes to, and the documents incorporated by reference into, this joint proxy statement/prospectus.

**Q: Why am I receiving this joint proxy statement/prospectus?**

A: Allied World and Transatlantic have agreed to a strategic business combination pursuant to the terms of the merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is included in this joint proxy statement/prospectus as Annex A.

In order to complete the merger, among other things:

Allied World shareholders must approve the proposal to increase Allied World's ordinary share capital pursuant to article 3a(a) of the Articles of Association of Allied World Assurance Company Holdings, AG (the Allied World Articles ), by CHF (equaling USD ) to CHF (equaling USD ) by the issuance of registered shares (*Namenaktien*) of Allied World Assurance Company Holdings, AG ( Allied World shares ) to Transatlantic stockholders pursuant to, and only in connection with, the merger as contemplated by the merger agreement, including the exclusion of all preferential subscription rights to which Allied World shareholders may be entitled (the article 3 share capital increase proposal ); the contributions for the new registered shares are paid by converting existing reserves (*Kapitalreserven*) into share capital;

Allied World shareholders must approve the proposal to increase Allied World's conditional share capital pursuant to article 5(a) of the Allied World Articles by CHF (equaling USD ) to CHF (equaling USD ), only in connection with the completion of the merger (the article 5 share capital increase proposal );

Allied World shareholders must approve the proposal to increase Allied World's authorized share capital pursuant to article 6(a) of the Allied World Articles by CHF (equaling USD ) to CHF (equaling USD ), only in connection with the merger (the article 6 share capital increase proposal and, together with the article 3 share capital increase proposal and the article 5 share capital increase proposal, the share capital increase proposals );

Allied World shareholders must approve the proposal to issue Allied World shares to Transatlantic stockholders pursuant to the merger and as contemplated by the merger agreement as required by NYSE rules (the NYSE share issuance proposal );

Allied World shareholders must approve the proposal to amend the Allied World Articles to change Allied World's name to TransAllied Group Holdings, AG (Allied World and Transatlantic after the merger, TransAllied or the combined company ) immediately following, and conditioned upon, the completion of the merger (the name change proposal );

Allied World shareholders must approve the proposal to elect (x) three Class II directors to hold office commencing upon the completion of the merger and ending upon TransAllied's annual general meeting of shareholders ( Annual Shareholder Meeting ) in 2012, (y) four Class III directors to hold office commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2013 and (z) four Class I directors to hold office commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2014 (the election of directors proposal ); and

## **Table of Contents**

Transatlantic stockholders must approve the proposal to adopt the merger agreement (the adoption of the merger agreement proposal ).

In addition, Allied World is soliciting proxies from its shareholders with respect to two additional proposals, the approval of the second proposal is conditioned upon the completion of the merger; however, completion of the merger is not conditioned upon receipt of either of these approvals:

Allied World shareholders are being asked to consider and vote upon the proposal to effect a capital reduction to allow for the payment of a dividend to the combined company's shareholders after the completion of the merger (the capital reduction proposal ); and

Allied World shareholders are being asked to consider and vote on the proposal to amend and restate the Allied World Third Amended and Restated 2004 Stock Incentive Plan (the Stock Incentive Plan ), the form of which is included as Annex E to this joint proxy statement/prospectus, to, among other things, increase the number of shares reserved for issuance under the Plan and to extend the Plan's termination date, effective upon the completion of the merger (the Stock Incentive Plan proposal ).

In addition, Transatlantic is soliciting proxies from its stockholders with respect to two additional proposals; completion of the merger is not conditioned upon receipt of these approvals:

Transatlantic stockholders are being asked to consider and vote upon the proposal to adjourn the special meeting of Transatlantic stockholders (the Transatlantic Special Shareholder Meeting ), if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the adoption of the merger agreement proposal (the adjournment proposal ); and

Transatlantic stockholders are being asked to consider and vote on a proposal, on an advisory (non-binding) basis, to approve the compensation that may be paid or become payable to Transatlantic's named executive officers in connection with the merger, and the agreements and understandings pursuant to which such compensation may be paid or become payable, as described in the section entitled The Merger Interests of Transatlantic's Directors and Executive Officers in the Merger Golden Parachute Compensation (the golden parachute proposal ).

Allied World and Transatlantic will hold separate meetings of the holders of their shares to obtain these approvals. This joint proxy statement/prospectus, including its Annexes, contains and incorporates by reference important information about Allied World and Transatlantic, the merger and the meetings of the holders of shares of Allied World and Transatlantic. You should read all the available information carefully and in its entirety.

### **Q: What will I receive in the merger?**

A: *Allied World Shareholders:* If the merger is completed, Allied World shareholders will not receive any merger consideration and will continue to hold the shares of Allied World which they currently hold. The share capital of Allied World consists of the outstanding Allied World shares and non-voting participation certificates ( Allied World non-voting shares ).

*Transatlantic Stockholders:* If the merger is completed, holders of Transatlantic common stock will receive 0.88 Allied World shares for each share of Transatlantic common stock they hold at the effective time of the merger. Transatlantic stockholders will not receive any Allied World fractional shares in the merger. Instead, Allied World will pay cash in lieu of any Allied World fractional shares that a Transatlantic stockholder would



otherwise have been entitled to receive.

Following the merger, the combined company's common shares will be traded on the NYSE under the symbol TAG .

**Q: What is the value of the merger consideration?**

A: Because Allied World will issue 0.88 Allied World shares in exchange for each share of Transatlantic common stock, the value of the merger consideration that Transatlantic stockholders receive will depend on the price of Allied World shares at the effective time of the merger. That price will not be known at the time of the Special Shareholder Meetings and may be more or less than the current price or the price at the time of the meetings. **We urge you to obtain current market quotations of Allied World shares and Transatlantic common stock.**

**Table of Contents**

**Q: When and where will the meetings be held?**

A: *Allied World Shareholders:* The extraordinary general meeting of Allied World shareholders (the Allied World Special Shareholder Meeting ) will be held at Allied World's corporate headquarters, Lindenstrasse 8, 6340 Baar, Zug, Switzerland, on , 2011, at [2:00] p.m. local time.

*Transatlantic Stockholders:* The Transatlantic Special Shareholder Meeting will be held at , on , 2011, at [8:00] a.m. local time.

**Q: Who is entitled to vote at the meetings?**

A: *Allied World Shareholders:* The Allied World board of directors has set , 2011 (the Allied World record date ) as the record date for the Allied World Special Shareholder Meeting. Only holders of record of Allied World shares as of the close of business on the Allied World record date are entitled to notice of, and to vote at, the Allied World Special Shareholder Meeting or any adjournment or postponement of the Allied World Special Shareholder Meeting. Holders of Allied World non-voting shares will receive this joint proxy statement/prospectus but are not entitled to participate in or vote at the Allied World Special Shareholder Meeting. As of the Allied World record date, there were Allied World shares and Allied World non-voting shares outstanding. Beneficial owners of Allied World shares and shareholders registered in the Allied World share register with Allied World shares at the close of business on the Allied World record date are entitled to vote at the Allied World Special Shareholder Meeting, except as provided below. If you ask to be registered as a shareholder of record with respect to your Allied World shares in Allied World's share register and become a shareholder of record for those shares (as opposed to a beneficial holder of shares held in street name ) after the Allied World record date, but on or before , 2011, and want to vote those shares at the Allied World Special Shareholder Meeting, you will need for identification purposes to obtain a proxy from the registered voting rights record holder of those shares as of the Allied World record date to vote your shares in person at the Allied World Special Shareholder Meeting. Alternatively, you may also obtain the proxy materials by contacting the Corporate Secretary, attention: Wesley D. Dupont, at Allied World Assurance Company Holdings, AG, Lindenstrasse 8, 6340 Baar, Zug, Switzerland, or via e-mail at secretary@awac.com. If you are a record holder of Allied World shares (as opposed to a beneficial holder of shares held in street name ) on the record date but sell your Allied World shares prior to , 2011 you will not be entitled to vote those shares at the Allied World Special Shareholder Meeting.

*Transatlantic Stockholders:* The Transatlantic board of directors has set , 2011 (the Transatlantic record date ) as the record date for the Transatlantic Special Shareholder Meeting. Only holders of record of outstanding shares of Transatlantic common stock as of the close of business on the Transatlantic record date are entitled to notice of, and to vote at, the Transatlantic Special Shareholder Meeting or any adjournment or postponement of the Transatlantic Special Shareholder Meeting. As of the Transatlantic record date, there were shares of Transatlantic common stock outstanding.

**Q: What constitutes a quorum at the meetings?**

A: *Allied World Shareholders:* A quorum is required to transact business at the Allied World Special Shareholder Meeting. Without giving effect to the limitation on voting rights described below, the quorum required at the Allied World Special Shareholder Meeting is that two or more persons present in person and representing in person or by proxy throughout the meeting more than 50% of the total issued and outstanding Allied World shares are present throughout the meeting. The Allied World board of directors or chairman of the Allied World board of directors may postpone the meeting with sufficient factual reason, provided that notice of postponement

is given to the shareholders in the same form as the invitation before the time for such meeting. A new notice is then required to hold the postponed meeting. Under Swiss law, a general meeting of shareholders for which a notice of meeting has been duly published may not be adjourned without publishing a new notice of meeting.

With respect to the article 3 share capital increase proposal, the article 5 share capital increase proposal, the article 6 share capital increase proposal, the name change proposal, the election of directors proposal and the capital reduction proposal, abstentions will be counted toward the presence of a quorum at, but

**Table of Contents**

will not be considered votes cast on any of these proposals brought before the Allied World Special Shareholder Meeting. With respect to the NYSE share issuance proposal and the Stock Incentive Plan proposal abstentions will count as votes cast on these proposals brought before the Allied World Special Shareholder Meeting.

While broker non-votes would generally be counted for purposes of establishing a quorum for the Allied World Special Shareholder Meeting, because the nature of the proposals to be voted on by the Allied World shareholders at the Allied World Special Shareholder Meeting are all non-routine matters for which your broker does not have discretionary voting authority, there will be no broker non-votes for purposes of the Allied World Special Shareholder Meeting.

*Transatlantic Stockholders:* Stockholders who hold shares representing at least a majority of the aggregate voting power of the outstanding capital stock entitled to vote at the Transatlantic Special Shareholder Meeting must be present in person or represented by proxy to constitute a quorum for the transaction of business at the Transatlantic Special Shareholder Meeting. The Transatlantic stockholders, by a majority vote at the meeting by the holders of Transatlantic common stock entitled to vote and present in person or by proxy, whether or not a quorum is present, may adjourn the meeting to another time or place without further notice unless the adjournment is for more than 30 days or, if after the adjournment, a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting.

Abstentions will be included in the calculation of the number of shares of Transatlantic common stock represented at the Transatlantic Special Shareholder Meeting for purposes of determining whether a quorum has been achieved. However, broker non-votes will not be included in the calculation of the number of shares of Transatlantic common stock represented at the Transatlantic Special Shareholder Meeting for purposes of determining whether a quorum has been achieved.

**Q: How do I vote?**

A: *Allied World Shareholders.* The manner in which your shares may be voted depends on how your shares are held. If you are a shareholder of record of Allied World, meaning that your Allied World shares are represented by certificates or book entries in your name so that you appear as a shareholder of record in Allied World's share register maintained by its transfer agent, Continental Stock Transfer & Trust Company, a proxy card for voting these shares will be included with this joint proxy statement/prospectus. You may direct how your shares are to be voted by completing, signing and returning the proxy card in the enclosed envelope. You may also vote your Allied World shares in person at the Allied World Special Shareholder Meeting.

If you hold Allied World shares in street name through a bank or brokerage firm, you may instead receive from your bank or brokerage firm a voting instruction form with the joint proxy statement/prospectus that you may use to instruct them on how your shares are to be voted. As with a proxy card, you may direct how your shares are to be voted by completing, signing and returning the voting instructions form in the envelope provided. Many banks and brokerage firms have arranged for internet or telephonic voting of shares and provide instructions for using those services on the voting instruction form. If you want to vote your Allied World shares in person at the Allied World Special Shareholder Meeting, you must obtain a proxy from your bank, brokerage firm or other nominee giving you the right to vote your Allied World shares at the Allied World Special Shareholder Meeting.

*Transatlantic Stockholders.* If you are a stockholder of record of Transatlantic as of the close of business on the Transatlantic record date, you may vote in person by attending the Transatlantic Special Shareholder Meeting or, to ensure your shares are represented at the Transatlantic Special Shareholder Meeting, you may authorize a proxy to vote by:

logging onto                      and following the instructions on your proxy card to vote via the internet anytime up  
to                      , on                      , 2011 and following the instructions provided on that site;

**Table of Contents**

dialing and listening for further directions to vote by telephone anytime up to on , 2011 and following the instructions provided in the recorded message; or

signing and returning the accompanying proxy card in the enclosed postage-paid envelope. Transatlantic stockholders of record may submit their proxies through the mail by completing their proxy card, and signing, dating and returning it in the enclosed, pre-addressed, postage-paid envelope. To be valid, a returned proxy card must be signed and dated.

If you hold Transatlantic common stock in street name through a bank, brokerage firm or other nominee, please follow the voting instructions provided by your bank, brokerage firm or other nominee to ensure that your shares of Transatlantic common stock are represented at the Transatlantic Special Shareholder Meeting. If you want to vote your Transatlantic common stock in person at the Transatlantic Special Shareholder Meeting, you must obtain a proxy from your bank, brokerage firm or other nominee giving you the right to vote your Transatlantic common stock at the Transatlantic Special Shareholder Meeting.

**Q: How many votes do I have?**

A: *Allied World Shareholders:* Holders of Allied World shares are entitled to one vote per Allied World share owned as of the close of business on the Allied World record date, unless you own controlled shares that constitute 10% or more of the issued Allied World shares as of the close of business on the Allied World record date, in which case your voting rights with respect to those controlled shares will be limited, in the aggregate, to a voting power of approximately 10% pursuant to a formula specified in article 14 of the Allied World Articles. The Allied World Articles define controlled shares generally to include all shares of Allied World directly, indirectly or constructively owned or beneficially owned by any person or group of persons. As of the close of business on the Allied World record date, there were Allied World shares outstanding and entitled to vote at the Allied World Special Shareholder Meeting.

*Transatlantic Stockholders:* Holders of Transatlantic common stock are entitled to one vote for each share owned as of the close of business on the Transatlantic record date. However, to satisfy the requirements of New York State Insurance regulators, on June 1, 2009, Davis Selected Advisors, L.P. ( Davis Advisors ) entered into a binding agreement with Transatlantic whereby Davis Advisors agreed to vote the number of shares of Transatlantic common stock owned by Davis Advisors in excess of 9.9% of Transatlantic s outstanding shares in a manner proportionate to the vote of the owners of the shares (excluding Davis Advisors, shareholders beneficially owning more than 10% of Transatlantic s outstanding shares, and directors and officers of Transatlantic ) voting on such matters. As of the close of business on the Transatlantic record date, there were shares of Transatlantic common stock outstanding and entitled to vote at the Transatlantic Special Shareholder Meeting.

**Q: What vote is required to approve each proposal?**

A: *Allied World Shareholders:* Approval of each of the following proposals require the affirmative vote of at least 662/3% of the votes represented at the Allied World Special Shareholder Meeting and a majority of the nominal value of the Allied World shares represented at such meeting, where holders of at least 50% of the total outstanding Allied World shares are represented and voting and who are entitled to vote on such proposal: (i) the article 3 share capital increase proposal, (ii) the article 5 share capital increase proposal and (iii) the article 6 share capital increase proposal. Abstentions will not be considered votes cast and will have no effect on these proposals, assuming a quorum is present.

The approval of the NYSE share issuance proposal and the Stock Incentive Plan proposal requires the affirmative vote of the holders of a majority of shares entitled to vote on the proposal and present in person or represented by proxy at the Allied World Special Shareholder Meeting, provided that the total votes cast on this proposal represent over 50% of the outstanding Allied World shares entitled to vote on such proposal. Votes for, votes against and abstentions count as votes cast. All outstanding Allied World shares count as shares entitled to vote. Thus, the total sum of votes for, plus votes against, plus abstentions, which we refer to as the NYSE votes cast, must be greater than 50% of the total outstanding Allied World shares. The number of votes for the proposal must be greater than 50% of the NYSE votes cast.

**Table of Contents**

Approval of each of the following proposals requires a majority of the votes cast voting in favor of such proposal at the Allied World Special Shareholder Meeting where holders of at least 50% of the total outstanding Allied World shares are represented and voting and who are entitled to vote on such proposal: (i) the name change proposal, (ii) the election of directors proposal and (iii) the capital reduction proposal. Abstentions will not be considered votes cast and will have no effect on these proposals, assuming a quorum is present.

Because the nature of the proposals to be voted on by the Allied World shareholders at the Allied World Special Shareholder Meeting are all non-routine matters, there will be no broker non-votes for purposes of the Allied World Special Shareholder Meeting. Accordingly, if a bank or brokerage firm holds your shares you are urged to instruct your bank or brokerage firm on how to vote your shares to ensure your shares are voted on each of the proposals to be brought before the Allied World Special Shareholder Meeting.

*Transatlantic Stockholders:* The adoption of the merger agreement proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Transatlantic common stock entitled to vote thereon. Failures to vote, votes to abstain and broker non-votes, if any, will have the effect of a vote AGAINST the adoption of the merger agreement proposal.

Approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the shares of Transatlantic common stock entitled to vote and present in person or represented by proxy, whether or not a quorum is present. Abstentions will have the same effect as a vote AGAINST the adjournment proposal. Failures to vote and broker non-votes, if any, will not be voted, but this will not have an effect on the adjournment proposal.

Approval of the golden parachute proposal requires the affirmative vote of the holders of a majority of the shares of Transatlantic common stock present in person or represented by proxy and entitled to vote thereon, assuming a quorum is present. Abstentions will have the same effect as a vote AGAINST the golden parachute proposal. Failures to vote and broker non-votes, if any, will not be voted, but this will not have an effect on the golden parachute proposal, assuming a quorum is present.

**Q: My shares are held in street name by my bank, brokerage firm or other nominee. Will my bank, brokerage firm or other nominee automatically vote my shares for me?**

A: No. If your shares are held in the name of a bank, brokerage firm or other nominee, you are considered the beneficial holder of the shares held for you in what is known as street name. You are not the record holder of such shares. If this is the case, this joint proxy statement/prospectus has been forwarded to you by your bank, broker or other nominee. As the beneficial holder, unless your bank, brokerage firm or other nominee has discretionary authority over your shares, you generally have the right to direct your bank, brokerage firm or other nominee as to how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which your bank, brokerage firm or other nominee does not have discretionary authority, including certain matters to be considered at the Special Shareholder Meetings. This is often called a broker non-vote. You should provide your bank, broker or other nominee with instructions as to how to vote your Allied World shares and Transatlantic common stock, as applicable.

Please follow the voting instructions provided by your bank, broker or other nominee so that it may vote your shares on your behalf. Please note that you may not vote shares held in street name by returning a proxy card directly to Allied World or Transatlantic or by voting in person at your meeting unless you first obtain a proxy from your bank, brokerage firm or other nominee.



**Q: How does the Allied World board of directors recommend that Allied World shareholders vote?**

A: The Allied World board of directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and in the best interests of Allied World. The Allied World board of directors unanimously recommends that the Allied World shareholders vote (i) FOR the share capital increase proposals, (ii) FOR the NYSE share issuance proposal, (iii) FOR the name change proposal, (iv) FOR the election of directors proposal, (v) FOR the capital reduction proposal and (vi) FOR the Stock Incentive Plan proposal.

viii

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**Table of Contents**

**Q: How does the Transatlantic board of directors recommend that Transatlantic stockholders vote?**

A: The Transatlantic board of directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable and in the best interests of Transatlantic and its stockholders. The Transatlantic board of directors unanimously recommends that Transatlantic stockholders vote (i) FOR the adoption of the merger agreement proposal, (ii) FOR the adjournment proposal and (iii) FOR the golden parachute proposal.

**Q: What will happen if I return my proxy card without indicating how to vote?**

A: *Allied World Shareholders:* If you properly complete and sign your proxy card but do not indicate how your Allied World shares should be voted on a matter, the Allied World shares represented by your proxy will be voted as the Allied World board of directors recommends and, therefore, FOR the proposals brought before the Allied World Special Shareholder Meeting.

*Transatlantic Stockholders:* If you properly complete and sign your proxy card but do not indicate how your shares of Transatlantic common stock should be voted on a matter, the shares of Transatlantic common stock represented by your proxy will be voted as the Transatlantic board of directors recommends and, therefore, FOR the proposals brought before the Transatlantic Special Shareholder Meeting.

**Q: How do I appoint and vote via the independent proxy if I am an Allied World shareholder of record?**

A: If you are an Allied World shareholder of record as of the Allied World record date, under Swiss law you may authorize the independent proxy, Mr. Paul Buergi, of Buis Buergi AG, Muehlebachstrasse 7, P.O Box 672, CH-8024, Zurich, Switzerland, with full rights of substitution, to vote your Allied World shares on your behalf instead of using the enclosed proxy card. If you authorize the independent proxy to vote your shares without giving instructions, your shares will be voted in accordance with the recommendations of the Allied World board of directors with regard to the items listed in the notice of meeting. If new agenda items (other than those in the notice of meeting) or new proposals or motions with respect to those agenda items set forth in the notice of meeting are being put forth before the Allied World Special Shareholder Meeting, the independent proxy will, in the absence of other specific instructions, vote in accordance with the recommendations of the Allied World board of directors. An optional form of proxy card that may be used by the independent proxy to vote your Allied World shares is included with this joint proxy statement/prospectus. Proxy cards authorizing the independent proxy to vote your shares must be sent directly to the independent proxy, arriving no later than \_\_\_\_\_, local time, \_\_\_\_\_, 2011.

**Q: Can I change my vote or revoke my proxy after I have returned a proxy or voting instruction card?**

A: Yes.

*If you are the holder of record of Allied World shares:* If you are the holder of record of Allied World shares, you can change your vote or revoke your proxy at any time before your proxy is voted at your meeting. You can do this in one of the following ways:

you can provide the Allied World corporate secretary with written notice of revocation, by voting in person at the Allied World Special Shareholder Meeting or by executing a later-dated proxy card; provided, however, that the action is taken in sufficient time to permit the necessary examination and tabulation of the subsequent proxy or revocation before the vote is taken; or

if you have granted your proxy to the independent proxy, you can provide Mr. Paul Buergi, of Buis Buergi AG, Muehlebachstrasse 7, P.O. Box 672, CH-8024, Zurich, Switzerland, with written notice of revocation, by voting in person at the Allied World Special Shareholder Meeting or by executing a later-dated independent proxy card. Revocation of, or changes to, proxies issued to the independent proxy must be received by the independent proxy by \_\_\_\_\_, local time, on \_\_\_\_\_, 2011.

Attendance at the Allied World Special Shareholder Meeting by an Allied World shareholder who has executed and delivered a proxy card to Allied World shall not in and of itself constitute a revocation of such proxy. Only your vote at the Allied World Special Shareholder Meeting will revoke your proxy.

**Table of Contents**

*If you hold Allied World shares in street name* : If your Allied World shares are held in street name, you must obtain a proxy from your bank, brokerage firm or other nominee giving you the right to vote your Allied World shares at the Allied World Special Shareholder Meeting.

*If you are the holder of record of Transatlantic common stock*: If you are the holder of record of Transatlantic common stock, you can change your vote or revoke your proxy at any time before your proxy is voted at your meeting. You can do this in one of the following ways:

you can grant a new, valid proxy bearing a later date (including by telephone or via the internet);

you can send a signed notice of revocation; or

you can attend the Transatlantic Special Shareholder Meeting and vote in person, which will automatically cancel any proxy previously given, or you may revoke your proxy in person. Simply attending the Transatlantic Special Shareholder Meeting without voting will not revoke any proxy that you have previously given or change your vote.

If you choose either of the first two methods, your notice of revocation or your new proxy must be received by Transatlantic no later than the beginning of the Transatlantic Special Shareholder Meeting. If you have submitted a proxy for your shares by telephone or via the internet, you may revoke your prior telephone or internet proxy by any manner described above.

*If you hold shares of Transatlantic common stock in street name* : If your shares of Transatlantic common stock are held in street name, you must contact your bank, brokerage firm or other nominee to change your vote.

**Q: What are the material U.S. federal income tax consequences of the merger to U.S. holders of Allied World shares?**

A: No gain or loss will be recognized by Allied World shareholders as a consequence of the merger.

**Q: What are the material U.S. federal income tax consequences of the merger to U.S. holders of Transatlantic common stock?**

A: The receipt of Allied World shares (and cash, if any, received in lieu of fractional shares) in exchange for shares of Transatlantic common stock pursuant to the merger agreement will be a taxable transaction for U.S. federal income tax purposes.

**Q: When do you expect the merger to be completed?**

A: Allied World and Transatlantic hope to complete the merger as soon as reasonably possible and expect the closing of the merger to occur in the fourth quarter of 2011. However, the merger is subject to various regulatory clearances and the satisfaction or waiver of other conditions, and it is possible that factors outside the control of Allied World and Transatlantic could result in the merger being completed at an earlier time, a later time or not at all. There may be a substantial amount of time between the Special Shareholder Meetings and the completion of the merger.

**Q: Do I need to do anything with my shares other than voting for the proposals at the meeting?**

A: *Allied World Shareholders*: If you are an Allied World shareholder, after the merger is completed, you are not required to take any action with respect to your Allied World shares.

*Transatlantic Stockholders*: If you are a Transatlantic stockholder, after the merger is completed, each share of Transatlantic common stock you hold will be converted automatically into the right to receive 0.88 Allied World shares together with cash in lieu of any fractional Allied World shares, as applicable. You will receive instructions at that time regarding exchanging your shares of Transatlantic common stock for Allied World shares. You do not need to take any action at this time. **Please do not send your Transatlantic stock certificates with your proxy card.**

**Q: Are holders of shares entitled to appraisal rights?**

A: No. Neither the Allied World shareholders, under Swiss law, nor the Transatlantic stockholders, under Delaware law, are entitled to appraisal rights in connection with the merger.

**Table of Contents**

**Q: What happens if I sell my shares of Transatlantic common stock before the Transatlantic Special Shareholder Meeting?**

A: The record date for the Transatlantic Special Shareholder Meeting is earlier than the date of the Transatlantic Special Shareholder Meeting and the date that the merger is expected to be completed. If you transfer your shares of Transatlantic common stock after the Transatlantic record date but before the Transatlantic Special Shareholder Meeting, you will retain your right to vote at the Transatlantic Special Shareholder Meeting, but will have transferred the right to receive the merger consideration in the merger. In order to receive the merger consideration, you must hold your shares through the effective date of the merger.

**Q: What if I hold shares in both Allied World and Transatlantic?**

A: If you are a holder of shares of both Allied World and Transatlantic you will receive two separate packages of proxy materials. A vote cast as an Allied World shareholder will not count as a vote cast as a Transatlantic stockholder, and a vote cast as a Transatlantic stockholder will not count as a vote cast as an Allied World shareholder. Therefore, please separately submit a proxy for your Allied World shares and your Transatlantic common stock.

**Q: Who can help answer my questions?**

A: Allied World shareholders or Transatlantic stockholders who have questions about the merger, the other matters to be voted on at the Special Shareholder Meetings, how to submit a proxy or desire additional copies of this joint proxy statement/prospectus or additional proxy cards should contact:

**If you are an Allied World shareholder:**

**MacKenzie Partners, Inc.**  
105 Madison Avenue  
New York, NY 10016  
(800) 322-2885  
or  
(212) 929-5500 (collect)  
E-mail: proxy@mackenziepartners.com

or

**Allied World Assurance Company Holdings, AG**

Lindenstrasse 8, 6340 Baar  
Zug, Switzerland  
Attn.: Corporate Secretary  
(441) 278-5400

**If you are a Transatlantic stockholder:**

**Georgeson Inc.**  
199 Water Street  
New York, NY 10038  
(888) 613-9817  
(Banks and brokers please call: (212) 440-9800)  
E-mail: transatlantic@georgeson.com

or

**Transatlantic Holdings, Inc.**

80 Pine Street  
New York, NY 10005  
Attn.: Investor Relations  
(212) 365-2200

**Table of Contents**

**SUMMARY**

*This summary highlights information contained elsewhere in this joint proxy statement/prospectus and may not contain all the information that is important to you with respect to the merger and the other matters being considered at the Special Shareholder Meetings. Allied World and Transatlantic urge you to read the remainder of this joint proxy statement/prospectus carefully, including the attached Annexes, and the other documents to which we have referred you. See also the section entitled "Where You Can Find More Information" beginning on page 159. We have included page references in this summary to direct you to a more complete description of the topics presented below.*

**The Companies**

**Allied World Assurance Company Holdings, AG**

Allied World Assurance Company Holdings, AG is a holding company incorporated in Switzerland. Allied World, through its wholly-owned subsidiaries, including Allied World Assurance Company, Ltd, Allied World Assurance Company (Europe) Limited, Allied World Assurance Company (Reinsurance) Limited, Allied World Assurance Company (U.S.) Inc., Allied World National Assurance Company, Darwin National Assurance Company, and Darwin Select Insurance Company and its branch offices, is a specialty insurance and reinsurance company that underwrites a diversified portfolio of property and casualty lines of business through offices located in Bermuda, Hong Kong, Ireland, Singapore, Switzerland, the United Kingdom and the United States. Allied World has nine offices in the United States and has become licensed in Canada, as well. Since its formation in 2001, Allied World has focused primarily on the direct insurance markets. Allied World offers its clients and producers significant capacity in both direct property and casualty insurance markets as well as the reinsurance market. Allied World is the ultimate parent company of Allied World Assurance Company Holdings, Ltd, the former publicly-traded Bermuda holding company, and its subsidiaries as a result of a redomestication effected on December 1, 2010 pursuant to a scheme of arrangement under Bermuda law.

Allied World shares are traded on the New York Stock Exchange, Inc. ( NYSE ) under the symbol AWH. Following the merger, common shares of the combined company, TransAllied Group Holdings, AG, will be traded on the NYSE under the symbol TAG.

The principal executive offices of Allied World are located at Lindenstrasse 8, 6340 Baar, Zug, Switzerland and its telephone number is 41-41-768-1080.

**Transatlantic Holdings, Inc.**

Transatlantic Holdings, Inc. is a holding company incorporated in the State of Delaware. Transatlantic, through its wholly-owned subsidiaries, Transatlantic Reinsurance Company® ( TRC ), Trans Re Zurich Reinsurance Company Ltd., acquired by TRC in 1996, and Putnam Reinsurance Company ( Putnam ) (contributed by Transatlantic to TRC in 1995), offers reinsurance capacity for a full range of property and casualty products, directly and through brokers, to insurance and reinsurance companies, in both the domestic and international markets on both a treaty and facultative basis. One or both of TRC and Putnam is licensed, accredited, authorized or can serve as a reinsurer in 50 states and the District of Columbia in the United States and in Puerto Rico and Guam. Through its international locations, Transatlantic has operations worldwide, including Bermuda, Canada, seven locations in Europe, three locations in Central and South America, two locations in Asia (excluding Japan), and one location in each of Japan, Australia and Africa. TRC is licensed in Bermuda, Canada, Japan, the United Kingdom, the Dominican Republic, the Hong Kong Special Administrative Region, the People's Republic of China and Australia. Transatlantic was originally formed in

1986 under the name PREINCO Holdings, Inc. as a holding company for Putnam. Transatlantic's name was changed to Transatlantic Holdings, Inc. on April 18, 1990 following the acquisition on April 17, 1990 of all of the common stock of TRC in exchange for shares of common stock of Transatlantic.

Transatlantic's common stock is traded on the NYSE under the symbol TRH.



## **Table of Contents**

The principal executive offices of Transatlantic are located at 80 Pine Street, New York, New York 10005 and its telephone number is 212-365-2200.

### **GO Sub, LLC**

GO Sub, LLC, a wholly-owned subsidiary of Allied World ( Merger Sub ), is a Delaware limited liability company, which was initially incorporated on June 2, 2011 as a corporation and subsequently converted to a limited liability company on June 10, 2011, and was formed for the sole purpose of effecting the merger. In the merger, Merger Sub will be merged with and into Transatlantic, with Transatlantic surviving as a wholly-owned subsidiary of Allied World.

### **The Merger**

A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus. Allied World and Transatlantic encourage you to read the entire merger agreement carefully because it is the principal document governing the merger. For more information on the merger agreement, see the section entitled The Merger Agreement beginning on page 87.

### **Effects of the Merger (see page 42)**

Subject to the terms and conditions of the merger agreement, a copy of which is included as Annex A to this joint proxy statement/prospectus, at the effective time of the merger, Merger Sub will be merged with and into Transatlantic, with Transatlantic surviving the merger as a wholly-owned subsidiary of Allied World. Upon completion of the merger, Allied World will be the parent company of Transatlantic, and Allied World's name will be changed to TransAllied Group Holdings, AG.

### **Merger Consideration (see page 87)**

Transatlantic stockholders will be entitled to receive 0.88 Allied World shares for each share of Transatlantic common stock they hold at the effective time of the merger (the exchange ratio ) and cash in lieu of any Allied World fractional shares. The exchange ratio is fixed and will not be adjusted for changes in the market value of Transatlantic common stock or Allied World shares. As a result, the implied value of the consideration to Transatlantic stockholders will fluctuate between the date of this joint proxy statement/prospectus and the effective date of the merger. Based on the closing price of Allied World shares on the NYSE on June 10, 2011, the last trading day before public announcement of the merger, the exchange ratio represented approximately \$51.10 in value for each share of Transatlantic common stock. Based on the closing price of Allied World shares on the NYSE on , 2011, the latest practicable trading day before the date of this joint proxy statement/prospectus, the exchange ratio represented approximately \$ in value for each share of Transatlantic common stock.

### **Material U.S. Federal Income Tax Consequences of the Merger (see page 121)**

The receipt of Allied World shares in exchange for shares of Transatlantic common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. holder that receives Allied World shares in exchange for shares of Transatlantic common stock pursuant to the merger will recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between (i) the sum of the fair market value of the Allied World shares received as of the effective time of the merger and the amount of cash, if any, received in lieu of fractional Allied World shares and (ii) the holder's adjusted tax basis in the shares of Transatlantic common stock exchanged for the Allied World shares pursuant to the merger. No gain or loss will be recognized by Allied World shareholders. For further information regarding the U.S. federal income tax consequences of the merger,

see the section entitled Material U.S. Federal Income Tax Consequences beginning on page 121.

## **Table of Contents**

### **Recommendations of the Board of Directors of Allied World (see page 51)**

After careful consideration, the Allied World board of directors unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, the issuance of Allied World shares to Transatlantic stockholders pursuant to the merger agreement and the amendment of the Allied World Articles, are in the best interests of Allied World. For more information regarding the factors considered by the Allied World board of directors in reaching its decision to approve the merger agreement and the transactions thereby contemplated, see the section entitled *The Merger Allied World's Reasons for the Merger; Recommendations of the Allied World board of directors.* **The Allied World board of directors unanimously recommends that the Allied World shareholders vote (i) FOR the share capital increase proposals, (ii) FOR the NYSE share issuance proposal, (iii) FOR the name change proposal, (iv) FOR the election of directors proposal, (v) FOR the capital reduction proposal and (vi) FOR the Stock Incentive Plan proposal.**

### **Recommendations of the Board of Directors of Transatlantic (see page 64)**

After careful consideration, the Transatlantic board of directors unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of Transatlantic and its stockholders. For more information regarding the factors considered by the Transatlantic board of directors in reaching its decision to approve the merger agreement and the merger, see the section entitled *The Merger Transatlantic's Reasons for the Merger; Recommendations of the Transatlantic Board of Directors.* **The Transatlantic board of directors unanimously recommends that Transatlantic stockholders vote (i) FOR the adoption of the merger agreement proposal, (ii) FOR the adjournment proposal and (iii) FOR the golden parachute proposal.**

### **Opinion of Allied World's Financial Advisor (see page 53)**

Allied World engaged Deutsche Bank Securities Inc. ( *Deutsche Bank* ) to act as its financial advisor in connection with the merger. At the June 12, 2011 meeting of the Allied World board of directors, Deutsche Bank rendered an oral and written opinion to the board of directors of Allied World to the effect that, based upon and subject to the assumptions, limitations, qualifications and conditions set forth in the opinion, as of the date of such opinion, the exchange ratio was fair, from a financial point of view, to Allied World.

The full text of the written opinion of Deutsche Bank, dated June 12, 2011, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations, qualifications and conditions of the review undertaken by Deutsche Bank in connection with the opinion, is included in this joint proxy statement/prospectus as Annex B and is incorporated by reference herein. Allied World shareholders are urged to read Deutsche Bank's opinion carefully and in its entirety. Deutsche Bank provided its opinion to Allied World's board of directors in connection with and for the purposes of its evaluation of the transactions contemplated by the merger agreement. Deutsche Bank's opinion relates only to the fairness, from a financial point of view, of the exchange ratio to Allied World, and does not constitute a recommendation to any holder of Allied World shares as to how any such holder should vote with respect to the proposals to be considered at the Allied World Special Shareholder Meeting or any other matter. In addition, Deutsche Bank was not requested to opine as to, and its opinion does not in any manner address, the merits of Allied World's underlying business decision to proceed with or effect the merger or the relative merits of the merger as compared to any alternative transactions or business strategies. See also *The Merger Opinion of Allied World's Financial Advisor.*

### **Opinion of Transatlantic's Financial Advisor (see page 68)**

Moelis & Company LLC ( Moelis ) delivered its oral opinion, which was subsequently confirmed in writing, that based upon and subject to the conditions and limitations set forth in its written opinion, as of June 12, 2011, the exchange ratio set forth in the merger agreement was fair, from a financial point of view, to the holders of Transatlantic common stock.

## **Table of Contents**

The full text of the written opinion of Moelis, dated June 12, 2011, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with its opinion, is attached to this joint proxy statement/prospectus as Annex C. The summary of Moelis' opinion contained in this joint proxy statement/prospectus describes the material analyses underlying Moelis' opinion, but does not purport to be a complete description of the analyses performed by Moelis in connection with its opinion, and is qualified in its entirety by reference to the full text of the opinion. Moelis provided its opinion for the information and assistance of the Transatlantic board of directors in connection with its consideration of the merger. Moelis' opinion is limited solely to the fairness, from a financial point of view, of the exchange ratio set forth in the merger agreement to the holders of Transatlantic common stock as of the date of the opinion and does not constitute a recommendation to any holder of Transatlantic common stock as to how such Transatlantic stockholder should vote with respect to the merger or any other matter. In addition, Moelis was not requested to opine as to, and its opinion does not in any manner address, Transatlantic's underlying business decision to effect the merger or the relative merits of the merger as compared to any alternative business strategies or transactions that might be available to Transatlantic. See also "The Merger Opinion of Transatlantic's Financial Advisor."

### **Interests of Allied World's Directors and Executive Officers in the Merger (see page 78)**

Executive officers and members of the Allied World board of directors have interests in the merger that may be different from, or in addition to, the interests of Allied World shareholders generally.

As described in further detail below under the heading "The Merger – Board of Directors and Management Following the Merger," certain of Allied World's executive officers and members of the Allied World board of directors will continue to serve as officers or directors of the combined company upon completion of the merger. Specifically, Mr. Scott A. Carmilani will serve as the President and Chief Executive Officer of the combined company unless he is not the Chief Executive Officer of Allied World immediately prior to the effective time of the merger.

Each of Allied World's executive officers is a party to an employment agreement that would provide for the acceleration of certain payments and benefits upon the consummation of the merger. Allied World is in the process of implementing a new retention program pursuant to which certain of its executive officers would waive all or a portion of the accelerated payments and benefits in exchange for the new retention arrangement.

The Allied World board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the transactions contemplated by the merger agreement and in recommending that you vote to approve the share capital increase proposals, the NYSE share issuance proposal, the name change proposal, the election of directors proposal, the capital reduction proposal and the Stock Incentive Plan proposal.

### **Interests of Transatlantic's Directors and Executive Officers in the Merger (see page 78)**

Executive officers and members of the Transatlantic board of directors have interests in the merger that may be different from, or in addition to, the interests of Transatlantic stockholders generally.

Additionally, as detailed below under "The Merger – Board of Directors and Management Following the Merger," certain of Transatlantic's executive officers and members of the Transatlantic board of directors will continue to serve as officers or directors of the combined company upon completion of the merger. Specifically, Mr. Richard S. Press, the current non-executive chairman of the Transatlantic board of directors, will be the non-executive chairman of the board of directors of the combined company and Mr. Michael C. Sapnar, the current Executive Vice President and Chief Operating Officer of Transatlantic, will be appointed to serve as President and Chief Executive Officer of Global Reinsurance of the combined company.

While Transatlantic has various compensation and benefits arrangements that provide for double trigger payments (i.e., payments upon certain termination events in proximity to a change in control ), the merger will not constitute a change in control for purposes of such arrangements. However, Transatlantic has entered into certain retention agreements with certain executives, providing for the grant of restricted stock

**Table of Contents**

units (or in the event that there are not enough share reserves, phantom stock awards) if the employment of such executives is maintained through December 31, 2013 (or in certain instances of termination prior to that date).

In general, outstanding options to acquire Transatlantic common stock and compensatory stock awards denominated in shares of Transatlantic common stock will be converted into options to acquire TransAllied shares and compensatory stock awards denominated in TransAllied shares. The equity holdings of Transatlantic's directors and executive officers will be treated in the same manner as the equity holdings of all other equity holders. For additional information regarding the interests of Transatlantic directors and executive officers in the merger, please see the section entitled "The Merger - Interests of Transatlantic's Directors and Executive Officers in the Merger" on page 78.

The Transatlantic board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and in recommending that you vote for the adoption of the merger agreement proposal, the adjournment proposal and the golden parachute proposal.

**Board of Directors and Management Following the Merger (see page 81)**

Immediately following the effective time of the merger, assuming the receipt of the resignation letters of all current directors of Allied World and of shareholder approval of the election of directors proposal as described herein, the board of directors of the combined company will consist of 11 members including (i) four independent Transatlantic directors, (ii) Richard S. Press (the current non-executive chairman of the Transatlantic board of directors), (iii) Michael C. Sapnar (the current Executive Vice President and Chief Operating Officer of Transatlantic), (iv) four independent Allied World directors and (v) Scott A. Carmilani (the current Chairman, President and Chief Executive Officer of Allied World). The 11 members of the board of directors of the combined company will be divided into three classes of directors as follows:

Class II (to hold office commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2012) consisting of two former independent Transatlantic directors and a former independent Allied World director;

Class III (to hold office commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2013) consisting of two former independent Transatlantic directors and two former independent Allied World directors; and

Class I (to hold office commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2014): Scott A. Carmilani, Richard S. Press, Michael C. Sapnar and a former independent Allied World director.

Immediately following the effective time of the merger, Mr. Carmilani will serve as President and Chief Executive Officer of the combined company. Mr. Press will be elected as non-executive chairman of the board of directors of the combined company (the TransAllied board). Effective on the first anniversary of the closing date of the merger, Mr. Press will cease to serve as non-executive chairman and shall remain on the TransAllied board as a director until the second anniversary of the closing date of the merger, at which time he has agreed to retire from the TransAllied board (subject to his earlier resignation or retirement). Mr. Sapnar will be appointed to serve as President and Chief Executive Officer of Global Reinsurance of the combined company.

The foregoing director elections and officer appointments are conditioned upon completion of the merger. In the event that the merger is not completed, the foregoing director elections and officer appointments will not take effect.

The appointments of Messrs. Carmilani, Press and Sapnar, among other matters, will be reflected in the amended and restated organizational regulations of TransAllied (the TransAllied organizational regulations ), which will take effect only upon completion of the merger, and, for a period of one year following the closing date, any resolution to revise, modify or delete such provisions will require a majority of at least eight of the votes cast by the TransAllied board.



**Table of Contents**

**Treatment of Transatlantic Stock Options and Other Stock-Based Awards and Programs (see page 84)**

Prior to the effective time of the merger, the Allied World board of directors (or, if appropriate, the committee thereof administering the Allied World stock plans) will adopt resolutions or take other actions as may be required to effect the below actions with respect to the Transatlantic stock options and stock-based awards.

*Stock Options.* Upon completion of the merger, each outstanding option to purchase shares of Transatlantic common stock will be converted pursuant to the merger agreement into a stock option to purchase Allied World shares on the same terms and conditions as were in effect immediately prior to the completion of the merger based on the exchange ratio.

*Stock-Based Awards.* Upon completion of the merger, each outstanding stock-based award of Transatlantic will be converted into Allied World shares or other compensatory awards denominated in Allied World shares subject to a risk of forfeiture to, or the right to repurchase by, Allied World, with the same terms and conditions as were applicable under such Transatlantic stock-based awards, and each holder of Transatlantic stock-based awards shall be entitled to receive a number of converted Transatlantic stock-based awards equal to the product of the number of Transatlantic stock-based awards held by such holder and the exchange ratio.

Allied World and Transatlantic are engaged in discussions relating to the adjustment of performance goals of all Allied World and Transatlantic stock-based awards that vest based on the achievement of performance criteria in order to appropriately reflect the merger with respect to performance based periods that have not ended prior to the merger.

**Regulatory Clearances Required for the Merger (see page 82)**

Allied World and Transatlantic have each agreed to take actions in order to obtain regulatory clearances required to consummate the merger. Regulatory clearances include expiration or termination of the required waiting period under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended, and the rules and regulations promulgated thereunder (the HSR Act ), following required notifications and review by the Antitrust Division of the U.S. Department of Justice (the Antitrust Division ) or the Federal Trade Commission (the FTC ). The parties filed the required notifications with the Antitrust Division and the FTC on July 1, 2011.

In addition to those filings required by the HSR Act, certain insurance regulatory filings will also be required to consummate the merger. State insurance laws in the United States generally require that, prior to the acquisition of an insurance company, the acquiring party must obtain approval from the insurance commissioner of the insurance company's state of domicile, and the parties have and will make the required filings in accordance with such laws. In addition, applications or notifications have been or will be filed with various insurance regulatory authorities outside of the United States in connection with the changes in control that may be deemed to occur as a result of the transactions contemplated by the merger agreement.

Allied World and Transatlantic also expect to file notices with insurance regulators and antitrust and competition authorities in certain other jurisdictions. While Allied World and Transatlantic expect to obtain all required regulatory clearances, we cannot assure you that these regulatory clearances will be obtained or that the granting of these regulatory clearances will not involve the imposition of additional conditions on the completion of the merger, including the requirement to divest assets, or require changes to the terms of the merger agreement. These conditions or changes could result in the conditions to the merger not being satisfied.

**Amended and Restated Articles of Association of Allied World (see page 106)**

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The Allied World board of directors proposes to the Allied World shareholders, subject to completion of the merger, to amend the Allied World Articles to change Allied World's name to TransAllied Group Holdings, AG. The form of the Articles of Association of TransAllied (the TransAllied Articles) is included in this joint proxy statement/prospectus as Annex D. The adoption of the TransAllied Articles by the Allied

**Table of Contents**

World shareholders is a condition to completion of the merger. In the event this proposal is approved by Allied World shareholders, but the merger is not completed, the TransAllied Articles will not become effective.

**Expected Timing of the Merger**

Allied World and Transatlantic currently expect the closing of the merger to occur in the fourth quarter of 2011. However, the merger is subject to various regulatory clearances and the satisfaction or waiver of other conditions as described in the merger agreement, and it is possible that factors outside the control of Allied World and Transatlantic could result in the merger being completed at an earlier time, a later time or not at all.

**Conditions to Completion of the Merger (see page 98)**

The obligations of Allied World and Transatlantic to complete the merger are subject to the satisfaction of the following conditions:

approval by the Allied World shareholders of (i) the share capital increase proposals, (ii) the NYSE share issuance proposal and (iii) the name change proposal;

approval by the Transatlantic stockholders of the adoption of the merger agreement proposal;

authorization of the listing of the Allied World shares to be issued in the merger on the NYSE, subject to official notice of issuance;

the waiting period (and any extension thereof) applicable to the merger under the HSR Act having expired or been earlier terminated;

obtaining any necessary approvals of the applicable insurance regulatory authorities in New York, Bermuda and Switzerland;

receipt of other requisite regulatory approvals;

all consents and approvals of, and filings with, governmental agencies having been made, obtained and in full force, other than those that would not reasonably be expected to have a material adverse effect on Allied World and Transatlantic after giving effect to the merger;

effectiveness of the registration statement of which this joint proxy statement/prospectus forms a part and the absence of a stop order or proceedings threatened or initiated by the SEC for that purpose;

absence of any order, injunction, decree, statute, rule or regulation by a court or other governmental entity that makes illegal or prohibits the completion of the merger or the other transactions contemplated by the merger agreement;

approval by the Allied World shareholders of the election of directors proposal and execution of a written consent of the TransAllied board approving certain committee and officer appointments;

a ruling from the Swiss Commercial Register having been obtained; and

the purchase by Allied World, following receipt of the requisite Allied World and Transatlantic shareholder approvals, of 45,000 shares of Transatlantic common stock having been completed.

In addition, each of Allied World's and Transatlantic's obligations to effect the merger is subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of each party, other than the representations related to the shares issued and outstanding or reserved for issuance, the necessary corporate power and authority to execute and deliver the merger agreement, and the brokers' and finders' fees, will be true and correct (without giving effect to any materiality qualifications contained in such representations and warranties) as of the date of the merger agreement and as of the closing date (other than those representations and warranties that were made only as of a specified date, which need only be true and correct as of such specified date), except where the failure of such representations and warranties to be so true and correct

**Table of Contents**

(without giving effect to any limitation as to materiality or to material adverse effect set forth therein), individually or in the aggregate, has not had, and would not reasonably be expected to have, a material adverse effect on such party;

the representations and warranties of each party relating to the shares issued and outstanding or reserved for issuance, the necessary corporate power and authority to execute and deliver the merger agreement, and the brokers and finders' fees, will be true and correct in all material respects as of the date of the merger agreement and as of the closing date (except to the extent such representations or warranties were made as of an earlier date, in which case, as of such earlier date);

each party having performed or complied with, in all material respects, all its obligations under the merger agreement at or prior to the effective time of the merger; and

receipt of a certificate executed by each party's chief executive officer or chief financial officer as to the satisfaction of the conditions described in the preceding three bullet points.

See the section entitled "The Merger Agreement - Conditions to Completion of the Merger" for a further discussion of the conditions to closing of the merger.

**No Solicitation of Alternative Proposals (see page 92)**

The merger agreement precludes Allied World and Transatlantic from soliciting or engaging in discussions or negotiations with a third party with respect to a proposal for a competing transaction, including the acquisition of a significant interest in Allied World's or Transatlantic's common stock or assets. However, if Allied World or Transatlantic receives an unsolicited proposal from a third party for a competing transaction that Allied World's or Transatlantic's board of directors, as applicable, among other things, determines in good faith (after consultation with its outside legal advisors and financial advisors) (i) is reasonably likely to lead to a proposal that is superior to the merger and (ii) the failure to enter discussions regarding such proposal would result in a breach of its fiduciary obligations under applicable law, Allied World or Transatlantic, as applicable, may, subject to certain conditions, furnish non-public information to and enter into discussions with, and only with, that third party regarding such competing transaction.

See the section entitled "The Merger Agreement - No Solicitation of Alternative Proposals" for a further discussion of each party's covenant not to solicit alternative acquisition proposals.

**Termination of the Merger Agreement (see page 99)**

Generally, the merger agreement may be terminated and the merger may be abandoned at any time prior to the completion of the merger (except as specified below, including after the required Allied World shareholder approvals or Transatlantic stockholder approvals are obtained):

by mutual written consent of Allied World and Transatlantic; or

by either party, if:

a governmental entity issues a final and nonappealable order, decree or ruling or takes any other action (including the failure to have taken an action) having the effect of permanently enjoining or otherwise prohibiting the merger or the other transactions contemplated by the merger agreement;

the required approval by the shareholders of Allied World or the stockholders of Transatlantic has not been obtained at the respective Special Shareholder Meeting (or at any adjournment or postponement thereof);

the merger has not been completed on or before January 31, 2012 (the end date ), subject to extension by the mutual agreement of Allied World and Transatlantic;

the other party has breached any of its agreements or representations in the merger agreement, in a way that the conditions to such non-breaching party's obligation to complete the merger would not then be satisfied and such breach is either incurable or not cured by the end date; or

## **Table of Contents**

prior to obtaining the requisite stockholder approval, the board of directors of the other party changes its recommendation that its stockholders vote in favor of the merger and the transactions contemplated by the merger agreement.

See the section entitled **The Merger Agreement Termination of the Merger Agreement** for a further discussion of the rights of each of Allied World and Transatlantic to terminate the merger agreement.

### **Expenses and Termination Fees; Liability for Breach (see page 99)**

Generally, all fees and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement will be paid by the party incurring those expenses, subject to the specific exceptions discussed in this joint proxy statement/prospectus whereby Allied World or Transatlantic, as the case may be, may be required to pay a termination fee of \$115 million or \$35 million and/or the reimbursement of expenses up to a maximum amount of \$35 million.

See the section entitled **The Merger Agreement Expenses and Termination Fees; Liability for Breach** for a further discussion of the circumstances under which such termination fees and/or expense reimbursement will be required to be paid.

### **Accounting Treatment (see page 123)**

Allied World and Transatlantic each prepare its financial statements in accordance with accounting principles generally accepted in the United States of America ( GAAP ) and any statutory accounting principles prescribed or permitted by the domiciliary state insurance department of the applicable subsidiary ( SAP ). The merger will be accounted for using the acquisition method of accounting. Transatlantic will be the accounting acquirer.

See the section entitled **Accounting Treatment** for a further discussion of the accounting treatment of the transaction.

### **No Appraisal Rights (see page 85)**

Neither the holders of Allied World shares, under Swiss law, nor the holders of shares of Transatlantic common stock, under Delaware law, are entitled to appraisal rights in connection with the merger.

See the section entitled **The Merger No Appraisal Rights** for a further discussion of the appraisal rights in connection with the merger.

### **Comparison of Stockholder Rights and Corporate Governance Matters (see page 146)**

Transatlantic stockholders, whose rights are currently governed by the Transatlantic restated certificate of incorporation (the **Transatlantic charter** ), the Transatlantic amended and restated by-laws (the **Transatlantic bylaws** ) and Delaware law, will, upon completion of the merger, become shareholders of the combined company and their rights will be governed by the TransAllied Articles, the TransAllied organizational regulations and Swiss law. As a result, Transatlantic stockholders will have different rights once they become shareholders of the combined company due to differences between the governing documents of Transatlantic and TransAllied, and differences between Delaware and Swiss law. These differences are described in detail under the section entitled **Comparison of Rights of TransAllied Shareholders and Transatlantic Stockholders**.

**Listing of Allied World Shares; De-listing and Deregistration of Shares of Transatlantic Common Stock (see page 85)**

It is a condition to the completion of the merger that the Allied World shares to be issued to Transatlantic stockholders pursuant to the merger be authorized for listing on the NYSE at the effective time of the merger. Upon completion of the merger, shares of Transatlantic common stock currently listed on the NYSE will cease to be listed on the NYSE and will subsequently be deregistered under the Exchange Act.



## **Table of Contents**

See the sections entitled "The Merger - Listing of Allied World Shares" and "The Merger - De-listing and Deregistration of Transatlantic Common Stock" for a further discussion of the listing of Allied World shares and de-listing of Transatlantic common stock in connection with the merger.

### **The Combined Company's Share Repurchase Program Post-Merger (see page 86)**

Allied World has a share repurchase program that had an aggregate of \$200.8 million of available capacity at June 30, 2011. Following the completion of the merger, the combined company intends to reevaluate its share repurchase program as part of its year-end review and in preparation for its Annual Shareholder Meeting in 2012. See the section entitled "The Merger - The Combined Company's Share Repurchase Program Post-Merger" on page 86.

## **The Meetings**

### **The Allied World Special Shareholder Meeting (see page 30)**

The Allied World Special Shareholder Meeting will be held at Allied World's corporate headquarters, Lindenstrasse 8, 6340 Baar, Zug, Switzerland, on [redacted], 2011, at [2:00] p.m. local time. The Allied World Special Shareholder Meeting is being held to consider and vote on:

the proposal to increase Allied World's ordinary share capital pursuant to article 3a(a) of the Allied World Articles by CHF [redacted] (equaling USD [redacted]) to CHF [redacted] (equaling USD [redacted]) by the issuance of [redacted] Allied World shares to Transatlantic stockholders pursuant to, and only in connection with, the merger as contemplated by the merger agreement, including the exclusion of all preferential subscription rights to which Allied World shareholders may be entitled, referred to herein as the "article 3 share capital increase proposal"; the contributions for the new registered shares are paid by converting existing reserves (*Kapitalreserven*) into share capital;

the proposal to increase Allied World's conditional share capital pursuant to article 5(a) of the Allied World Articles by CHF [redacted] (equaling USD [redacted]) to CHF [redacted] (equaling USD [redacted]), only in connection with the merger, referred to herein as the "article 5 share capital increase proposal";

the proposal to increase Allied World's authorized share capital pursuant to article 6(a) of the Allied World Articles by CHF [redacted] (equaling USD [redacted]) to CHF [redacted] (equaling USD [redacted]), only in connection with the merger, referred to herein as the "article 6 share capital increase proposal" and, together with the article 3 share capital increase proposal and the article 5 share capital increase proposal, the "share capital increase proposals";

the proposal to issue Allied World shares to Transatlantic stockholders pursuant to the merger and as contemplated by the merger agreement as required by NYSE rules, referred to herein as the "NYSE share issuance proposal";

the proposal to amend article 1 of the Allied World Articles to change Allied World's name to "TransAllied Group Holdings, AG" immediately following, and conditioned upon, the completion of the merger, referred to herein as the "name change proposal";

the proposal to elect (x) three Class II directors to hold office commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2012, (y) four Class III directors to hold office commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2013 and (z) four Class I directors to hold office commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2014, referred to herein as the "election of directors";

proposal ;

the proposal to effect a capital reduction to allow for the payment of a dividend to the combined company's shareholders after the completion of the merger, referred to herein as the capital reduction proposal ; and

## **Table of Contents**

the proposal to amend and restate the Stock Incentive Plan, the form of which is included as Annex E to the joint proxy statement/prospectus, as required by NYSE rules, to, among other things, increase the number of shares reserved for issuance under the Stock Incentive Plan and to extend the Plan's termination date effective upon the completion of the merger, referred to herein as the Stock Incentive Plan proposal.

Completion of the merger is conditioned on, among other things, approval of the share capital increase proposals, the NYSE share issuance proposal, the name change proposal and the election of directors proposal.

Only holders of record of outstanding Allied World shares as of the close of business on [redacted], 2011, the Allied World record date, are entitled to notice of, and to vote at, the Allied World Special Shareholder Meeting or any adjournments or postponements thereof. At the close of business on the Allied World record date, [redacted] Allied World shares were issued and outstanding, approximately [redacted] % of which were owned and entitled to be voted by Allied World directors and executive officers and their affiliates. We currently expect that Allied World's directors and executive officers will vote their Allied World shares in favor of each of the proposals to be considered and voted upon at the Allied World Special Shareholder Meeting, although none of them has entered into any agreement obligating him or her to do so.

You may cast one vote for each Allied World share you own. Approval of each of the following proposals requires the affirmative vote of at least 66 2/3% of the votes represented at the Allied World Special Shareholder Meeting and a majority of the nominal value of the Allied World shares represented at such meeting, where holders of at least 50% of the total outstanding Allied World shares are represented and voting and who are entitled to vote on such proposal: (i) the article 3 share capital increase proposal, (ii) the article 5 share capital increase proposal and (iii) the article 6 share capital increase proposal. The NYSE share issuance proposal and the Stock Incentive Plan proposal require the affirmative vote of the holders of a majority of shares entitled to vote on the proposal and present in person or represented by proxy at the Allied World Special Shareholder Meeting; provided that the total votes cast on each such proposal represent over 50% of the outstanding shares of Allied World shares entitled to vote on such proposal. Each of the following approvals requires a majority of the votes cast voting in favor of such proposal at the Allied World Special Shareholder Meeting where holders of at least 50% of the total outstanding Allied World shares are represented and voting and who are entitled to vote on such proposal: (i) the name change proposal, (ii) the election of directors proposal and (iii) the capital reduction proposal.

### **The Transatlantic Special Shareholder Meeting (see page 36)**

The Transatlantic Special Shareholder Meeting is scheduled to be held at [redacted] on [redacted], 2011 at [8:00 a.m.] local time. The Transatlantic Special Shareholder Meeting is being held in order to consider and vote on:

the proposal to adopt the merger agreement, which is further described in the sections entitled The Merger and The Merger Agreement, beginning on pages 42 and 87, respectively, referred to herein as the adoption of the merger agreement proposal ;

the proposal to adjourn the Transatlantic Special Shareholder Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal, referred to herein as the adjournment proposal ; and

the proposal, on an advisory (non-binding) basis, to approve the compensation that may be paid or become payable to Transatlantic's named executive officers in connection with the merger, and the agreements and understandings pursuant to which such compensation may be paid or become payable as described in the section entitled The Merger Interests of Transatlantic's Directors and Executive Officers in the Merger Golden

Parachute Compensation , referred to herein as the golden parachute proposal.

Completion of the merger is conditioned on, among other things, approval of the adoption of the merger agreement proposal.

**Table of Contents**

Only holders of record of Transatlantic common stock at the close of business on \_\_\_\_\_, 2011, the Transatlantic record date, are entitled to notice of, and to vote at, the Transatlantic Special Shareholder Meeting or any adjournments or postponements thereof. At the close of business on the Transatlantic record date, \_\_\_\_\_ shares of Transatlantic common stock were issued and outstanding, approximately \_\_\_\_\_ % of which were held by Transatlantic's directors and executive officers. We currently expect that Transatlantic's directors and executive officers will vote their shares in favor of each of the proposals to be considered and voted upon at the Transatlantic Special Shareholder Meeting, although no director or executive officer has entered into any agreement obligating him or her to do so.

You may cast one vote for each share of Transatlantic common stock you own. The approval of the adoption of the merger agreement proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Transatlantic common stock entitled to vote thereon. The approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the shares of Transatlantic common stock entitled to vote and present in person or by proxy, whether or not a quorum is present. The Transatlantic stockholders may so adjourn the meeting to another time or place without further notice unless the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting. The approval of the golden parachute proposal requires the affirmative vote of the holders of a majority of the shares of Transatlantic common stock present in person or represented by proxy and entitled to vote thereon, assuming a quorum is present.

**Table of Contents****Summary Historical Consolidated Financial Data****Summary Historical Consolidated Financial Data of Allied World**

The following table sets forth selected historical consolidated financial data of Allied World. This data is derived from Allied World's Consolidated Financial Statements as of and for the years ended December 31, 2010, 2009, 2008, 2007 and 2006, respectively, and the unaudited quarterly financial statements as of and for the three months ended March 31, 2011 and 2010, which in the opinion of management include all adjustments necessary for a fair statement of the results for the unaudited interim periods. This selected financial data should be read in conjunction with Allied World's Consolidated Financial Statements and related Notes included elsewhere in Allied World's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and Allied World's quarterly report on Form 10-Q for the quarter ended March 31, 2011, each of which is incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 159.

**Statement of Operations Data of Allied World**

	<b>Three Months Ended</b>		<b>Year Ended December 31,</b>					<b>2006</b>
	<b>2011</b>	<b>March 31, 2010</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>		
	(\$ in millions, except per share amounts and ratios)							
<b>Summary</b>								
<b>Statement of</b>								
<b>Operations</b>								
<b>Data:</b>								
Gross premiums written	\$ 560.7	\$ 504.2	\$ 1,758.4	\$ 1,696.3	\$ 1,445.6	\$ 1,505.5	\$ 1,659.0	
Net premiums written	\$ 480.9	\$ 433.3	\$ 1,392.4	\$ 1,321.1	\$ 1,107.2	\$ 1,153.1	\$ 1,306.0	
Net premiums earned	\$ 334.9	\$ 338.3	\$ 1,359.5	\$ 1,316.9	\$ 1,117.0	\$ 1,159.9	\$ 1,252.0	
Net investment income	50.2	68.9	244.1	300.7	308.8	297.9	244.4	
Net realized investment gains (losses)	50.4	77.5	285.6	126.4	(60.0)	37.0	(4.9)	
Net impairment charges recognized in earnings		(0.2)	(0.2)	(49.6)	(212.9)	(44.6)	(23.9)	
Other income		0.3	0.9	1.5	0.7			
Net losses and expenses	304.4	232.1	707.9	604.1	641.1	682.3	739.0	
Acquisition costs	38.1	40.8	159.5	148.9	112.6	119.0	141.5	

General and administrative expenses	68.0	63.5	286.5	248.6	185.9	141.6	106.0
Depreciation and amortization and impairment of intangible assets	0.8	0.9	3.5	11.1	0.7		
Interest expense	13.7	9.5	40.2	39.0	38.7	37.8	32.0
Foreign exchange (gain) loss	(0.4)	1.1	0.4	0.7	(1.4)	(0.8)	0.0
Income tax expense (benefit)	2.3	3.2	26.9	36.6	(7.6)	1.1	5.0
Net income	\$ 8.6	\$ 133.7	\$ 665.0	\$ 606.9	\$ 183.6	\$ 469.2	\$ 442.8
Per Share Data:							
Earnings per share:							
Basic	\$ 0.23	\$ 2.67	\$ 14.30	\$ 12.26	\$ 3.75	\$ 7.84	\$ 8.09
Diluted	0.21	2.52	13.32	11.67	3.59	7.53	7.75
Weighted average number of common shares outstanding:							
Basic	38,199,867	50,023,816	46,491,279	49,503,438	48,936,912	59,846,987	54,746,613
Diluted	40,383,523	53,115,756	49,913,317	51,992,674	51,147,215	62,331,165	57,115,172
Dividends declared per share	\$ *	\$ 0.20	\$ 1.05	\$ 0.74	\$ 0.72	\$ 0.63	\$ 0.15

\* On August 5, 2011 Allied World expects to distribute the first of its quarterly dividends, as approved by the shareholders at its 2011 annual general shareholder meeting on May 5, 2011.

**Table of Contents**

	<b>Three Months Ended</b>			<b>Year Ended December 31,</b>			
	<b>2011</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Selected Ratios:</b>							
Loss and loss expense ratio(1)	90.9%	68.6%	52.1%	45.9%	57.4%	58.8%	59.0%
Acquisition cost ratio(2)	11.4	12.1	11.7	11.3	10.1	10.3	11.3
General and administrative expense ratio(3)	20.3	18.8	21.1	18.9	16.6	12.2	8.5
Expense ratio(4)	31.7	30.9	32.8	30.2	26.7	22.5	19.8
Combined ratio(5)	122.6	99.5	84.9	76.1	84.1	81.3	78.8

**Balance Sheet Data of Allied World**

	<b>As of March 31,</b>		<b>As of December 31,</b>			
	<b>2011</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>

(\$ in millions, except per share amounts)

**Summary Balance Sheet Data:**

Cash and cash equivalents	\$ 694.0	\$ 452.1	\$ 757.0	\$ 292.2	\$ 655.8	\$ 202.6	\$ 366.8
Investments at fair value	7,245.7	7,357.9	7,183.6	7,156.3	6,157.1	6,029.3	5,440.3
Reinsurance recoverable	975.5	920.5	927.6	920.0	888.3	682.8	689.1
Total assets	10,668.8	10,324.5	10,427.6	9,653.2	9,022.5	7,899.1	7,620.6
Reserve for losses and loss expenses	5,100.6	4,853.4	4,879.2	4,761.8	4,576.8	3,919.8	3,637.0
Unearned premiums	1,096.3	1,007.9	962.2	928.6	930.4	811.1	813.8
Total debt	797.8	499.0	797.7	498.9	742.5	498.7	498.6
Total shareholders equity	2,951.0	3,338.8	3,075.8	3,213.3	2,416.9	2,239.8	2,220.1
Book value per common share(6)	\$ 77.86	\$ 66.17	\$ 80.75	\$ 64.61	\$ 49.29	\$ 45.95	\$ 36.82

(1) Calculated by dividing net losses and loss expenses by net premiums earned.

(2) Calculated by dividing acquisition costs by net premiums earned.

(3) Calculated by dividing general and administrative expenses by net premiums earned.

(4) Calculated by combining the acquisition cost ratio and the general and administrative expense ratio.

(5) Calculated by combining the loss ratio, acquisition cost ratio and general and administrative expense ratio.

(6) Book value per common share is total shareholders equity divided by common shares outstanding.





**Table of Contents****Summary Historical Consolidated Financial Data of Transatlantic**

The following table sets forth selected historical consolidated financial data of Transatlantic. This data is derived from Transatlantic's Consolidated Financial Statements as of and for the years ended December 31, 2010, 2009, 2008, 2007 and 2006, respectively, and the unaudited quarterly financial statements as of and for the three months ended March 31, 2011 and 2010, which in the opinion of management include all adjustments necessary for a fair statement of the results for the unaudited interim periods. This selected financial data should be read in conjunction with Transatlantic's Consolidated Financial Statements and related Notes included elsewhere in Transatlantic's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and Transatlantic's quarterly report on Form 10-Q for the quarter ended March 31, 2011, each of which is incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 159.

**Statement of Operations Data of Transatlantic**

	<b>Three Months Ended</b>		<b>Years Ended December 31,</b>				
	<b>2011</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>(in thousands, except per share amounts and ratios)</b>						
Premiums earned	\$ 1,043,824	\$ 1,026,299	\$ 3,881,693	\$ 3,986,101	\$ 4,108,092	\$ 3,952,899	\$ 3,633,400
Premiums ceded	\$ 956,829	\$ 992,595	\$ 3,858,620	\$ 4,039,082	\$ 4,067,389	\$ 3,902,669	\$ 3,604,000
Expenses and adjustment							
Losses incurred	(1,169,052)	(786,324)	(2,681,774)	(2,679,171)	(2,907,227)	(2,638,033)	(2,462,600)
Commissions	(241,001)	(234,512)	(932,820)	(927,918)	(980,626)	(980,121)	(903,600)
Change in reserve) in							
Revised policy							
Provision costs	32,160	5,500	2,898	(12,406)	6,956	16,901	13,400
Reinsurance							
Expenses	(36,725)	(44,129)	(177,624)	(158,181)	(131,555)	(115,760)	(102,300)
Reinsurance							
Profit(1)	(457,789)	(66,870)	69,300	261,406	54,937	185,656	148,800
Investment							
Income	106,840	112,610	473,547	467,402	440,451	469,772	434,500
Realized net							
Capital gains							
Losses(2)	55,412	(1,889)	30,101	(70,641)	(435,541)	9,389	10,800
Other gain on	(1,179)		(115)	9,869	10,250		

Liquidation of

est on senior	(16,894)	(17,086)	(68,272)	(43,454)	(43,359)	(43,421)	(43,400)
r expenses,	(7,152)	(7,685)	(31,773)	(28,549)	(23,515)	(25,644)	(10,900)
s) income	(320,762)	19,080	472,788	596,033	3,223	595,752	539,900
e income	(320,762)	19,080	472,788	596,033	3,223	595,752	539,900
ne (taxes)	130,610	(3,205)	(70,587)	(118,371)	99,031	(108,611)	(111,700)
fits	130,610	(3,205)	(70,587)	(118,371)	99,031	(108,611)	(111,700)
loss) income	\$ (190,152)	\$ 15,875	\$ 402,201	\$ 477,662	\$ 102,254	\$ 487,141	\$ 428,100
<b>Common</b>							
<b>e:</b>							
loss) income:	\$ (3.05)	\$ 0.24	\$ 6.28	\$ 7.20	\$ 1.54	\$ 7.37	\$ 6.90
e	(3.05)	0.24	6.19	7.15	1.53	7.31	6.90
ed	(3.05)	0.24	6.19	7.15	1.53	7.31	6.90
dividends	0.21	0.20	0.83	0.79	0.73	0.62	0.50
ed	0.21	0.20	0.83	0.79	0.73	0.62	0.50
<b>Key Data:</b>							
ghted average							
mon shares							
anding:							
e	62,365	65,879	64,092	66,381	66,270	66,124	65,900
ed	62,365	66,551	64,930	66,802	66,722	66,654	66,200
os:(3)							
ratio	122.2%	79.2%	69.5%	66.3%	71.5%	67.6%	68.0%
mission ratio	21.8	23.1	24.1	23.3	23.9	24.7	24.0
r							
rwriting							
se ratio	3.8	4.4	4.6	3.9	3.2	2.9	2.0
rwriting							
se ratio	25.6	27.5	28.7	27.2	27.1	27.6	27.0
combined ratio	147.8%	106.7%	98.2%	93.5%	98.6%	95.2%	95.0%

**Table of Contents****Balance Sheet Data of Transatlantic**

	As of March 31,		As of December 31,				
	2011	2010	2010	2009	2008	2007	2006
	(\$ in thousands, except per share amounts)						
Real investments	\$ 13,152,050	\$ 12,178,336	\$ 12,972,739	\$ 12,315,395	\$ 10,229,557	\$ 12,500,540	\$ 11,130,833
Cash and cash equivalents	331,307	423,784	284,491	195,723	288,920	255,432	205,260
Real assets	16,335,382	15,134,408	15,705,354	14,943,659	13,376,938	15,484,327	14,268,460
Unpaid losses and loss adjustment expenses	9,773,978	8,706,265	9,020,610	8,609,105	8,124,482	7,926,261	7,467,940
Unearned premiums	1,321,276	1,243,803	1,212,535	1,187,526	1,220,133	1,226,647	1,144,020
Senior notes	1,005,683	1,033,193	1,030,511	1,033,087	722,243	746,930	746,630
Real stockholders' equity	4,041,373	3,985,114	4,284,459	4,034,380	3,198,220	3,349,042	2,958,270
Book value per common share(4)	\$ 64.69	\$ 61.97	\$ 68.83	\$ 60.77	\$ 48.19	\$ 50.56	\$ 44.80

- (1) Includes pre-tax net catastrophe (costs) of (\$545) million in the first quarter of 2011, (\$130) million in the first quarter of 2010, (\$202) million in the full year 2010, \$6 million in the full year 2009, (\$170) million in the full year 2008, (\$55) million in the full year 2007 and (\$29) million in the full year 2006.
- (2) Includes other-than-temporary impairment write-downs charged to earnings of (\$2) million in the first quarter of 2011, (\$6) million in the first quarter of 2010, (\$8) million in the full year 2010, (\$83) million in the full year 2009, (\$318) million in the full year 2008, (\$27) million in the full year 2007 and (\$1) million in the full year 2006.
- (3) The loss ratio represents the absolute value of net losses and loss adjustment expenses incurred expressed as a percentage of net premiums earned. The underwriting expense ratio represents the sum of the commission ratio and the other underwriting expense ratio. The commission ratio represents the absolute value of the sum of net commission and the (decrease) increase in deferred policy acquisition costs expressed as a percentage of net premiums earned. The other underwriting expense ratio represents the absolute value of other underwriting expenses expressed as a percentage of net premiums earned. The combined ratio represents the sum of the loss ratio and the underwriting expense ratio.
- (4) Book value per common share is stockholders' equity divided by common shares outstanding.

**Table of Contents**

**Summary Unaudited Pro Forma Condensed Consolidated  
Financial Information of Allied World and Transatlantic**

The following table presents selected unaudited pro forma condensed consolidated financial information about the combined company's consolidated balance sheet and statements of operations, after giving effect to the merger. The information under "Selected Pro Forma Condensed Consolidated Statements of Operations Data" in the table below gives effect to the merger as if it had been consummated on January 1, 2010, the beginning of the earliest period presented. The information under "Selected Pro Forma Condensed Consolidated Balance Sheet Data" in the table below assumes the merger had been consummated on March 31, 2011. This unaudited pro forma condensed consolidated financial information was prepared using the acquisition method of accounting, with Transatlantic considered the accounting acquirer of Allied World. See "Accounting Treatment" on page 123.

In addition, the selected unaudited pro forma condensed consolidated financial information includes adjustments that are preliminary and may be revised. There can be no assurance that such revisions will not result in material changes. The selected unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of results that actually would have occurred or that may occur in the future had the merger been completed on the dates indicated, nor is it necessarily indicative of the future operating results or financial position of the combined company.

The information presented below should be read in conjunction with the historical consolidated financial statements of Allied World and Transatlantic including the related notes, filed by each of them with the SEC, and with the pro forma condensed consolidated financial information of Allied World and Transatlantic, including the related notes, appearing elsewhere in this document. See "Where You Can Find More Information" beginning on page 159 and "Unaudited Pro Forma Condensed Consolidated Financial Information" beginning on page 124.

**Table of Contents**

**Selected Pro Forma Condensed Consolidated Balance Sheet Data  
As of March 31, 2011**

			<b>As of March 31, 2011 (Unaudited) (in thousands of U.S. dollars)</b>
<b>ASSETS</b>			
Total investments	\$		20,397,744
Cash and cash equivalents and restricted cash			1,063,544
Insurance and reinsurance assets			3,659,542
Goodwill			
Intangible assets			276,711
All other assets			1,376,223
 Total assets	 \$		 26,773,764
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>			
Unpaid losses and loss adjustment expenses	\$		14,808,258
Unearned premiums			2,408,610
Senior notes			1,861,890
All other liabilities			950,207
 Total liabilities			 20,028,965
Total shareholders equity			6,744,799
 Total liabilities and shareholders equity	 \$		 26,773,764

**Table of Contents**

**Selected Pro Forma Condensed Consolidated Statements of Operations Data  
For the Three Months Ended March 31, 2011 and Year Ended December 31, 2010**

	<b>Three Months Ended March 31, 2011</b>	<b>Year Ended December 31, 2010 (Unaudited)</b>
	<b>(in thousands, except shares outstanding and per share data)</b>	
Revenues:		
Net premiums written	\$ 1,524,695	\$ 5,274,148
Increase in net unearned premiums	(232,990)	(55,980)
Net premiums earned	1,291,705	5,218,168
Net investment income	155,767	712,565
Realized net capital gains	106,230	315,101
Loss on early extinguishment of debt	(1,179)	(115)
Total revenues	1,552,523	6,245,719
Expenses:		
Net losses and loss adjustment expenses	1,473,504	3,389,657
Acquisition costs	246,923	1,089,411
Other underwriting expenses	103,529	467,724
Interest on senior notes	28,095	99,647
Other expenses, net	8,604	146,292
Total expenses	1,860,655	5,192,731
(Loss) income before income taxes	(308,132)	1,052,988
Income taxes (benefits)	(128,327)	97,532
Net (loss) income	\$ (179,805)	\$ 955,456
Net (loss) income per common share:		
Basic	\$ (1.93)	\$ 9.27
Diluted	(1.93)	8.93
Dividends per common share		1.05
Weighted average common shares outstanding:		
Basic	93,213,924	103,025,196
Diluted	93,213,924	107,045,083

**Table of Contents****Unaudited Comparative Per Share Data**

Presented below are Allied World's and Transatlantic's historical per share data for the three months ended March 31, 2011 and the year ended December 31, 2010 and unaudited pro forma consolidated per share data for the three months ended March 31, 2011 and the year ended December 31, 2010. This information should be read together with the consolidated financial statements and related notes of Allied World and Transatlantic that are incorporated by reference in this joint proxy statement/prospectus and with the unaudited pro forma condensed consolidated financial data included under "Unaudited Pro Forma Condensed Consolidated Financial Information" beginning on page 124. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the beginning of the periods presented, nor is it necessarily indicative of the future operating results or financial position of the combined company. The historical book value per share is computed by dividing total stockholders' equity by the number of shares of common stock outstanding at the end of the period. The pro forma net income (loss) per share of the combined company is computed by dividing the pro forma net income (loss) by the pro forma weighted average number of shares outstanding. The pro forma book value per share of the combined company is computed by dividing total pro forma stockholders' equity by the pro forma number of shares of common stock outstanding at the end of the period. The Transatlantic unaudited pro forma equivalent per share financial information is computed by multiplying the Allied World unaudited pro forma consolidated per share amounts by the exchange ratio (0.88 Allied World shares for each share of Transatlantic common stock).

<b>Allied World    Historical</b>	<b>Three Months Ended March 31, 2011</b>	<b>Year Ended December 31, 2010</b>
Net income per share:		
Basic	\$        0.23	\$        14.30
Diluted	\$        0.21	\$        13.32
Book value per share of common stock	\$        77.86	\$        80.75
<b>Transatlantic    Historical</b>		
Net (loss) income per share:		
Basic	\$        (3.05)	\$        6.28
Diluted	\$        (3.05)	\$        6.19
Book value per share of common stock	\$        64.69	\$        68.83
<b>Allied World Unaudited Pro Forma Consolidated Amounts</b>		
Net (loss) income per share:		
Basic	\$        (1.93)	\$        9.27
Diluted	\$        (1.93)	\$        8.93
Pro forma book value per share of common stock	\$        72.52	\$        (1)
<b>Transatlantic Unaudited Pro Forma Equivalent Per Share Data</b>		
Net (loss) income per share:		
Basic	\$        (1.70)	\$        8.16
Diluted	\$        (1.70)	\$        7.85



Pro forma book value per share of common stock	\$	63.81	(1)
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(1) Not applicable.

**Table of Contents**

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that are not limited to historical facts, but reflect Allied World's and Transatlantic's current beliefs, expectations or intentions regarding future events. These statements include in general forward-looking statements both with respect to Allied World and Transatlantic and the insurance and reinsurance industry. Statements that are not historical facts, including statements that use terms such as anticipates, believes, expects, intends, plans, projects, seeks and will and that relate to our plans and objectives for future operations are forward-looking statements. In light of the risks and uncertainties inherent in all forward-looking statements, the inclusion of such statements in this joint proxy statement/prospectus should not be considered as a representation by us or any other person that our objectives or plans will be achieved. These forward-looking statements include, without limitation, Allied World's and Transatlantic's expectations with respect to the synergies, costs and other anticipated financial impacts of the proposed transaction; future financial and operating results of the combined company; the combined company's plans, objectives, expectations and intentions with respect to future operations and services; approval of the proposed transaction by stockholders and by governmental regulatory authorities; the satisfaction of the closing conditions to the proposed transaction; and the timing of the completion of the proposed transaction.

All forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, many of which are generally outside the control of Allied World and Transatlantic and are difficult to predict. These risks and uncertainties also include those set forth under Risk Factors, beginning on page 22, as well as, among others, risks and uncertainties relating to: any event, change or other circumstance that could give rise to the termination of the merger agreement; the inability to obtain Transatlantic's or Allied World's shareholder approval or the failure to satisfy other conditions to completion of the merger, including receipt of regulatory approvals; risks that the proposed transaction disrupts each company's current plans and operations; the ability to retain key personnel; the ability to realize the benefits of the merger; the amount of the costs, fees, expenses and charges related to the merger; pricing and policy term trends; increased competition; the impact of acts of terrorism and acts of war; greater frequency or severity of unpredictable catastrophic events; negative rating agency actions; the adequacy of each party's loss reserves; Allied World or its non-U.S. subsidiaries becoming subject to significant income taxes in the United States or elsewhere; changes in regulations or tax laws; changes in the availability, cost or quality of reinsurance or retrocessional coverage; adverse general economic conditions; and judicial, legislative, political and other governmental developments, as well as management's response to these factors, and other factors identified in each company's filings with the SEC. Allied World and Transatlantic caution that the foregoing list of factors is not exclusive.

Additional information concerning these and other risk factors is contained in Allied World's and Transatlantic's most recently filed Annual Reports on Form 10-K, subsequent Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other SEC filings. All subsequent written and oral forward-looking statements concerning Allied World, Transatlantic, the proposed transaction or other matters and attributable to Allied World or Transatlantic or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. You are cautioned not to place undue reliance on these forward-looking statements, which speak only to the date they are made. Allied World and Transatlantic are under no obligation (and expressly disclaim any such obligation) to update or revise any forward-looking statement that may be made from time to time, whether as a result of new information, future developments or otherwise.



**Table of Contents**

**RISK FACTORS**

*In addition to the other information included and incorporated by reference in this joint proxy statement/prospectus, including the matters addressed in the section entitled **Special Note Regarding Forward-Looking Statements**, you should carefully consider the following risks before deciding whether to vote for the adoption of the merger agreement proposal, the adjournment proposal and the golden parachute proposal, in the case of Transatlantic stockholders, or for the share capital increase proposals, the NYSE share issuance proposal, the name change proposal, the election of directors proposal, the capital reduction proposal and the Stock Incentive Plan proposal, in the case of Allied World shareholders. In addition, you should read and consider the risks associated with each of the businesses of Allied World and Transatlantic because these risks will also affect the combined company. These risks can be found in the Annual Reports on Form 10-K for the fiscal year ended December 31, 2010 for each of Allied World and Transatlantic, as such risks may be updated or supplemented in each company's subsequently filed Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, which are incorporated by reference into this joint proxy statement/prospectus. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference in this joint proxy statement/prospectus. See the section entitled **Where You Can Find More Information** beginning on page 159.*

**Risk Factors Relating to the Merger**

***The exchange ratio is fixed and will not be adjusted in the event of any change in either Allied World's or Transatlantic's stock price.***

Upon closing of the merger, each share of Transatlantic common stock will be converted into the right to receive 0.88 Allied World shares. This exchange ratio is fixed in the merger agreement and will not be adjusted for changes in the market price of either Allied World shares or Transatlantic common stock between the date of signing the merger agreement and completion of the merger. Changes in the price of Allied World shares prior to the completion of the merger will affect the market value of Allied World shares that Transatlantic stockholders will receive on the effective date of the merger. Stock price changes may result from a variety of factors (many of which are beyond Allied World's or Transatlantic's control), including the following factors:

changes in Allied World's and Transatlantic's respective businesses, operations and prospects, or the market assessments thereof;

market assessments of the likelihood that the merger will be completed, including related considerations regarding regulatory approvals of the merger; and

general market and economic conditions and other factors generally affecting the price of Allied World shares and Transatlantic common stock.

The price of Allied World shares at the closing of the merger may vary from the price on the date the merger agreement was executed, on the date of this joint proxy statement/prospectus and on the date of the Special Shareholder Meetings of Allied World and Transatlantic. As a result, the market value represented by the exchange ratio will also vary. For example, based on the range of closing prices of Allied World shares during the period from June 10, 2011, the last trading date before public announcement of the merger, through \_\_\_\_\_, 2011, the last practicable trading date before the date of this joint proxy statement/prospectus, the exchange ratio represented a market value ranging from a low of \$ \_\_\_\_\_ to a high of \$ \_\_\_\_\_ for each share of Transatlantic common stock.

***Because the merger will be completed after the Special Shareholder Meetings, at the time of your Special Shareholder Meeting, you will not know the exact market value of the Allied World shares that Transatlantic stockholders will receive upon completion of the merger.***

If the price of Allied World shares increases between the time of the meetings and the effective time of the merger, Transatlantic stockholders will receive Allied World shares that have a market value that is greater than the market value of such shares at the time of the meetings. If the price of Allied World shares decreases

**Table of Contents**

between the time of the meetings and the effective time of the merger, Transatlantic stockholders will receive Allied World shares that have a market value that is less than the market value of such shares at the time of the meetings. Therefore, because the exchange ratio is fixed, stockholders cannot be sure at the time of the meetings of the market value of the consideration that will be paid to Transatlantic stockholders upon completion of the merger.

***The merger is subject to a number of conditions, including certain governmental and regulatory conditions that may not be satisfied, or may not be completed on a timely basis, or at all. Failure to complete the transactions could have material and adverse effects on Allied World and Transatlantic.***

Completion of the merger is conditioned upon, among other matters, the receipt of certain governmental authorizations, consents, orders or other approvals, including the expiration or termination of the waiting period under the HSR Act, the approval of antitrust authorities in the United Kingdom and Germany, and the approval of insurance regulators in Bermuda, Switzerland and New York. In deciding whether to grant antitrust, insurance or other regulatory clearances, the relevant governmental entities will consider the effect of the merger within their relevant jurisdictions. The governmental agencies from which Allied World and Transatlantic will seek the approvals have broad discretion in administering the governing regulations. The terms and conditions of the approvals that are granted may impose requirements, limitations or costs or place restrictions on the conduct of the combined company's business. There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying completion of the merger or imposing additional material costs on, or materially limiting the revenues of, the combined company following the merger. In addition, neither Allied World nor Transatlantic can provide assurances that any such conditions, terms, obligations or restrictions will not result in the delay or abandonment of the merger. For a more detailed description of the regulatory review process, see the section entitled "The Merger - Regulatory Clearances Required for the Merger" beginning on page 82.

If the merger is not completed on a timely basis, or at all, Allied World's and Transatlantic's respective ongoing businesses may be adversely affected. Additionally, in the event the merger is not completed, Allied World and Transatlantic will be subject to a number of risks without realizing any of the benefits of having completed the merger, including (i) the payment of certain fees and costs relating to the merger, such as legal, accounting, financial advisor and printing fees, (ii) the potential decline in the market price of Allied World's and Transatlantic's shares, (iii) the risk that the parties may not find a party willing to enter into a merger agreement on terms equivalent to or more attractive than the terms set forth in the merger agreement and (iv) the loss of time and resources.

***Uncertainties associated with the merger may cause a loss of management personnel and other key employees which could adversely affect the future business, operations and financial results of the combined company.***

Whether or not the merger is completed, the announcement and pendency of the merger could disrupt the businesses of Allied World and Transatlantic. Allied World and Transatlantic are dependent on the experience and industry knowledge of their senior management and other key employees to execute their business plans. The combined company's success after the merger will depend in part upon the ability of Allied World and Transatlantic to retain key management personnel and other key employees. Current and prospective employees of Allied World and Transatlantic may experience uncertainty about their roles within the combined company following the merger, which may have an adverse effect on the ability of each of Allied World and Transatlantic to attract or retain key management and other key personnel. Accordingly, no assurance can be given that the combined company will be able to attract or retain key management personnel and other key employees of Allied World and Transatlantic to the same extent that such companies have previously been able to attract or retain employees. In addition, the combined company might not be able to locate suitable replacements for any such key employees who leave the combined company or offer employment to potential replacements on reasonable terms.



**Table of Contents**

***Several lawsuits have been filed against Allied World and Transatlantic challenging the merger, and an adverse ruling may prevent the merger from being completed.***

Allied World and Transatlantic, as well as the members of the Transatlantic board of directors, have been named as defendants in several lawsuits brought by purported shareholders of Transatlantic challenging the merger and seeking, among other things, injunctive relief to enjoin the defendants from completing the merger on the agreed-upon terms. See *The Merger – Litigation Related to the Merger* beginning on page 85 for more information about the lawsuits that have been filed related to the merger.

One of the conditions to the closing of the merger is that no order, injunction, decree or other legal restraint or prohibition shall be in effect that prevents completion of the merger. Consequently, if a settlement or other resolution is not reached in the lawsuits referenced above and the plaintiffs secure injunctive or other relief prohibiting, delaying or otherwise adversely affecting Allied World and Transatlantic's ability to complete the merger, then such injunctive or other relief may prevent the merger from becoming effective within the expected timeframe or at all.

***The merger agreement contains provisions that could discourage a potential competing acquiror of either Allied World or Transatlantic.***

The merger agreement contains no shop provisions that, subject to limited exceptions, restrict each of Allied World's and Transatlantic's ability to solicit, initiate, or knowingly encourage and facilitate competing third-party proposals for the acquisition of its company's shares or assets. Further, even if the Allied World board of directors or the Transatlantic board of directors, respectively, withdraws or qualifies its recommendation with respect to the merger, Allied World or Transatlantic, as the case may be, will still be required to submit each of their merger-related proposals to a vote at their shareholder meeting. In addition, the other party generally has an opportunity to offer to modify the terms of the merger in response to any competing acquisition proposals before the board of directors of the company that has received a third-party proposal may withdraw or qualify its recommendation with respect to the merger. In some circumstances, upon termination of the merger agreement, one of the parties will be required to pay a termination fee of \$115 million or \$35 million to the other party, and/or an expense reimbursement up to a maximum of \$35 million. See *The Merger Agreement – No Solicitation of Alternative Proposals* beginning on page 92, *The Merger Agreement – Termination of the Merger Agreement* beginning on page 99 and *The Merger Agreement – Expenses and Termination Fees; Liability for Breach* beginning on page 99.

These provisions could discourage a potential third-party acquiror that might have an interest in acquiring all or a significant portion of Allied World or Transatlantic from considering or proposing that acquisition, at a higher per share cash or market value than the market value proposed to be received or realized in the merger or might result in a potential third-party acquiror proposing to pay a lower price to the shareholders than it might otherwise have proposed to pay because of the added expense of the termination fee and/or expense reimbursement that may become payable in certain circumstances.

If the merger agreement is terminated and either Allied World or Transatlantic determines to seek another business combination, it may not be able to negotiate a transaction with another party on terms comparable to, or better than, the terms of the merger.

***The fairness opinions delivered by Deutsche Bank and Moelis will not reflect changes in circumstances between signing the merger agreement and the completion of the merger.***

Neither the Allied World board of directors nor the Transatlantic board of directors has obtained an updated fairness opinion as of the date of this joint proxy statement/prospectus from Deutsche Bank, Allied World's financial advisor, or Moelis, Transatlantic's financial advisor.



Changes in the operations and prospects of Allied World or Transatlantic, general market and economic conditions and other factors that may be beyond their control, and on which the fairness opinions were based, may alter the value of Allied World or Transatlantic or the prices of Allied World shares or Transatlantic common stock by the time the merger is completed. The opinions do not speak as of the time the merger will

## **Table of Contents**

be completed or as of any date other than the dates of such opinions. Because neither company anticipates asking its financial advisor to update its opinion, these opinions only address the fairness of the exchange ratio or merger consideration, from a financial point of view, at the time the merger agreement was executed. The opinions are included as Annexes B and C to this joint proxy statement/prospectus. For a description of the opinions and a summary of the material financial analyses in connection with rendering such opinions, please refer to The Merger Opinion of Allied World's Financial Advisors beginning on page 53 and The Merger Opinion of Transatlantic's Financial Advisor beginning on page 68.

### ***The merger will be taxable to Transatlantic stockholders.***

The receipt of Allied World shares (and cash, if any, received in lieu of Allied World fractional shares) by U.S. holders in exchange for shares of Transatlantic common stock pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. For a description of the tax consequences of the merger, please refer to Material U.S. Federal Income Tax Consequences beginning on page 121.

### **Risk Factors Relating to the Combined Company Following the Merger**

***Although Allied World and Transatlantic expect to realize certain benefits as a result of the merger, there is the possibility that the combined company may be unable to integrate successfully the businesses of Allied World and Transatlantic in order to realize the anticipated benefits of the merger.***

The merger involves the combination of two companies that currently operate as independent public companies. The combined company will be required to devote significant management attention and resources to integrating the business practices and operations of Allied World and Transatlantic. Due to legal restrictions, Allied World and Transatlantic have been able to conduct only limited planning regarding the integration of the two companies after completion of the merger and have not yet determined the exact nature of how the businesses and operations of the two companies will be combined thereafter. Potential difficulties the combined company may encounter as part of the integration process include the following:

- the inability to successfully combine the businesses in a manner that permits the combined company to achieve the full synergies anticipated to result from the merger;

- complexities associated with managing the combined businesses, including the challenge of integrating complex systems, technology, networks and other assets of each company in a seamless manner that minimizes any adverse impact on customers, suppliers, brokers, employees and other constituencies;

- the costs of integration and compliance and the possibility that the full benefits anticipated to result from the merger will not be realized;

- any delay in the integration of management teams, strategies, operations, products and services;

- diversion of the attention of each company's management as a result of the merger;

- differences in business backgrounds, corporate cultures and management philosophies that may delay successful integration;

- the ability to retain key employees;

- the ability to create and enforce uniform standards, controls, procedures, policies and information systems;

potential unknown liabilities and unforeseen increased expenses or delays associated with the merger, including one-time cash costs to integrate the companies beyond current estimates; and

the disruption of, or the loss of momentum in, each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies,

any of which could adversely affect each company's ability to maintain relationships with customers, suppliers, brokers, employees and other constituencies or Allied World's and Transatlantic's ability to achieve the

## **Table of Contents**

anticipated benefits of the merger or could reduce each company's earnings or otherwise adversely affect the business and financial results of the combined company.

***Current Allied World shareholders and Transatlantic stockholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.***

Current Allied World shareholders have the right to vote in the election of the Allied World board of directors and on other matters affecting Allied World. Current Transatlantic stockholders have the right to vote in the election of the Transatlantic board of directors and on other matters affecting Transatlantic. Immediately after the merger is completed, it is expected that, on a fully diluted basis, current Allied World shareholders will own approximately 42% of the combined company and current Transatlantic stockholders will own approximately 58% of the combined company. As a result of the merger, current Allied World shareholders and current Transatlantic stockholders will have less influence on the management and policies of the combined company than they now have on the management and policies of Allied World and Transatlantic, respectively. Additionally, the Allied World Articles impose voting restrictions on holders of 10% or more of the total combined voting power of Allied World issued shares such that these shareholders' voting power is reduced to less than 10% of the total voting power.

***The future results of the combined company will suffer if the combined company does not effectively manage its expanded operations following the merger.***

Following the merger, the size of the business of the combined company will increase significantly beyond the current size of either Allied World's or Transatlantic's business. The combined company's future success depends, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new global operations and associated increased costs and complexity. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings, revenue enhancements and other benefits currently anticipated from the merger.

***The financial analyses and forecasts considered by Allied World and Transatlantic and their respective financial advisors may not be realized, which may adversely affect the market price of Allied World shares following the merger.***

In performing their financial analyses and rendering their opinions regarding the fairness, from a financial point of view, of the exchange ratio set forth in the merger agreement, each of the respective financial advisors to Allied World and Transatlantic independently reviewed and relied on, among other things, internal stand-alone and pro forma financial analyses and forecasts as separately provided to each respective financial advisor by Allied World or Transatlantic. See the sections entitled "The Merger - Certain Allied World Prospective Financial Information" and "The Merger - Certain Transatlantic Prospective Financial Information." The financial advisor of Transatlantic, Moelis, assumed, at the direction of the board of directors of Transatlantic, that such financial information was reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Allied World and Transatlantic as to the future performance of their respective companies and that such future financial results will be achieved at the times and in the amounts projected by management of Allied World and Transatlantic. These analyses and forecasts were prepared by, or as directed by, the managements of Allied World and Transatlantic and were also considered by the Allied World board of directors and the Transatlantic board of directors. None of these analyses or forecasts were prepared with a view towards public disclosure or compliance with the published guidelines of the SEC, GAAP, SAP, international financial reporting standards (IFRS) or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts. These projections are inherently based on various estimates and assumptions that are subject to the judgment of those preparing them. These projections are also subject to significant economic, competitive, industry and other

uncertainties and contingencies, all of which are difficult or impossible to predict and many of which are beyond the control of Allied World and Transatlantic. Accordingly, there can be no assurance that Allied World's or Transatlantic's financial condition or results of operations will be consistent with those set forth in

## **Table of Contents**

such analyses and forecasts. Significantly worse financial results could have a material adverse effect on the market price of TransAllied shares following the merger.

***The combined company is expected to incur substantial expenses related to the merger and the integration of the companies.***

The combined company is expected to incur substantial expenses in connection with the merger and the integration of Allied World and Transatlantic. There are a large number of processes, policies, procedures, operations, technologies and systems that must be integrated. While Allied World and Transatlantic have assumed that a certain level of expenses would be incurred, there are many factors beyond their control that could affect the total amount or the timing of the integration expenses. Moreover, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately. These expenses could, particularly in the near term, exceed the savings that the combined company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings. These integration expenses likely will result in the combined company taking significant charges against earnings following the completion of the merger, and the amount and timing of such charges are uncertain at present.

***There can be no assurance that the merger will not result in a ratings downgrade of Allied World's or Transatlantic's insurance or reinsurance operating companies, which may result in an adverse effect on the business, financial condition and operating results.***

Ratings with respect to claims paying ability and financial strength are important factors in establishing the competitive position of insurance and reinsurance companies and will also impact the cost and availability of capital to an insurance and reinsurance holding company. The combined operations of Allied World and Transatlantic will compete with other insurance and reinsurance companies, financial intermediaries and financial institutions on the basis of a number of factors, including the ratings assigned by internationally-recognized rating organizations. Ratings will represent an important consideration in maintaining customer confidence in the combined company and in its ability to market insurance and reinsurance products. Rating organizations regularly analyze the financial performance and condition of insurers. Any ratings downgrade, or the potential for a ratings downgrade, of Allied World, Transatlantic, the combined company or any of their insurance or reinsurance subsidiaries could adversely affect their ability to market and distribute products and services, which could have an adverse effect on Allied World's, Transatlantic's or the combined company's, as applicable, business, financial condition and operating results. There is a risk that Allied World and/or Transatlantic is subject to being downgraded, and there can be no assurance that the ratings of the combined company's insurance and reinsurance operating companies will not be downgraded, following the merger.

Ratings are not in any way a measure of protection afforded to investors and should not be relied upon in making an investment or voting decision.

***The occurrence of severe catastrophic events may cause the combined company's financial results to be volatile and may affect the financial results of the combined company differently than such an event would have affected the financial results of either Allied World or Transatlantic on a stand-alone basis.***

Because the combined company will, among other things, underwrite property catastrophe insurance and reinsurance and have large aggregate exposures to natural and man-made disasters, management expects that the combined company's loss experience generally will include infrequent events of great severity. Consequently, the occurrence of losses from catastrophic events is likely to cause substantial volatility in the combined company's financial results. In addition, because catastrophes are an inherent risk of the combined company's business, a major event or series of events can be expected to occur from time to time and to have a material adverse effect on the combined company's

financial condition and results of operations, possibly to the extent of eliminating the combined company's shareholders' equity. Upon completion of the merger, the combined company's exposure to natural and man-made disasters will be different from the exposure of either Allied World or Transatlantic prior to the completion of the merger. Accordingly, the merger may exacerbate the exposure described above.

## **Table of Contents**

*Some of the executive officers and directors of Allied World and Transatlantic have interests in seeing the merger completed that are different from, or in addition to, those of the other Allied World and Transatlantic stockholders. Therefore, some of the executive officers and directors of Allied World may have a conflict of interest in recommending the proposals being voted on at the Allied World Special Shareholder Meeting and some of the executive officers and directors of Transatlantic may have a conflict of interest in recommending the proposals being voted on at the Transatlantic Special Shareholder Meeting.*

Certain of the executive officers of Allied World and Transatlantic have arrangements that provide them with interests in the merger that are different from, or in addition to, those of stockholders of Allied World and Transatlantic generally. These interests include, among others, ownership interests in the combined company, continued service as an executive officer of the combined company, payments and equity grants, and the accelerated vesting of certain equity awards and/or certain severance benefits, in connection with the merger. These interests may influence the executive officers of Allied World to support or approve the proposals to be presented at the Allied World Special Shareholder Meeting and/or the executive officers of Transatlantic to support or approve the proposals to be presented at the Transatlantic Special Shareholder Meeting.

In addition, certain directors of Allied World and Transatlantic may have interests in the merger that are different from, or in addition to, those of stockholders of Allied World and Transatlantic generally, including ownership interests and equity grants in the combined company and continued service as a director of the combined company. These interests may influence the directors of Allied World and Transatlantic to support or approve the proposals to be presented at the Allied World Special Shareholder Meeting and/or the Transatlantic Special Shareholder Meeting.

See *The Merger – Interests of Allied World’s Directors and Executive Officers in the Merger* beginning on page 78 and *The Merger – Interests of Transatlantic’s Directors and Executive Officers in the Merger* beginning on page 78 for a more detailed description of these interests.

*The Allied World shares to be received by Transatlantic stockholders as a result of the merger will have different rights from the shares of Transatlantic common stock.*

Upon completion of the merger, Transatlantic stockholders will become shareholders of TransAllied, and their rights as shareholders will be governed by the TransAllied Articles, the TransAllied organizational resolutions and Swiss law. The rights associated with Transatlantic common stock are different from the rights associated with Allied World shares. See *Comparison of Rights of TransAllied Shareholders and Transatlantic Stockholders* beginning on page 146.

## **Other Risk Factors of Allied World and Transatlantic**

Allied World’s and Transatlantic’s businesses are and will be subject to the risks described above. In addition, Allied World and Transatlantic are, and will continue to be, subject to the risks described in Allied World’s and Transatlantic’s Annual Reports on Form 10-K for the fiscal year ended December 31, 2010, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 159 for the location of information incorporated by reference in this joint proxy statement/prospectus.



**Table of Contents**

**THE COMPANIES**

**Allied World Assurance Company Holdings, AG**

Allied World Assurance Company Holdings, AG is a holding company incorporated in Switzerland. Allied World, through its wholly-owned subsidiaries, including Allied World Assurance Company, Ltd, Allied World Assurance Company (Europe) Limited, Allied World Assurance Company (Reinsurance) Limited, Allied World Assurance Company (U.S.) Inc., Allied World National Assurance Company, Darwin National Assurance Company and Darwin Select Insurance Company and its branch offices, is a specialty insurance and reinsurance company that underwrites a diversified portfolio of property and casualty lines of business through offices located in Bermuda, Hong Kong, Ireland, Singapore, Switzerland, the United Kingdom and the United States. Allied World has nine offices in the United States and has become licensed in Canada as well. Since its formation in 2001, Allied World has focused primarily on the direct insurance markets. Allied World offers its clients and producers significant capacity in both direct property and casualty insurance markets as well as the reinsurance market. Allied World is the ultimate parent company of Allied World Assurance Company Holdings, Ltd, the former publicly-traded Bermuda holding company, and its subsidiaries as a result of a redomestication effected on December 1, 2010, pursuant to a scheme of arrangement under Bermuda law.

Allied World shares are traded on the NYSE under the symbol AWH. Following the merger, the combined company's common shares will be traded on the NYSE under the symbol TAG.

The principal executive offices of Allied World are located at Lindenstrasse 8, 6340 Baar, Zug, Switzerland and its telephone number is 41-41-768-1080. Additional information about Allied World and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See [Where You Can Find More Information](#) on page 159.

**Transatlantic Holdings, Inc.**

Transatlantic Holdings, Inc. is a holding company incorporated in the State of Delaware. Transatlantic, through its wholly-owned subsidiaries, TRC, Trans Re Zurich Reinsurance Company Ltd., acquired by TRC in 1996, and Putnam (contributed by Transatlantic to TRC in 1995), offers reinsurance capacity for a full range of property and casualty products, directly and through brokers, to insurance and reinsurance companies, in both the domestic and international markets on both a treaty and facultative basis. One or both of TRC and Putnam is licensed, accredited, authorized or can serve as a reinsurer in 50 states and the District of Columbia in the United States and in Puerto Rico and Guam. Through its international locations, Transatlantic has operations worldwide, including Bermuda, Canada, seven locations in Europe, three locations in Central and South America, two locations in Asia (excluding Japan), and one location in each of Japan, Australia and Africa. TRC is licensed in Bermuda, Canada, Japan, the United Kingdom, the Dominican Republic, the Hong Kong Special Administrative Region, the People's Republic of China and Australia. Transatlantic was originally formed in 1986 under the name PREINCO Holdings, Inc. as a holding company for Putnam. Transatlantic's name was changed to Transatlantic Holdings, Inc. on April 18, 1990 following the acquisition on April 17, 1990 of all of the common stock of TRC in exchange for shares of common stock of Transatlantic.

Transatlantic's common stock is traded on the NYSE under the symbol TRH.

The principal executive offices of Transatlantic are located at 80 Pine Street, New York, New York 10005 and its telephone number is (212) 365-2200. Additional information about Transatlantic and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See [Where You Can Find More](#)

Information on page 159.

**GO Sub, LLC**

GO Sub, LLC, a wholly-owned subsidiary of Allied World and a Delaware limited liability company, which was initially incorporated on June 2, 2011 as a corporation, and subsequently converted to a limited liability company on June 10, 2011, and was formed for the sole purpose of effecting the merger. In the merger, Merger Sub will be merged with and into Transatlantic, with Transatlantic surviving as a wholly-owned subsidiary of Allied World.

**Table of Contents**

**THE ALLIED WORLD SPECIAL SHAREHOLDER MEETING**

*This joint proxy statement/prospectus is being provided to the shareholders of Allied World as part of a solicitation of proxies by the Allied World board of directors for use at the Allied World Special Shareholder Meeting to be held at the time and place specified below, and at any properly convened meeting following an adjournment or postponement thereof. This joint proxy statement/prospectus provides shareholders of Allied World with the information they need to know to be able to vote or instruct their vote to be cast at the Allied World Special Shareholder Meeting.*

**Date, Time and Place**

The Allied World Special Shareholder Meeting will be held at Allied World's corporate headquarters, Lindenstrasse 8, 6340 Baar, Zug, Switzerland, on \_\_\_\_\_, 2011, at [2:00] p.m. local time.

**Purpose of the Allied World Special Shareholder Meeting**

At the Allied World Special Shareholder Meeting, Allied World shareholders will be asked to consider and vote on:

the proposal to increase Allied World's ordinary share capital pursuant to article 3a(a) of the Allied World Articles by CHF \_\_\_\_\_ (equaling USD \_\_\_\_\_) to CHF \_\_\_\_\_ (equaling USD \_\_\_\_\_) by the issuance of \_\_\_\_\_ Allied World shares to Transatlantic stockholders pursuant to, and only in connection with, the merger as contemplated by the merger agreement, including the exclusion of all preferential subscription rights to which Allied World shareholders may be entitled; the contributions for the new registered shares are paid by converting existing reserves (*Kapitalreserven*) into share capital;

the proposal to increase Allied World's conditional share capital pursuant to article 5(a) of the Allied World Articles by CHF \_\_\_\_\_ (equaling USD \_\_\_\_\_) to CHF \_\_\_\_\_ (equaling USD \_\_\_\_\_), only in connection with the merger;

the proposal to increase Allied World's authorized share capital pursuant to article 6(a) of the Allied World Articles by CHF \_\_\_\_\_ (equaling USD \_\_\_\_\_) to CHF \_\_\_\_\_ (equaling USD \_\_\_\_\_), only in connection with the merger;

the proposal to issue Allied World shares to Transatlantic stockholders pursuant to the merger and as contemplated by the merger agreement as required by NYSE rules;

the proposal to amend article 1 of the Allied World Articles to change Allied World's name to TransAllied Group Holdings, AG immediately following, and conditioned upon, the completion of the merger;

the proposal to elect (x) three Class II directors to hold office commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2012, (y) four Class III directors to hold office commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2013 and (z) four Class I directors to hold office commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2014;

the proposal to effect a capital reduction to allow for the payment of a dividend to the combined company's shareholders after the completion of the merger; and

the proposal to amend and restate the Stock Incentive Plan, as required by NYSE rules, to, among other things, increase the number of shares reserved for issuance under the Stock Incentive Plan and to extend the Stock

Incentive Plan's termination date effective upon the completion of the merger.

Completion of the merger is conditioned on, among other things, approval of the share capital increase proposals, the NYSE share issuance proposal, the name change proposal, and the election of directors proposal.

## **Table of Contents**

### **Recommendations of the Board of Directors of Allied World**

The Allied World board of directors unanimously approved the merger agreement and the amendment to the Allied World Articles and determined that the merger agreement and the transactions contemplated thereby, including the merger, the issuance of the Allied World shares to Transatlantic stockholders pursuant to the merger and the adoption of the amendment to the Allied World Articles, are in the best interests of Allied World.

**The Allied World board of directors unanimously recommends that the Allied World shareholders vote FOR each of the proposals set forth above. See the section entitled The Merger Allied World s Reasons for the Merger; Recommendations of the Allied World Board of Directors beginning on page 51 for a more detailed discussion of the Allied World board of directors recommendation.**

### **Allied World Record Date; Shareholders Entitled to Vote**

Only Allied World shareholders of record at the close of business on \_\_\_\_\_, 2011, the Allied World record date, are entitled to notice of, and to vote at, the Allied World Special Shareholder Meeting.

At the close of business on the Allied World record date, there were \_\_\_\_\_ Allied World shares issued and outstanding and entitled to vote at the Allied World Special Shareholder Meeting. Holders of Allied World shares will have one vote for each Allied World share they owned on the Allied World record date, in person or by a properly executed and delivered proxy with respect to the Allied World Special Shareholder Meeting, unless such shareholders own \_\_\_\_\_ controlled shares that constitute 10% or more of the issued Allied World shares, in which case the voting rights with respect to those controlled shares will be limited, in the aggregate, to a voting power of approximately 10% pursuant to a formula specified in article 14 of the Allied World Articles. The Allied World Articles define controlled shares generally to include all shares of Allied World directly, indirectly or constructively owned or beneficially owned by any person or group of persons. The share capital of Allied World consists of the outstanding Allied World shares and Allied World non-voting shares.

### **Voting by Allied World s Directors and Executive Officers**

At the close of business on the Allied World record date, directors and executive officers of Allied World and their affiliates were entitled to vote \_\_\_\_\_ Allied World shares, or approximately \_\_\_\_\_ % of the Allied World shares outstanding on that date. We currently expect that Allied World s directors and executive officers will vote their shares in favor of each of the proposals to be considered and voted upon at the Special Shareholder Meeting, although none of them has entered into any agreement obligating them to do so.

### **Quorum**

In order to transact business at the Allied World Special Shareholder Meeting, a quorum is required. Two or more persons present in person and representing in person or by proxy throughout the meeting more than 50% of the total issued and outstanding Allied World shares registered in Allied World s share register constitute a quorum for the transaction of business at the Allied World Special Shareholder Meeting. The Allied World board of directors or chairman of the Allied World board of directors may postpone the meeting with sufficient factual reason, provided that notice of postponement is given to the shareholders in the same form as the invitation before the time for such meeting. A new notice is then required to hold the postponed meeting. Under Swiss law, a general meeting of shareholders for which a notice of meeting has been duly published may not be adjourned without publishing a new notice of meeting.

Abstentions (Allied World shares for which proxies have been received but for which the holders have abstained from voting) will be counted toward the presence of a quorum at the Allied World Special Shareholder Meeting. While broker non-votes would generally be counted for purposes of establishing a quorum for the Allied World Special Shareholder Meeting, because the nature of the proposals to be voted on by the Allied World shareholders at the Allied World Special Shareholder Meeting are all non-routine

## **Table of Contents**

matters for which your broker does not have discretionary voting authority, there will be no broker non-votes for purposes of the Allied World Special Shareholder Meeting.

### **Required Vote; Failures to Vote, Abstentions, Broker Non-Votes**

Approval of each of the following proposals requires the affirmative vote of at least 66<sup>2</sup>/<sub>3</sub> of the votes represented at the Allied World Special Shareholder Meeting and a majority of the nominal value of the Allied World shares represented at such meeting, where holders of at least 50% of the total outstanding Allied World shares are represented and voting and who are entitled to vote on such proposal: (i) the article 3 share capital increase proposal, (ii) the article 5 share capital increase proposal and (iii) the article 6 share capital increase proposal. Abstentions will not be considered votes cast and will have no effect on these proposals, assuming a quorum is present.

The approval of the NYSE share issuance proposal and the Stock Incentive Plan proposal requires the affirmative vote of the holders of a majority of shares entitled to vote on the proposal and present in person or represented by proxy at the Allied World Special Shareholder Meeting, provided that the total votes cast on this proposal represent over 50% of the outstanding Allied World shares entitled to vote on this proposal; provided further that the approval of the NYSE share issuance proposal is conditioned upon the approval of the share capital increase proposal, as provided above. Votes for, votes against and abstentions count as votes cast. All outstanding Allied World shares count as shares entitled to vote. Thus, the total sum of votes for, plus votes against, plus abstentions, which we refer to as the NYSE votes cast, must be greater than 50% of the total outstanding Allied World shares. The number of votes for the proposal must be greater than 50% of the NYSE votes cast.

Each of the following approvals requires a majority of the votes cast voting in favor of such proposal at the Allied World Special Shareholder Meeting where holders of at least 50% of the total outstanding Allied World shares are represented and voting and who are entitled to vote on such proposal: (i) the name change proposal, (ii) the election of directors proposal and (iii) the capital reduction proposal. Abstentions will not be considered votes cast and will have no effect on these proposals, assuming a quorum is present.

Because the nature of the proposals to be voted on by the Allied World shareholders at the Allied World Special Shareholder Meeting are all non-routine matters, there will be no broker non-votes for purposes of the Allied World Special Shareholder Meeting. Accordingly, if a broker or bank holds your shares you are urged to instruct your broker or brokerage firm on how to vote your shares to ensure your shares are voted on each of the proposals to be brought before the Allied World Special Shareholder Meeting.

Completion of the merger is conditioned on, among other things, approval of the share capital increase proposals, the NYSE share issuance proposal, the name change proposal and the election of directors proposal.

### **Voting of Proxies by Holders of Record**

If you are a holder of record of Allied World shares, a proxy card is enclosed for your use. Allied World requests that you submit a proxy by signing the accompanying proxy and returning it promptly in the enclosed postage-paid envelope. When the accompanying proxy is returned properly executed, the Allied World shares represented by it will be voted at the Allied World Special Shareholder Meeting or any adjournment or postponement thereof in accordance with the instructions contained in the proxy.

If a proxy is returned without an indication as to how the Allied World shares represented are to be voted with regard to a particular proposal, the Allied World shares represented by the proxy will be voted in accordance with the recommendation of the Allied World board of directors and, therefore, FOR each of the proposals to be considered and voted upon at such meeting. As of the date hereof, management has no knowledge of any business that will be

presented for consideration at the Allied World Special Shareholder Meeting and that would be required to be set forth in this joint proxy statement/prospectus or the related proxy card other than the matters set forth in Allied World's Notice of Special Shareholder Meeting. If any other matter is properly presented at the Allied World Special Shareholder Meeting for consideration, it is intended



## **Table of Contents**

that the persons named in the enclosed form of proxy and acting thereunder will vote in accordance with their best judgment on such matter.

### **Voting by Independent Proxy**

If you are an Allied World shareholder of record as of the Allied World record date, under Swiss law you may authorize the independent proxy, Mr. Paul Buergi, of Buis Buergi AG, Muehlebachstrasse 7, P.O. Box 672, CH-8024, Zurich, Switzerland, with full rights of substitution, to vote your Allied World shares on your behalf instead of using the enclosed proxy card. If you authorize the independent proxy to vote your shares without giving instructions, your shares will be voted in accordance with the recommendations of the Allied World board of directors with regard to the items listed in the notice of meeting. If new agenda items (other than those in the notice of meeting) or new proposals or motions with respect to those agenda items set forth in the notice of meeting are being put forth before the Allied World Special Shareholder Meeting, the independent proxy will, in the absence of other specific instructions, vote in accordance with the recommendations of the Allied World board of directors. An optional form of proxy card that may be used by the independent proxy to vote your Allied World shares is included with this joint proxy statement/prospectus. Proxy cards authorizing the independent proxy to vote your shares must be sent directly to the independent proxy, arriving no later than \_\_\_\_\_, local time, \_\_\_\_\_, 2011.

**Your vote is important. Accordingly, please sign, date and return the enclosed proxy card whether or not you plan to attend the Allied World Special Shareholder Meeting in person.**

### **Shares Held in Street Name**

If you hold your Allied World shares in a stock brokerage account or if your shares are held by a bank or other nominee (that is, in street name), you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your bank, brokerage firm or other nominee. Please note that you may not vote Allied World shares held in street name by returning a proxy card directly to Allied World or by voting in person at the Allied World Special Shareholder Meeting unless you have a legal proxy, which you must obtain from your bank, brokerage firm or other nominee. Further, brokers who hold Allied World shares on behalf of their customers may not give a proxy to Allied World to vote those Allied World shares without specific instructions from their customers.

If you are an Allied World shareholder and you do not instruct your bank, brokerage firm or other nominee on how to vote your shares your bank, brokerage firm or other nominee, as applicable, may not vote your Allied World shares on any of the proposals to be considered and voted upon at the Allied World Special Shareholder Meeting as all such matters are deemed non-routine matters. See Admission to the Special Shareholder Meeting below for further information regarding voting your shares that are held in street name.

### **Revocation of Proxies**

If you are the record holder of Allied World shares, you can change your vote or revoke your proxy at any time before your proxy is voted at the Allied World Special Shareholder Meeting. You can do this by:

timely delivering a new, valid proxy by mail as described on the proxy card; or

attending the Allied World Special Shareholder Meeting and voting in person, which will automatically cancel any proxy previously given, or you can revoke your proxy in person. Simply attending the Allied World Special Shareholder Meeting without voting will not revoke any proxy that you have previously given or change your vote.

A registered Allied World shareholder may revoke a proxy by any of these methods, regardless of the method used to deliver the shareholder's previous proxy.

Please note that if your shares are held in street name through a bank, brokerage firm or other nominee, you may change your vote by submitting new voting instructions to your bank, brokerage firm or other nominee in accordance with its established procedures. If your Allied World shares are held in the name of a

## **Table of Contents**

bank, brokerage firm or other nominee and you decide to change your vote by attending the Allied World Special Shareholder Meeting and voting in person, your vote in person at the Allied World Special Shareholder Meeting will not be effective unless you have obtained and present an executed proxy issued in your name from the record holder (your bank, brokerage firm or other nominee).

## **Tabulation of Votes**

A representative from Baker & McKenzie Zurich will act as the inspector of elections and will be responsible for tabulating the votes cast by proxy (which will have been certified by Allied World's independent transfer agent) or in person at the Allied World Special Shareholder Meeting. Under Swiss law, Allied World is responsible for determining whether or not a quorum is present and the final voting results.

## **Solicitation of Proxies**

Allied World is soliciting proxies for the Allied World Special Shareholder Meeting. In accordance with the merger agreement, Allied World and Transatlantic will share equally all fees and expenses in relation to the printing, filing and distribution of this joint proxy statement/prospectus. Allied World will pay all of its other costs of soliciting proxies. In addition to solicitation by use of mails, proxies may be solicited by Allied World directors, officers and employees in person or by telephone or other means of communication. These individuals will not be additionally compensated, but may be reimbursed for out-of-pocket expenses associated with this solicitation.

Allied World has engaged MacKenzie Partners, Inc. ( MacKenzie Partners ) to assist in the solicitation of proxies for the Allied World Special Shareholder Meeting. Allied World estimates that it will pay MacKenzie Partners a fee of approximately \$15,000. Allied World will also reimburse MacKenzie Partners for reasonable out-of-pocket expenses and will indemnify MacKenzie Partners and its affiliates against certain claims, liabilities, losses, damages and expenses. Allied World will make arrangements with brokerage houses, custodians, nominees and fiduciaries to forward proxy solicitation materials to beneficial owners of shares held of record by them. Allied World will also reimburse these brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in forwarding the proxy materials.

## **Adjournments**

The Allied World board of directors or chairman of the Allied World board of directors may postpone the Allied World Special Shareholder Meeting with sufficient factual reason, provided that notice of postponement is given to the shareholders in the same form as the invitation before the time for such meeting. A new notice is then required to hold the postponed meeting. Under Swiss law, a general meeting of shareholders for which a notice of meeting has been duly published may not be adjourned without publishing a new notice of meeting.

## **Organizational Matters Required by Swiss Law with respect to the Allied World Special Shareholder Meeting**

### ***Admission to the Special Shareholder Meeting***

Shareholders who are registered in Allied World's share register on the Allied World record date will receive this joint proxy statement/prospectus and proxy cards from MacKenzie Partners, Allied World's proxy solicitor. Beneficial owners of Allied World shares will receive instructions from their bank, brokerage firm or other nominee acting as shareholder of record to indicate how they wish their shares to be voted. Beneficial owners who wish to vote in person at the Allied World Special Shareholder Meeting are requested to obtain a power of attorney from their bank, brokerage firm or other nominee that authorizes them to vote the shares held by them on their behalf. In addition, you must bring to the Allied World Special Shareholder Meeting an account statement or letter from your bank, brokerage

firm or other nominee indicating that you are the owner of the Allied World shares. Shareholders of record registered in Allied World's share register are entitled to participate in and vote at the Allied World Special Shareholder Meeting.

## **Table of Contents**

Each share is entitled to one vote. The exercise of voting rights is subject to the voting restrictions set out in the Allied World Articles, a summary of which is contained in the section entitled Questions and Answers How many votes do I have?

### ***Granting a Proxy***

If you are an Allied World shareholder of record and do not wish to attend the Allied World Special Shareholder Meeting, you have the right to grant a proxy directly to the Allied World officers named in the proxy card. In addition, under Swiss corporate law you can: (i) appoint Mr. Paul Buergi, of Buis Buergi AG, Muehlebachstrasse 7, P.O Box 672, CH-8024, Zurich, Switzerland, as the independent proxy, with full rights of substitution, with the corresponding proxy card; or (ii) grant a written proxy to any person who need not be an Allied World shareholder. Please see Question and Answers How do I vote? and Questions and Answers How do I appoint and vote via the independent proxy if I am an Allied World shareholder of record? elsewhere in the joint proxy statement/prospectus for more information on appointing the independent proxy. Proxies issued to the independent proxy must be received no later than , local time, on , 2011.

*Registered Allied World shareholders who have appointed an Allied World officer or the independent proxy as a proxy may not vote in person at the Allied World Special Shareholder Meeting or send a proxy of their choice to the meeting, unless they revoke or change their proxies. Revocations to the independent proxy must be received by him or her by no later than , local time, on , 2011.*

With regard to the items listed on the agenda and without any explicit instructions to the contrary, the Allied World officer acting as proxy and the independent proxy will vote according to the recommendations of the Allied World board of directors. If new agenda items (other than those on the agenda) or new proposals or motions regarding agenda items set out in the invitation to the Allied World Special Shareholder Meeting are being put forth before the meeting, the Allied World officer acting as proxy and the independent proxy will vote in accordance with the recommendation of the Allied World board of directors in the absence of other specific instructions.

*Beneficial owners who have not obtained a power of attorney from their bank, brokerage firm or other nominee are not entitled to participate in or vote at the Allied World Special Shareholder Meeting.*

### ***Proxy Holders of Deposited Shares***

Proxy holders of deposited shares in accordance with Swiss corporate law are kindly asked to inform Allied World of the number of shares they represent as soon as possible, but prior to the date of the Allied World Special Shareholder Meeting, at Allied World's corporate headquarters.

### ***Admission Office***

The admission office opens on the day of the Allied World Special Shareholder Meeting at local time. Allied World shareholders of record attending the meeting are kindly asked to present their proxy card as proof of admission at the entrance.

**Table of Contents**

**THE TRANSATLANTIC SPECIAL SHAREHOLDER MEETING**

*This joint proxy statement/prospectus is being provided to the stockholders of Transatlantic as part of a solicitation of proxies by the Transatlantic board of directors for use at the Transatlantic Special Shareholder Meeting to be held at the time and place specified below, and at any properly convened meeting following an adjournment or postponement thereof. This joint proxy statement/prospectus provides stockholders of Transatlantic with the information they need to know to be able to vote or instruct their vote to be cast at the Transatlantic Special Shareholder Meeting.*

**Date, Time and Place**

The Transatlantic Special Shareholder Meeting is scheduled to be held at the \_\_\_\_\_ on \_\_\_\_\_, 2011 at [8:00 a.m.] local time.

**Purpose of the Transatlantic Special Shareholder Meeting**

At the Transatlantic Special Shareholder Meeting, Transatlantic stockholders will be asked to consider and vote on:

the proposal to adopt the merger agreement, which is further described in the sections entitled *The Merger* and *The Merger Agreement*, beginning on pages 42 and 87, respectively;

the proposal to adjourn the Transatlantic Special Shareholder Meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the foregoing proposal; and

the proposal, on an advisory basis (non-binding), to approve the compensation that may be paid or become payable to Transatlantic's named executive officers in connection with the merger, and the agreements and understandings pursuant to which such compensation may be paid or become payable, as described below in the section entitled *Advisory Vote on the Golden Parachute Compensation Arrangements for Transatlantic's Named Executive Officers*.

Completion of the merger is conditioned on, among other things, approval of the adoption of the merger agreement proposal.

**Advisory Vote on the Golden Parachute Compensation Arrangements for Transatlantic's Named Executive Officers**

Recently adopted Section 14A of the Exchange Act requires that Transatlantic provide its stockholders with the opportunity to vote to approve, on an advisory (non-binding) basis, the golden parachute compensation arrangements for Transatlantic's named executive officers, as disclosed in the section entitled *The Merger* *Interests of Transatlantic Directors and Executive Officers in the Merger* *Golden Parachute Compensation* beginning on page 80.

In accordance with Section 14A of the Exchange Act, in this proposal Transatlantic stockholders are being asked to approve the following non-binding resolution at the Transatlantic Special Shareholder Meeting:

RESOLVED, that the stockholders of Transatlantic approve, on an advisory (non-binding) basis, the compensation to be paid by Transatlantic to Transatlantic's named executive officers that is based on or otherwise relates to the merger with Allied World, as disclosed in the Golden Parachute Compensation Table and related notes and narrative disclosure in the section of the joint proxy statement/prospectus for the Merger entitled *The Merger* *Interests of*

Transatlantic's Directors and Executive Officers in the Merger Golden Parachute Compensation.

Approval of this proposal is not a condition to completion of the merger, and the vote with respect to this proposal is advisory only. Accordingly, the vote will not be binding on Transatlantic or Allied World, or the board of directors or the compensation committee of Transatlantic or Allied World.

## **Table of Contents**

### **Recommendations of the Board of Directors of Transatlantic**

The Transatlantic board of directors has unanimously approved the merger agreement and has determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of Transatlantic and its stockholders.

**The Transatlantic board of directors unanimously recommends that Transatlantic stockholders vote FOR each of the proposals set forth above. See the section entitled The Merger Transatlantic s Reasons for the Merger; Recommendations of the Transatlantic Board of Directors beginning on page 64 for a more detailed discussion of the Transatlantic board of directors recommendation.**

### **Transatlantic Record Date; Stockholders Entitled to Vote**

Only holders of record of Transatlantic common stock at the close of business on \_\_\_\_\_, 2011, the Transatlantic record date, will be entitled to notice of, and to vote at, the Transatlantic Special Shareholder Meeting or any adjournments or postponements thereof.

At the close of business on the Transatlantic record date, \_\_\_\_\_ shares of Transatlantic common stock were issued and outstanding and held by \_\_\_\_\_ holders of record. Holders of record of Transatlantic common stock on the Transatlantic record date are entitled to one vote per share at the Transatlantic Special Shareholder Meeting on each proposal. However, to satisfy the requirements of New York State Insurance regulators, on June 1, 2009, Davis Advisors entered into a binding agreement with Transatlantic whereby Davis Advisors agreed to vote the number of shares of Transatlantic common stock owned by Davis Advisors in excess of 9.9% of Transatlantic s outstanding shares in a manner proportionate to the vote of the owners of the shares (excluding Davis Advisors, stockholders beneficially owning more than 10% of Transatlantic s outstanding shares, and directors and officers of Transatlantic ) voting on such matters. A list of stockholders of Transatlantic will be available for review for any purpose germane to the Transatlantic Special Shareholder Meeting at Transatlantic s headquarters, at 80 Pine Street, New York, New York, during regular business hours for a period of 10 days before the Transatlantic Special Shareholder Meeting. The list will also be available at the Transatlantic Special Shareholder Meeting during the whole time thereof for examination by any stockholder of record present at the Transatlantic Special Shareholder Meeting.

### **Voting by Transatlantic s Directors and Executive Officers**

At the close of business on the Transatlantic record date, directors and executive officers of Transatlantic and their affiliates were entitled to vote \_\_\_\_\_ shares of Transatlantic common stock, or approximately \_\_\_\_\_ % of the shares of Transatlantic common stock outstanding on that date. We currently expect that Transatlantic s directors and executive officers will vote their shares in favor of each of the proposals to be considered and voted upon at the Transatlantic Special Shareholder Meeting, although none of them has entered into any agreement obligating them to do so.

### **Quorum**

No business may be transacted at the Transatlantic Special Shareholder Meeting unless a quorum is present. Attendance in person or by proxy at the Transatlantic Special Shareholder Meeting of holders of record of a majority of the aggregate voting power of the outstanding shares of Transatlantic common stock entitled to vote at the meeting will constitute a quorum. If a quorum is not present, or if fewer shares of Transatlantic common stock are voted in favor of the proposal to adopt the merger agreement than the number required for its adoption, the Transatlantic Special Shareholder Meeting may be adjourned to allow additional time for obtaining additional proxies or votes. At any subsequent reconvening of the Transatlantic Special Shareholder Meeting, all proxies will be voted in the same manner as they would have been voted at the original convening of the Transatlantic Special Shareholder Meeting,



except for any proxies that have been effectively revoked or withdrawn prior to the subsequent meeting.

Abstentions (shares of Transatlantic common stock for which proxies have been received but for which the holders have abstained from voting) will be included in the calculation of the number of shares of

## **Table of Contents**

Transatlantic common stock represented at the Transatlantic Special Shareholder Meeting for purposes of determining whether a quorum has been achieved. However, broker non-votes will not be included in the calculation of the number of shares of Transatlantic common stock represented at the Transatlantic Special Shareholder Meeting for purposes of determining whether a quorum has been achieved.

### **Required Vote**

The approval of the adoption of the merger agreement proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Transatlantic common stock entitled to vote thereon. Failures to vote, votes to abstain and broker non-votes, if any, will have the effect of a vote **AGAINST** the proposal.

The approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the shares of Transatlantic common stock entitled to vote and present in person or by proxy, whether or not a quorum is present. The Transatlantic stockholders may so adjourn the Transatlantic Special Shareholder Meeting to another time or place without further notice unless the adjournment is for more than 30 days or if after the adjournment a new record date is fixed for the adjourned meeting, in which case a notice of the adjourned meeting shall be given to each Transatlantic stockholder of record entitled to vote at the meeting. Abstaining will have the same effect as a vote **AGAINST** the proposal. Failures to vote and broker non-votes, if any, will not be voted, but this will not have an effect on the adjournment proposal.

The approval of the golden parachute proposal requires the affirmative vote of the holders of a majority of the shares of Transatlantic common stock present in person or represented by proxy and entitled to vote thereon, assuming a quorum is present. Abstentions will have the effect of a vote **AGAINST** the proposal. Failures to vote and broker non-votes, if any, will not be voted, but this will not have an effect on the proposal, assuming a quorum is present.

### **Failures to Vote, Broker Non-Votes and Abstentions**

Under the rules of the NYSE, banks, brokerage firm or other nominees holding shares of record may vote those shares in their discretion on certain routine proposals when they do not receive timely voting instructions from the beneficial holders. A broker non-vote occurs under these NYSE rules when a bank, brokerage firm or other nominee holding shares of record is not permitted to vote on a non-routine matter without instructions from the beneficial owner of the shares and no instruction is given.

In accordance with these NYSE rules, banks, brokers and other nominees who hold shares of Transatlantic common stock in street name for their customers, but do not have discretionary authority to vote the shares, may not exercise their voting discretion with respect to the adoption of the merger agreement proposal, the adjournment proposal or the golden parachute proposal. Accordingly, if banks, brokers or other nominees do not receive specific voting instructions from the beneficial owner of such shares, they may not vote such shares with respect to the adoption of the merger agreement proposal, the adjournment proposal or the golden parachute proposal. For shares of Transatlantic common stock held in street name, only shares of Transatlantic common stock affirmatively voted **FOR** the adoption of the merger agreement proposal, the adjournment proposal and the golden parachute proposal will be counted as affirmative votes therefor.

Abstentions, failures to vote and broker non-votes, if any, will have the same effect as a vote **AGAINST** the adoption of the merger agreement proposal. Abstentions will have the same effect as a vote **AGAINST** the adjournment proposal. Failures to vote and broker non-votes, if any, will have no effect on the approval of the adjournment proposal. Abstentions will have the same effect as a vote **AGAINST** the golden parachute proposal. Failures to vote and broker non-votes, if any, will not be voted, but this will not have an effect on the golden parachute proposal, assuming a quorum is present.

**Voting at the Transatlantic Special Shareholder Meeting**

Whether or not you plan to attend the Transatlantic Special Shareholder Meeting, please vote your shares. If you are a registered or record holder, which means your shares are registered in your name with American Stock Transfer & Trust Company LLC, Transatlantic's transfer agent and registrar, you may vote in person at

## **Table of Contents**

the Transatlantic Special Shareholder Meeting or by proxy. If your shares are held in street name, which means your shares are held of record in an account with a bank, brokerage firm or other nominee, you must follow the instructions from your bank, brokerage firm or other nominee in order to vote.

### **Voting in Person**

If you plan to attend the Transatlantic Special Shareholder Meeting and wish to vote in person, you will be given a ballot at the Transatlantic Special Shareholder Meeting. Please note, however, that if your shares are held in street name, and you wish to vote at the Transatlantic Special Shareholder Meeting, you must bring to the Transatlantic Special Shareholder Meeting a proxy executed in your favor from the record holder (your bank, brokerage firm or other nominee) of the shares authorizing you to vote at the Transatlantic Special Shareholder Meeting.

In addition, if you are a registered Transatlantic stockholder, please be prepared to provide proper identification, such as a driver's license, in order to be admitted to the Transatlantic Special Shareholder Meeting. If you hold your shares in street name, you will need to provide proof of ownership, such as a recent account statement or letter from your bank, brokerage firm or other nominee, along with proper identification.

### **Voting by Proxy**

If you are a holder of record, a proxy card is enclosed for your use. Transatlantic requests that you submit a proxy by:

logging onto \_\_\_\_\_ and following the instructions on your proxy card to vote via the internet anytime up to \_\_\_\_\_ on \_\_\_\_\_, 2011 and following the instructions provided on that site;

dialing \_\_\_\_\_ and listening for further directions to vote by telephone anytime up to \_\_\_\_\_ on \_\_\_\_\_, 2011 and following the instructions provided in the recorded message; or

signing and returning the accompanying proxy card in the enclosed postage-paid envelope. Transatlantic stockholders of record may submit their proxies through the mail by completing their proxy card, and signing, dating and returning it in the enclosed, pre-addressed, postage-paid envelope. To be valid, a returned proxy card must be signed and dated.

**You should vote your proxy in advance of the Transatlantic Special Shareholder Meeting even if you plan to attend the Transatlantic Special Shareholder Meeting. You can always change your vote at the Transatlantic Special Shareholder Meeting.**

If you hold your shares of Transatlantic common stock in a stock brokerage account or if your shares are held by a bank or other nominee (that is, in street name), you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your bank, brokerage firm or other nominee. Please note that you may not vote shares of Transatlantic common stock held in street name by returning a proxy card directly to Transatlantic or by voting in person at the Transatlantic Special Shareholder Meeting unless you have a legal proxy, which you must obtain from your bank, brokerage firm or other nominee. Further, brokers who hold shares of Transatlantic common stock on behalf of their customers may not give a proxy to Transatlantic to vote those shares without specific instructions from their customers.

If you are a Transatlantic stockholder and you do not instruct your bank, brokerage firm or other nominee on how to vote your shares your bank, brokerage firm broker or other nominee, as applicable, may not vote your shares on any of the proposals to be considered and voted upon at the Transatlantic Special Shareholder Meeting as all such matters are deemed non-routine matters pursuant to applicable NYSE rules.

**How Proxies Are Counted**

All shares of Transatlantic common stock represented by properly executed proxies received in time for the Transatlantic Special Shareholder Meeting will be voted at the meeting in the manner specified by the

## **Table of Contents**

stockholders giving those proxies. Properly executed proxies that do not contain voting instructions will be voted FOR the adoption of the merger agreement proposal, the adjournment proposal and the golden parachute proposal.

Only shares of Transatlantic common stock affirmatively voted for the applicable proposal, and properly executed proxies that do not contain voting instructions, will be counted as favorable votes for adoption of the merger agreement proposal, the adjournment proposal and the golden parachute proposal. Abstentions, failures to vote and broker non-votes, if any, will have the same effect as votes AGAINST the adoption of the merger agreement proposal. Abstentions will have the same effect as a vote AGAINST the adjournment proposal. Failures to vote and broker non-votes, if any, will have no effect on the approval of the adjournment proposal. Abstentions will have the same effect as a vote AGAINST the golden parachute proposal. Failures to vote and broker non-votes, if any, will not be voted, but this will not have an effect on the golden parachute proposal, assuming a quorum is present.

## **Revocation of Proxies**

If you are the record holder of shares of Transatlantic common stock, you can change your vote or revoke your proxy at any time before your proxy is voted at the Transatlantic Special Shareholder Meeting. You can do this by:

timely delivering a new, valid proxy bearing a later date by submitting instructions via the internet, by telephone or by mail as described on the proxy card;

timely delivering a signed written notice of revocation to the Secretary of Transatlantic; or

attending the Transatlantic Special Shareholder Meeting and voting in person, which will automatically cancel any proxy previously given, or you can revoke your proxy in person. Simply attending the Transatlantic Special Shareholder Meeting without voting will not revoke any proxy that you have previously given or change your vote.

A registered Transatlantic stockholder may revoke a proxy by any of these methods, regardless of the method used to deliver the Transatlantic stockholder's previous proxy.

Written notices of revocation and other communications with respect to the revocation of proxies should be addressed as follows:

Transatlantic Holdings, Inc.  
80 Pine Street  
New York, New York 10005  
Attention: Secretary

Please note that if your shares of Transatlantic common stock are held in street name through a bank, brokerage firm or other nominee, you may change your vote by submitting new voting instructions to your bank, brokerage firm or other nominee in accordance with its established procedures. If your shares are held in the name of a bank, brokerage firm or other nominee and you decide to change your vote by attending the Transatlantic Special Shareholder Meeting and voting in person, your vote in person at the Transatlantic Special Shareholder Meeting will not be effective unless you have obtained and present an executed proxy issued in your name from the record holder (your bank, brokerage firm or other nominee).

## **Tabulation of Votes**

Transatlantic has appointed American Stock Transfer & Trust Company LLC to serve as the Inspector of Election for the Transatlantic Special Shareholder Meeting. American Stock Transfer & Trust Company LLC will independently tabulate affirmative and negative votes and abstentions.

**Table of Contents**

**Solicitation of Proxies**

Transatlantic is soliciting proxies for the Transatlantic Special Shareholder Meeting from its stockholders. In accordance with the merger agreement, Transatlantic and Allied World will share equally all fees and expenses in relation to the printing, filing and distribution of this joint proxy statement/prospectus. Transatlantic will pay all of its other costs of soliciting proxies. In addition to solicitation by use of the mails, proxies may be solicited by Transatlantic's directors, officers and employees in person or by telephone or other means of communication. These persons will not receive additional compensation, but may be reimbursed for reasonable out-of-pocket expenses in connection with this solicitation.

Transatlantic has engaged Georgeson Inc. to assist in the solicitation of proxies for the Transatlantic Special Shareholder Meeting. Transatlantic estimates that it will pay Georgeson Inc. a fee of approximately \$16,000 for proxy solicitation services. Transatlantic will also reimburse Georgeson Inc. for reasonable out-of-pocket expenses and will indemnify Georgeson Inc. and its affiliates against certain claims, liabilities, losses, damages and expenses. Transatlantic will make arrangements with brokerage houses, custodians, nominees and fiduciaries to forward proxy solicitation materials to beneficial owners of shares of Transatlantic common stock held of record by them. Transatlantic will also reimburse these brokerage houses, custodians, nominees and fiduciaries for their reasonable expenses incurred in forwarding the proxy materials.

**Adjournments**

Any adjournment of the Transatlantic Special Shareholder Meeting may be made from time to time by the Transatlantic stockholders, by the affirmative vote of the holders of a majority of shares of Transatlantic common stock entitled to vote and present in person or by proxy, whether or not a quorum is present, without further notice other than by an announcement made at the Transatlantic Special Shareholder Meeting. If a quorum is not present at the Transatlantic Special Shareholder Meeting, or if a quorum is present at the Transatlantic Special Shareholder Meeting but there are not sufficient votes at the time of the Transatlantic Special Shareholder Meeting to approve the adoption of the merger agreement proposal, then Transatlantic stockholders may be asked to vote to adjourn the Transatlantic Special Shareholder Meeting so as to permit the further solicitation of proxies.



**Table of Contents**

**THE MERGER**

**Effects of the Merger**

At the effective time of the merger, Merger Sub, a wholly-owned subsidiary of Allied World that was formed for the sole purpose of effecting the merger, will merge with and into Transatlantic. Transatlantic will survive the merger and become a wholly-owned subsidiary of Allied World. Upon completion of the merger, Allied World will be the parent company of Transatlantic, and Allied World's name will be changed to TransAllied Group Holdings, AG.

In the merger, each outstanding share of Transatlantic common stock (other than shares owned by Transatlantic, Allied World or Merger Sub, which shares will be cancelled) will be converted into the right to receive 0.88 Allied World shares, together with cash paid in lieu of fractional shares. This exchange ratio is fixed and will not be adjusted to reflect share price changes prior to the closing of the merger. Allied World shareholders will continue to hold their existing Allied World shares.

**Background of the Merger**

***Background of the Merger***

From 1990, when Transatlantic became a public company, until June 2009, American International Group, Inc. (together with its subsidiaries, AIG) owned a controlling interest in Transatlantic's outstanding common stock. In the second half of 2008, AIG experienced an unprecedented strain on its liquidity. This strain led to a series of transactions with the Federal Reserve Bank of New York and the U.S. Department of the Treasury. On September 29, 2008, AIG, which then owned approximately 59% of Transatlantic's outstanding common stock, filed an amendment to its Schedule 13D relating to Transatlantic stating, among other things, that AIG is exploring all strategic alternatives in connection with the potential disposition or other monetization of its . . . interest in [Transatlantic]. A special committee of directors of Transatlantic that were independent of management and of AIG (the Special Committee) comprised of Messrs. Richard S. Press, Ian H. Chippendale and John G. Foos was subsequently formed to evaluate proposals received from AIG relating to the possible disposition of, or other transactions involving, AIG's ownership interest in Transatlantic as well as any related business combination transactions involving Transatlantic's outstanding shares. Although several parties initially indicated possible interest in a transaction involving Transatlantic's outstanding shares, these initial indications did not proceed past preliminary proposals, execution of confidentiality and standstill agreements and exchanges of non-public information. On June 10, 2009, AIG disposed of 29,900,000 of its shares of Transatlantic's common stock in a secondary public offering, reducing its ownership in Transatlantic from approximately 59% to approximately 14%. Subsequently, AIG disposed of its remaining 8,500,000 shares of Transatlantic common stock in a secondary public offering (in which Transatlantic repurchased 2,000,000 of such shares) on March 15, 2010.

The board of directors and management of Allied World regularly review and evaluate potential strategic transactions, including business combinations, as part of their ongoing oversight and management of Allied World's business and in furtherance of Allied World's goal to increase its competitive positioning within the market. In the years leading up to the present transaction, Allied World, with the assistance of its respective legal and financial advisors, reviewed and analyzed potential strategic transactions with several companies within the insurance and reinsurance industry, but ultimately determined that a transaction with such companies at the relevant times was not strategically optimal. During this time, Allied World also engaged in a review of potential opportunities for smaller acquisitions as well as organic growth, and executed on certain of these initiatives. In October 2008, Allied World acquired Darwin Professional Underwriters, Inc., a specialty U.S. casualty insurer focused on small account primary and healthcare

business, to expand Allied World's U.S. insurance platform. As part of the strategy to grow its U.S. insurance and reinsurance platforms, Allied World also made investments in 2008 and 2009 to hire additional underwriting teams and support staff and build out its infrastructure. In 2010, Allied World established a syndicate at Lloyd's of London to further expand its underwriting activities.

**Table of Contents**

Since AIG's June 2009 secondary offering, the Transatlantic board of directors and senior management have regularly reviewed and assessed strategic alternatives available to enhance stockholder value, including possible business combination transactions. In February 2010, Transatlantic selected Moelis to act as its financial advisor in connection with a review of strategic alternatives, based upon, among other things, the fact that Moelis is an internationally recognized investment banking firm that has substantial experience in merger and acquisition transactions. In October 2010, the Transatlantic board of directors disbanded the Special Committee (since AIG was no longer a significant stockholder of Transatlantic) and established a new strategy committee of the board of directors (the Strategy Committee), comprised of Messrs. Press, Chippendale, Foos and Stephen P. Bradley, each of whom are independent, to oversee Transatlantic's review of strategic alternatives. From time to time since AIG's June 2009 offering, at the direction of the board of directors of Transatlantic and the Strategy Committee, Transatlantic's senior management engaged in preliminary discussions regarding possible business combination transactions with a number of insurance and reinsurance companies. Until the negotiations described below, these discussions did not proceed past preliminary proposals, execution of confidentiality and standstill agreements and limited exchanges of non-public information.

During 2010, Allied World engaged in strategic discussions with certain insurance and reinsurance companies, including a potential business combination and two strategic acquisitions in Canada and Europe. In each case, Allied World determined that the transaction valuations sought did not provide adequate value to Allied World and its shareholders.

During the period from February 11, 2011 to March 11, 2011, Robert F. Orlich, the Chief Executive Officer of Transatlantic, and/or Michael C. Sapnar, the current Chief Operating Officer of Transatlantic, engaged in very preliminary discussions with Scott A. Carmilani, the Chairman and Chief Executive Officer of Allied World, concerning the possibility of a strategic business combination transaction involving the two companies. On March 11, 2011, Mr. Carmilani met with Messrs. Orlich and Sapnar to discuss the possibility of the companies entering into a mutual confidentiality agreement, as well as the engagement of financial advisors by both companies, in connection with a potential transaction. The individuals also had very preliminary discussions regarding governance matters in connection with a possible transaction.

On March 13, 2011, the Allied World board of directors met by teleconference with members of Allied World's senior management in attendance, during which Mr. Carmilani reported on his initial conversations with Messrs. Orlich and Sapnar. At the meeting, the Allied World board of directors requested Allied World's senior management team to engage in further discussions with Transatlantic regarding the possibility of a strategic business combination involving the two companies and to report back to the board following such discussions. The Allied World board of directors also requested the retention of Deutsche Bank as Allied World's financial advisor in connection with the review of the possible transaction, based upon, among other things, the fact that Deutsche Bank is an internationally recognized investment banking firm that has substantial experience in merger and acquisition transactions and the high-quality service that Deutsche Bank provides. Shortly thereafter, representatives of Allied World's senior management approached representatives of Deutsche Bank to discuss whether Deutsche Bank would be available to assist Allied World in connection with evaluating the proposed transaction, and Deutsche Bank was then selected to serve as the company's financial advisor.

On March 16, 2011, in connection with the regularly scheduled March 17, 2011 Transatlantic board of directors meeting, the Strategy Committee held a meeting (at which all of Transatlantic's directors were in attendance) to discuss Messrs. Orlich and Sapnar's conversations with Mr. Carmilani and the benefits of a potential strategic combination transaction between the companies. Members of Transatlantic's senior management and representatives from Gibson, Dunn & Crutcher LLP, Transatlantic's outside legal counsel (Gibson Dunn), and Moelis participated in this meeting. Representatives of Moelis reviewed with the directors recent M&A activity in the property and casualty insurance and reinsurance industry and provided an overview of potential business combination partners, including Allied World. Mr. Orlich described management's views as to the business and strategic benefits of a potential

strategic combination transaction with Allied World, including the increased size and capital position of the combined companies, the combination of strong primary insurance and reinsurance businesses, and certain expected synergies. Mr. Orlich also noted that

**Table of Contents**

Transatlantic and Allied World each had strong and complementary underwriting and risk management cultures and that Transatlantic has been conducting insurance and reinsurance business with Allied World for many years and has had very positive experiences with Allied World. Following this discussion, the Strategy Committee authorized Transatlantic's senior management to continue its preliminary discussions with Allied World and to enter into a mutual confidentiality and standstill agreement.

On March 22, 2011, representatives of Transatlantic's senior management approached representatives of Goldman, Sachs & Co. ( Goldman Sachs ) to discuss whether Goldman Sachs would be available to assist Transatlantic in connection with the proposed transaction.

On March 27, 2011, Transatlantic and Allied World entered into a mutual confidentiality and standstill agreement, and both parties and their advisors began due diligence.

On March 27, 2011, the Allied World board of directors met by teleconference with members of Allied World's senior management in attendance. At the meeting, Allied World's senior management updated the board as to the company's review of a possible transaction with Transatlantic and the status of its discussions with Transatlantic. Allied World's management indicated that the company had entered into a mutual confidentiality and standstill agreement with Transatlantic and would immediately commence its due diligence review of Transatlantic.

Starting on March 27, 2011 and continuing until the execution of the merger agreement on June 12, 2011, the management teams of Transatlantic and Allied World, together with their respective financial, actuarial, tax and legal advisors, performed extensive due diligence on each other through a series of meetings, telephonic discussions and a review of both public and non-public information.

Beginning in late March 2011, members of Allied World's senior management team, together with Allied World's financial and legal advisors, discussed with members of Allied World's board of directors at varying times the status of ongoing due diligence and discussions with Transatlantic. In particular, Mr. Carmilani provided continuous updates to Allied World's lead independent director regarding various issues relating to the transaction, which were in turn reported to other members of the board; met in person with the co-chairs of the Allied World audit committee to discuss items related to financial statements, independent auditors and the internal audit function in connection with a possible transaction; discussed compensation matters with the chairman of Allied World's compensation committee; analyzed issues relating to the potential combined company's investment portfolio with the chairman of Allied World's investment committee; and engaged in individual discussions with directors from time to time regarding structuring, governance, valuation and other issues related to the potential transaction.

On April 4, 2011, Transatlantic and Allied World, together with their financial and legal advisors, had a telephonic organizational meeting to discuss the process and timeline for a proposed transaction, including, among other things, due diligence matters, tax issues, regulatory issues, rating agencies, antitrust issues and capital management.

On April 6, 2011, members of Transatlantic's senior management met with members of Allied World's senior management and discussed a potential strategic combination transaction and various issues related thereto, including, among other things, the potential business and strategic benefits of a combination, a potential deal structure, due diligence matters, proposed timeline and cultural issues. The parties did not discuss the exchange ratio in a potential transaction at this meeting.

Following the meeting on April 6, 2011, the Strategy Committee held a telephonic meeting (at which additional Transatlantic directors were in attendance), attended by members of Transatlantic's senior management and representatives of Gibson Dunn. At this meeting, members of management updated the Strategy Committee regarding additional discussions that had occurred with Allied World, including with respect to due diligence matters.

Transatlantic's management noted that Transatlantic wished to engage PricewaterhouseCoopers LLP ( PWC ), Transatlantic's auditors, to assist with certain tax due diligence matters. Messrs. Foos, Press and John. L. McCarthy, constituting all the members of Transatlantic's audit committee, authorized management to engage PWC as Transatlantic's tax advisor in connection with a possible transaction with Allied World. Transatlantic's senior management also informed the Strategy Committee that Transatlantic had

**Table of Contents**

retained an internationally-recognized consulting firm to perform an independent review of Allied World's loss reserves in addition to the due diligence review being performed by Transatlantic's actuaries. Members of management and representatives of Gibson Dunn reviewed with the Strategy Committee the rationale for entering into, and the proposed terms of, an exclusivity agreement with Allied World. Representatives of Gibson Dunn discussed with the directors the applicable legal standards in the context of considering a strategic combination transaction of the type being proposed. Following a discussion, the Strategy Committee authorized Transatlantic's management to enter into a 30-day exclusivity agreement with Allied World. In addition, Transatlantic's board of directors had requested that representatives of Goldman Sachs and Moelis describe any recent prior relationships between their respective firms and Allied World. After consideration and discussion, Transatlantic's board of directors then selected Goldman Sachs and Moelis to act as Transatlantic's independent financial advisors in connection with the proposed strategic combination transaction based upon, among other things, the fact that they are internationally recognized investment banking firms that have substantial experience in transactions similar to the proposed strategic combination transaction and the high quality of service that both firms had provided to Transatlantic in the past. The Transatlantic board of directors also determined to seek a fairness opinion from Moelis in connection with the potential transaction with Allied World because, among other things, Moelis had no prior relationships with Allied World.

On April 8, 2011, the Allied World board of directors met by teleconference with members of Allied World's senior management in attendance, during which management reviewed certain aspects of the possible transaction with Transatlantic, including governance matters, loss reserves and deal structures. Allied World's senior management stated that the company had retained an internationally-recognized consulting firm to perform an independent review of Transatlantic's loss reserves in addition to the due diligence review being performed by Allied World's actuaries. Allied World's senior management reported that the company was negotiating a mutual exclusivity agreement with Transatlantic in connection with the possible transaction and reviewed the rationale for entering into such agreement as well as its proposed terms. Following this informational call, the directors requested that Allied World's senior management and advisors continue their discussions with Transatlantic.

Also on April 8, 2011, Mr. Carmilani met with Messrs. Orlich and Sapnar to discuss certain governance matters in connection with a possible business combination involving the companies.

On April 11, 2011, Transatlantic and Allied World entered into a 30-day mutual exclusivity agreement.

On April 14, 2011 and April 15, 2011, representatives of Transatlantic and Allied World senior management, together with their respective financial and legal advisors, met at Deutsche Bank's offices in New York City to conduct mutual due diligence and discuss various aspects of the businesses conducted by each of Transatlantic and Allied World.

Starting in mid-April through late May, Transatlantic and Allied World, together with their respective advisors, evaluated a variety of possible transaction structures for a merger of equals transaction and jointly determined that merging Transatlantic into a subsidiary of Allied World, with Allied World surviving as the publicly-traded parent company, represented the most desirable structure for the potential transaction.

During April 2011 and through the execution of the merger agreement on June 12, 2011, members of Allied World's senior management team, together with Allied World's financial and legal advisors, continued to provide updates to members of Allied World's board of directors regarding the ongoing discussions with Transatlantic.

From April 18, 2011 through April 26, 2011, representatives of Allied World's senior management met with representatives of Deutsche Bank and Allied World's outside legal counsel, Willkie Farr & Gallagher LLP ( Willkie Farr ), to discuss due diligence matters, financial projections, valuation matters, potential corporate structures and other legal issues regarding the potential transaction with Transatlantic.

On April 18, 2011 and April 25, 2011, the Strategy Committee held telephonic meetings (at which additional Transatlantic directors were in attendance), attended by members of Transatlantic's management, and representatives of Gibson Dunn, Goldman Sachs and Moelis, at which they received updates regarding the status of discussions with Allied World. At the April 25, 2011 meeting, representatives of Goldman Sachs and



**Table of Contents**

Moelis reviewed with the directors, among other things, certain preliminary financial analyses of Transatlantic and Allied World and discussed certain considerations with respect to the exchange ratio in a potential stock-for-stock transaction with Allied World, including various sources of value that may affect the exchange ratio, and the possibility of using alternative structures, such as contingent value rights. Representatives of Gibson Dunn then provided the directors with a summary of the terms of a draft merger agreement. Following a discussion, the Strategy Committee authorized Goldman Sachs and Moelis to commence valuation discussions with Deutsche Bank and authorized Gibson Dunn to distribute the draft merger agreement to Allied World's legal advisors.

On April 25, 2011, representatives of Goldman Sachs and Moelis contacted representatives of Deutsche Bank to discuss certain valuation issues and informed them that Transatlantic would not be willing to enter into a transaction based on a market-to-market valuation of the two companies and would expect the transaction to be based on book-to-book valuation, with appropriate adjustments for reserves, goodwill and litigation matters. Allied World's financial advisors indicated that Allied World was not contemplating a transaction based on a market-to-market valuation but that it would not be willing to enter into a transaction based on a tangible book-to-tangible book valuation of the two companies.

On April 26, 2011, representatives of Gibson Dunn distributed a draft merger agreement to Willkie Farr.

On April 27, 2011, Mr. Press and Mr. Carmilani met and discussed the status of the proposed transaction between Transatlantic and Allied World, including certain governance issues that would need to be addressed for the combined company. Mr. Press and Mr. Carmilani discussed Mr. Orlich's desire to retire at the closing of the proposed strategic combination transaction (if the parties in fact proceeded to execute an agreement and consummate a transaction) and the need to agree on the composition of the board and management positions for the combined company.

On May 2, 2011, representatives of Allied World's senior management team met with representatives of Transatlantic's senior management team and discussed due diligence matters and various aspects regarding the structure of the proposed transaction. In addition, Allied World communicated to representatives of Goldman Sachs a proposal that the combined company's board of directors consist of 12 members, comprised of six former Transatlantic directors, five former independent Allied World directors and Mr. Carmilani. Later that same day, the Strategy Committee held a telephonic meeting (at which additional Transatlantic directors were in attendance), attended by members of Transatlantic's management and representatives of Gibson Dunn, Goldman Sachs and Moelis. At the meeting, members of Transatlantic's management and advisors provided the directors with an update regarding the status of discussions with Allied World. Mr. Orlich and the other members of management described to the directors the progress that had occurred to date. Representatives of Goldman Sachs described the communication they had received from Allied World's advisors earlier in the day. The Transatlantic directors also discussed the desirability of having an in person meeting between certain of the Transatlantic directors and senior management and certain members of the Allied World board of directors and senior management. Following the discussion, the Strategy Committee authorized Goldman Sachs and Moelis to inform Deutsche Bank of Transatlantic's views with regard to the board composition of the combined company in light of the fact that the former Transatlantic stockholders would own a majority of the shares of the combined company, specifically, the importance of having an 11 member board of directors comprised of six former Transatlantic directors and five former Allied World directors, with the board to be chaired by a current Transatlantic director.

On May 3, 2011, representatives of Allied World and Transatlantic held a telephonic meeting to discuss the status of each company's due diligence review and loss reserve matters.

On May 5, 2011, the Allied World board of directors met with representatives of Allied World's senior management and representatives of Deutsche Bank as part of its regularly scheduled board meeting in Zug, Switzerland. At the meeting, representatives of Allied World and representatives of Deutsche Bank had extensive discussions regarding

the benefits of the potential business combination transaction with Transatlantic, including financial and strategic rationales and potential synergies. Representatives of Deutsche Bank discussed various financial and valuation analyses of the transaction, including the exchange ratio based on book-to-book and tangible book-to-book values, and reviewed recent merger of equal transaction valuations

**Table of Contents**

and governance metrics. Representatives of Allied World's senior management provided the directors with a substantive update on their discussions with Transatlantic and its advisors regarding the governance of the combined company, including the potential senior management team, board and committee compositions and the chairmanship. Allied World's senior management also discussed the status of its due diligence review to date and reviewed certain terms of the draft merger agreement that Transatlantic had provided to Allied World. Allied World's management noted that it wished to engage Deloitte & Touche Ltd., Allied World's independent auditors, to assist with certain financial and accounting due diligence matters. Allied World's audit committee thereafter authorized management to engage Deloitte & Touche Ltd. as its advisor in connection with a possible transaction with Transatlantic. Following this meeting, the directors authorized Allied World's management and advisors to continue negotiations with Transatlantic.

On May 5, 2011, Allied World held its 2011 annual ordinary general meeting of shareholders at which the Allied World shareholders elected the Class I directors up for election, approved the payment of dividends in the form of a par value reduction and approved certain other matters.

On May 6, 2011, representatives of Goldman Sachs and Moelis had a meeting with representatives of Deutsche Bank to discuss valuation and governance issues with respect to the proposed transaction. Deutsche Bank relayed to Transatlantic's financial advisors Allied World's views regarding board and committee composition, chairmanship and valuation. At this meeting, representatives of Goldman Sachs and Moelis discussed with representatives of Deutsche Bank the idea of setting up an in person meeting between certain directors and members of senior management of Transatlantic and Allied World.

On May 8, 2011 and May 10, 2011, the Strategy Committee held telephonic meetings (at which additional Transatlantic directors were in attendance), attended by members of Transatlantic's management and representatives of Gibson Dunn, Goldman Sachs and Moelis. Representatives of Goldman Sachs and Moelis and members of Transatlantic's management provided the directors with updates regarding their conversations with Allied World and its advisors. At the May 8, 2011 meeting, representatives of Goldman Sachs and Moelis reviewed with the directors, among other things, certain preliminary financial analyses of Transatlantic and Allied World. Following a discussion at the May 8, 2011 meeting, the Strategy Committee requested that Goldman Sachs and Moelis arrange for an in person meeting on May 12, 2011 between certain Transatlantic directors and members of senior management and certain Allied World directors and members of senior management.

On May 9, 2011, Mr. Press and Mr. Carmilani discussed certain governance issues with respect to the proposed transaction.

On May 12, 2011, Messrs. Press, Chippendale, Foos and Mr. Sapnar met in New York City with Messrs. Carmilani, Bart Friedman, Mark R. Patterson and Sam Weinhoff, all directors of Allied World, to discuss the proposed transaction and the governance of the combined company.

On May 13, 2011, Mr. Press met with Mr. Carmilani in New York City to discuss certain matters in connection with the proposed strategic combination transaction.

Also on May 13, 2011, representatives of Transatlantic and Allied World, together with their legal advisors, participated in a conference call to discuss, among other things, certain matters with respect to the proposed transaction and the draft merger agreement.

On May 14, 2011 and May 15, 2011, at the direction of the Strategy Committee, representatives of Goldman Sachs and Moelis had numerous conversations with representatives of Deutsche Bank regarding valuation and governance matters with respect to the proposed strategic combination transaction. Representatives of Deutsche Bank

communicated Allied World's views regarding governance and certain other economic issues.

On May 16, 2011, the Strategy Committee held a telephonic meeting (at which additional Transatlantic directors were in attendance), attended by members of Transatlantic's management, and representatives of Gibson Dunn, Goldman Sachs and Moelis, to discuss Allied World's most recent communications and

## **Table of Contents**

Transatlantic's response and to provide direction to Goldman Sachs and Moelis. The Strategy Committee also unanimously approved a motion to add John L. McCarthy to the Strategy Committee.

On May 17, 2011, representatives of Goldman Sachs and Moelis informed Deutsche Bank of Transatlantic's position with respect to governance of the combined company and certain valuation issues. Later that same day, Allied World delivered a proposal to Transatlantic setting forth certain terms of a possible business combination transaction. Specifically, Allied World's proposal included, among other things, (i) an exchange ratio of 0.87 Allied World shares per share of Transatlantic common stock, (ii) an 11 member board of directors comprised of six former Transatlantic directors and five former Allied World directors, which would be chaired by a current, independent Transatlantic director for a period of one year after the closing of the proposed transaction, at which time such director would retire from the board, and (iii) a proposed senior management team for the combined company. The Allied World proposal also indicated that the combined company's nominating and corporate governance committee would undertake a search to identify an individual (who could not be a current member of the Transatlantic or Allied World board of directors) with substantial industry expertise to serve as an independent, non-executive chairman upon the one-year anniversary of the closing of the proposed transaction.

From the period following delivery of the May 17<sup>th</sup> proposal through May 20<sup>th</sup>, Allied World, Transatlantic and their respective financial advisors engaged in discussions and negotiations regarding the terms of the proposed transaction, including valuation, the exchange ratio and governance matters.

On May 20, 2011, Allied World delivered its best and final written offer to Transatlantic providing for, among other things, (i) an exchange ratio of 0.88 Allied World shares per share of Transatlantic common stock, (ii) an 11 member board of directors of the combined company to be comprised of six former Transatlantic directors and five former Allied World directors, (iii) six committees of the combined company's board of directors, each to be comprised of two former Transatlantic directors and two former Allied World directors, (iv) the nominating and corporate governance, investment and executive committees to be chaired by former Allied World directors and the audit, compensation and enterprise risk committees to be chaired by former Transatlantic directors, (v) the current chairman of the Transatlantic board of directors to act as chairman of the combined company for one year post-closing of the merger and then retire from the board, to be succeeded by an independent director (who could not be a current member of the Transatlantic or Allied World board of directors) with substantial industry expertise, and (vi) certain proposals with respect to senior management and location of the combined company.

On May 20, 2011, the Strategy Committee held a telephonic meeting (at which additional Transatlantic directors were in attendance), attended by members of Transatlantic's management, and representatives from Gibson Dunn, Goldman Sachs and Moelis, to discuss Allied World's latest proposal. At the meeting, representatives of Goldman Sachs and Moelis reviewed with the directors, among other things, a preliminary financial analysis of the proposed transaction on the terms proposed in the letter received from Allied World on May 20, 2011 as well as an analysis of Transatlantic's stand-alone plan. Also at the meeting, in light of the proposal that upon the one-year anniversary of the closing of the proposed transaction, a new independent, non-executive chairman of the combined company be appointed, the directors discussed their desire to have six former Transatlantic directors serve on the combined company's board for two years following the closing (absent earlier retirements or resignations and subject to re-election) and, accordingly, authorized representatives of Goldman Sachs and Moelis to ask if Allied World would agree that Transatlantic's current chairman remain on the board of directors of the combined company for an additional year after resigning as non-executive chairman of the combined company. Representatives of Allied World replied that they would agree to consider this possibility, pending successful negotiation of other transaction terms.

On May 20, 2011, Transatlantic publicly announced that Mr. Sapnar had been appointed as Executive Vice President and Chief Operating Officer of Transatlantic, that Mr. Thomas R. Tizzio, a director of Transatlantic, had notified the Transatlantic board of directors that he would not stand for re-election at the upcoming Transatlantic annual

stockholders meeting for personal reasons and that the Transatlantic board of directors intended to fill the vacancy on the Board with Mr. Sapnar, effective following the annual meeting of stockholders.

## **Table of Contents**

On May 23, 2011, the Allied World board of directors met by teleconference with members of Allied World's senior management in attendance. At the meeting, Allied World's senior management updated the board as to the current status of its discussions with Transatlantic, including the terms of Allied World's May 20th proposal described above, and management's current views regarding price and governance matters in the possible transaction. Allied World's management also provided a summary of its key due diligence findings to date and an outline of open due diligence items.

On May 24, 2011, the Strategy Committee held a telephonic meeting (at which additional Transatlantic directors were in attendance), attended by members of Transatlantic's management, and representatives from Gibson Dunn, Goldman Sachs and Moelis. Goldman Sachs and Moelis reported on the status of their discussions with Deutsche Bank, in particular, that Deutsche Bank reaffirmed that the May 20, 2011 proposal from Allied World was their best and final offer. The Strategy Committee decided to discuss Allied World's proposal at the May 26, 2011 regularly scheduled Transatlantic board of directors meeting.

On May 26, 2011, Transatlantic held its annual meeting of stockholders at which time the Transatlantic stockholders elected all of Transatlantic's nominees for director, ratified the selection of PWC as Transatlantic's independent registered public accounting firm for 2011, approved, on an advisory and non-binding basis, the compensation of executives disclosed in the proxy statement related to the May 26, 2011 stockholder meeting, and approved, on an advisory and non-binding basis, holding future advisory votes on executive compensation annually.

Also on May 26, 2011, Transatlantic held a regularly scheduled meeting of its board of directors at which the directors discussed, among other things, the proposal received from Allied World on May 20, 2011 and the substance of subsequent discussions between Goldman Sachs, Moelis and Deutsche Bank. Representatives of Goldman Sachs and Moelis presented to the directors certain preliminary financial analyses of the financial terms of the Allied World proposal from May 20, 2011. The preliminary financial analyses were prepared by Goldman Sachs and Moelis after consultation with Transatlantic's management. Representatives of Gibson Dunn reviewed with the directors the applicable legal standards in the context of considering a strategic combination transaction of the type being proposed and a comparison of Delaware and Swiss corporate law. At this meeting, the Transatlantic board of directors formally appointed Mr. Sapnar to the Transatlantic board of directors. Following a discussion, the directors authorized Transatlantic's management and advisors to continue negotiations with Allied World.

On May 27, 2011, Transatlantic and Allied World executed an amendment to the exclusivity agreement (which had expired on May 11, 2011), extending its term until June 15, 2011.

Commencing on May 27, 2011 and continuing until execution of the merger agreement on June 12, 2011, both parties and their advisors, including Gibson Dunn, Willkie Farr, Lenz & Staehelin (Transatlantic's outside Swiss legal counsel) and Baker & McKenzie (Allied World's outside Swiss legal counsel), negotiated the terms of the definitive merger agreement, completed their due diligence efforts, participated in numerous meetings and conference calls to coordinate joint presentations to rating agencies and investors, and finalized the terms and structure of the proposed transaction.

Between June 1, 2011 and June 10, 2011, representatives of Transatlantic and Allied World held various discussions with rating agencies and insurance regulators to notify them of the proposed business combination transaction.

On June 2, 2011, Mr. Orlich received an unsolicited telephone call from the chief executive officer of Company A regarding a possible business combination transaction between Transatlantic and Company A. Subsequently, on June 7, 2011, Company A delivered a letter to Transatlantic expressing an interest in discussing a potential business combination transaction, which letter did not contain any economic or other specific terms for a proposed transaction. Following discussions between the directors, Transatlantic's management and Transatlantic's advisors, the board of

directors determined to continue its negotiations with Allied World and to discuss Company A's letter at the June 12, 2011 Transatlantic board of directors special meeting.



## **Table of Contents**

On June 3, 2011, the Allied World board of directors met by teleconference with members of Allied World's senior management in attendance during which management updated the board on the progress of its discussions with Transatlantic, reviewed Allied World's recent meetings with the rating agencies with regard to the possible transaction with Transatlantic and provided updates with respect to investment portfolios, a Swiss tax ruling, loss reserves, outstanding due diligence items and proposed timing in connection with the possible transaction. Management also reviewed its preliminary strategies for communicating the transaction to public, staff and investors.

On June 10, 2011, the Allied World board of directors met by teleconference with members of Allied World's senior management in attendance, during which management provided an update on its negotiations with Transatlantic and its advisors since the last informational call, discussed legal matters, deal structure, loss reserves, due diligence and other financial matters related to the proposed transaction and reviewed feedback received from the rating agencies. Allied World's senior management also reported that Transatlantic had received a letter from Company A expressing Company A's interest in discussing a potential business combination transaction with Transatlantic. After a discussion of Company A's letter, the Allied World board of directors requested that senior management continue to negotiate and finalize the proposed transaction with Transatlantic.

On June 12, 2011, the Allied World board of directors held a board meeting in New York City. Members of Allied World's management, as well as representatives from Willkie Farr, Deutsche Bank and Baker & McKenzie, were present at the meeting. Representatives of Allied World's management provided an extensive overview of the proposed strategic combination transaction with Transatlantic and reviewed with the board the potential benefits of a business combination with Transatlantic, including the financial and strategic rationale and the potential synergies. Management also reviewed with the board financial and governance data from selected merger of equal transactions and provided a final update of the company's due diligence review of Transatlantic. Management reported that negotiations regarding the merger agreement had been substantially finalized. Representatives of Baker & McKenzie reviewed in detail with the board certain materials previously distributed setting forth the applicable legal standards in the context of considering a strategic combination transaction of the type being proposed, which was followed by a presentation by representatives of Willkie Farr regarding the final terms of the merger agreement and a comparison of certain aspects of Delaware and Swiss corporate law. Representatives of Deutsche Bank then presented to the board various financial analyses of the proposed merger as further described below under "Opinion of Allied World's Financial Advisor." In connection with the deliberation by the Allied World board, Deutsche Bank delivered to the Allied World board its written opinion, to the effect that, as of June 12, 2011 and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth in such opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to Allied World, as more fully described below under "Opinion of Allied World's Financial Advisor." Following these discussions, the Allied World board unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, were advisable and in the best interests of Allied World and voted unanimously to approve the merger agreement.

On June 12, 2011, the Transatlantic board of directors met telephonically. Members of Transatlantic's management, as well as representatives from Gibson Dunn, Goldman Sachs, Moelis and PWC, were present at the meeting. Representatives of Transatlantic's management and Gibson Dunn provided an overview of further developments relating to the proposed strategic combination transaction with Allied World, including that negotiations regarding the merger agreement had been substantially finalized and that the Allied World board of directors had unanimously approved the merger agreement. Representatives of Gibson Dunn then reviewed with the directors the applicable legal standards in the context of considering a strategic combination transaction of the type being proposed and the final terms of the merger agreement. Representatives from PWC reviewed with the directors the tax implications of the proposed transaction with respect to Transatlantic, its stockholders and the combined company following consummation of the merger. Members of Transatlantic's management reviewed with the board the potential benefits of a business combination with Allied World, including the financial and strategic rationale and the potential

synergies. Representatives of Transatlantic's financial advisors then reviewed certain publicly available information regarding Company A and

**Table of Contents**

analyses of hypothetical business combination transactions with Company A. The directors and management discussed in detail the letter received from Company A, including (i) the fact that, in the past, preliminary discussions with Company A regarding a business combination had never advanced, (ii) that a business combination with Company A would not deliver the strategic benefits that could be achieved with the proposed strategic combination transaction with Allied World, and (iii) that pursuing a transaction with Company A would likely have an adverse effect on Allied World's willingness to proceed with the proposed transaction on the economic and other terms that had been agreed to. Representatives of Moelis then presented to the board various financial analyses of the proposed merger as further described below under **Opinion of Transatlantic's Financial Advisor**. In connection with the deliberation by the Transatlantic board, Moelis delivered to the Transatlantic board its oral opinion, which was subsequently confirmed by delivery of a written opinion dated June 12, 2011, to the effect that, as of such date and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth in such written opinion, the exchange ratio pursuant to the merger agreement was fair, from a financial point of view, to the holders of shares of Transatlantic's common stock, as more fully described below under **Opinion of Transatlantic's Financial Advisor**. Following these discussions, the Transatlantic board unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, were advisable and in the best interests of Transatlantic and its stockholders and voted unanimously to approve the merger agreement.

Following the respective board meetings of Allied World and Transatlantic, all agreements were finalized and the merger agreement was then executed by Transatlantic, Allied World and Merger Sub. Later that day, Transatlantic and Allied World issued a joint press release announcing the proposed transaction.

**Allied World's Reasons for the Merger; Recommendations of the Allied World Board of Directors**

In reaching its decision to approve the merger agreement and recommend approval of both the issuance of Allied World shares to Transatlantic stockholders pursuant to the merger and the adoption of Allied World's amended Articles of Association, the Allied World board of directors consulted with Allied World's management, as well as with Allied World's legal and financial advisors, and also considered a number of factors that the Allied World board of directors viewed as supporting its decisions, including, but not limited to, the following:

the potential to create a leading specialty focused insurance and reinsurance company with a global reach;

the potential for revenue growth and synergies to generate additional free cash flow available for investment and expansion opportunities;

that although no assurance can be given that any level of operating and structural synergies would be achieved following the completion of the merger, management estimated significant synergies in the principal areas of reduced public company costs, consolidated corporate governance, reduced labor, shared platform costs and structural flexibility in allocation of capital;

that the greater scale, scope and reach of the combined company, including its enhanced business mix diversity and expanded European and Asian presence, should make it a more attractive partner for potential customers with both national and international businesses and help to enhance brand recognition;

the fact that the merger will create a company with a greater size and economies of scale, enabling it to have incremental excess capital, greater capital flexibility, ability to respond to competitive pressures, greater diversification opportunities and an increased opportunity to compete profitably;

that although no assurance can be given on any level of reaction by any independent rating agency, the pro forma independent rating agency capital adequacy models of the combined company, generate increased

quantitative capital adequacy scores and, potentially improved debt and financial strength ratings for the combined company;

**Table of Contents**

the combination of the businesses through the merger will result in greater product offerings and improved market positions;

the combination of the strong and experienced management teams from Allied World and Transatlantic will add significant value to the combined company;

the addition of a global reinsurance platform will provide Allied World with access to a profitable business segment that will allow Allied World to better serve its customers;

the significant role in the combined company to be played by members of management and the current board of directors of Allied World, including Scott A. Carmilani, Allied World's current Chairman, President and Chief Executive Officer (who will continue as the combined company's President and Chief Executive Officer), and other Allied World employees, which the Allied World board of directors believed would enhance the prospects of the combined company after completion of the merger for the benefit of Allied World shareholders; and

the financial analyses presented by Deutsche Bank to the Allied World board of directors described below under Opinion of Allied World's Financial Advisor, and the opinion of Deutsche Bank rendered to the Allied World board of directors that, as of the date such merger agreement was signed, based upon and subject to the factors and assumptions set forth in its written opinion. See Opinion of Allied World's Financial Advisor.

In addition to considering the factors described above, the Allied World board of directors also considered the following factors:

its knowledge of Allied World's business, operations, financial condition, earnings and prospects and of Transatlantic's business, operations, financial condition, earnings and prospects, taking into account the results of Allied World's due diligence review of Transatlantic;

the integration risks, resulting from similar cultures focused on underwriting discipline and risk management, the overlap in use of information systems, limited business overlap and the proven integration track record of Allied World;

the anticipated market capitalization, liquidity and capital structure of the combined company;

the projected financial results of Allied World as a standalone company and the ability of Allied World to achieve strategic goals previously established by the Allied World board of directors;

the fact that the exchange ratio of 0.88 Allied World shares for each share of Transatlantic common stock is fixed, which the Allied World board of directors believed was consistent with market practice for mergers of this type and with the strategic purpose of the merger; and

the terms and conditions of the merger agreement and the likelihood of completing the merger on the anticipated schedule.

The Allied World board of directors weighed the foregoing against a number of potentially negative factors, including:

the restrictions on the conduct of Allied World's business during the period between execution of the merger agreement and the consummation of the merger, including the inability to repurchase shares;

the potential effect of the merger on Allied World's overall business, including its relationships with customers, employees, suppliers and regulators;

the challenges inherent in combining the businesses, operations and workforces of two companies, including the potential for (i) unforeseen difficulties in integrating operations and systems, (ii) the possible distraction of management attention for an extended period of time and (iii) difficulties in assimilating employees;

the substantial costs to be incurred in connection with the merger, including the costs of integrating the businesses of Allied World and Transatlantic and the transaction expenses arising from the merger;

**Table of Contents**

the risk that governmental entities may oppose or refuse to approve the merger or impose conditions on Allied World and/or Transatlantic prior to approving the merger that may adversely impact the ability of the combined company to realize synergies that are projected to occur in connection with the merger;

the risk that, despite the combined efforts of Allied World and Transatlantic prior to the consummation of the merger, the combined company may lose key personnel;

the possibility of merger arbitrage activity as a result of the stock price premium being paid;

the risk that Transatlantic's loss reserves may prove to be inadequate;

the risk that the combined company, with increased policies and geographic coverage, will have a level of volatility higher than Allied World's after the merger as a result of additional catastrophe risk exposure;

the risk of not capturing all of the anticipated operational and structural synergies between Allied World and Transatlantic and the risk that other anticipated benefits may not be realized; and

the risks of the type and nature described under the heading "Risk Factors," and the matters described under the heading "Special Note Regarding Forward-Looking Statements."

This discussion of the information and factors considered by the Allied World board of directors in reaching its conclusions and recommendation includes the material factors considered by the board, but is not intended to be exhaustive. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Allied World board of directors did not find it practicable, and did not attempt, to quantify, rank or assign any relative or specific weights to the various factors that it considered in reaching its determination to approve the merger agreement and to recommend that Allied World shareholders vote in favor of the share capital increase proposals, the NYSE share issuance proposal, the name change proposal, the election of directors proposal, the capital reduction proposal and the Stock Incentive Plan proposal. The Allied World board of directors conducted an overall analysis of the factors described above, including through discussions with, and questioning of, Allied World's management and outside legal and financial advisors regarding certain of the matters described above. In considering the factors described above, individual members of the Allied World board of directors may have given differing weights to different factors.

**The Allied World board of directors unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of Allied World. The Allied World board of directors unanimously recommends that Allied World shareholders vote FOR the proposals set forth herein.**

**Opinion of Allied World's Financial Advisor**

*Opinion of Deutsche Bank Securities Inc.*

Allied World engaged Deutsche Bank pursuant to a letter agreement dated June 2, 2011, to act as its financial advisor in connection with the merger. At the meeting of the Allied World board of directors on June 12, 2011, Deutsche Bank rendered an oral and written opinion, to the Allied World board of directors to the effect that, based upon and subject to the assumptions, limitations, qualifications and conditions set forth in the opinion, as of the date of such opinion, the exchange ratio was fair, from a financial point of view, to Allied World.

**The full text of the written opinion of Deutsche Bank, dated June 12, 2011, which sets forth, among other things, the assumptions made, matters considered, and limitations, qualifications and conditions of the review undertaken by Deutsche Bank in connection with the opinion, is attached as Annex B to this joint proxy statement/prospectus and is incorporated herein by reference. Allied World shareholders are urged to read Deutsche Bank's opinion carefully and in its entirety. Deutsche Bank expressed no opinion as to the merits of the underlying decision by Allied World to engage in the merger or the relative**



**Table of Contents**

**merits of the merger as compared to any alternative transactions or business strategies, nor did Deutsche Bank express an opinion as to how any holder of Allied World shares should vote with respect to the merger.**

In connection with Deutsche Bank's role as financial advisor to Allied World, and in arriving at its opinion, Deutsche Bank reviewed certain publicly available financial and other information concerning Allied World and Transatlantic, including certain statutory statements filed by the insurance subsidiaries of both Allied World and Transatlantic. Deutsche Bank also reviewed certain internal analyses, financial forecasts and other information relating to Allied World and Transatlantic prepared by management of Allied World and Transatlantic, respectively, and certain analyses and financial forecasts relating to Transatlantic prepared by management of Allied World. Deutsche Bank also reviewed certain reports regarding Transatlantic's reserves for losses and loss adjustment expenses prepared for Allied World by third party actuaries. Deutsche Bank also held discussions with certain senior officers and other representatives and advisors of Allied World and Transatlantic regarding the businesses and prospects of Allied World, Transatlantic and the combined company, including certain cost savings and operating synergies jointly projected by the managements of Allied World and Transatlantic to result from the merger. In addition, Deutsche Bank:

reviewed the reported prices and trading activity for both the Allied World shares and the Transatlantic common stock;

to the extent publicly available, compared certain financial and stock market information for Allied World and Transatlantic with similar information for certain other companies it considered relevant whose securities are publicly traded;

to the extent publicly available, reviewed the financial terms of certain recent business combinations which it deemed relevant;

reviewed a draft of the merger agreement, dated June 10, 2011; and

performed such other studies and analyses and considered such other factors as it deemed appropriate.

Deutsche Bank did not assume responsibility for independent verification of, and did not independently verify, any information, whether publicly available or furnished to it, concerning Allied World or Transatlantic, including, without limitation, any financial information considered in connection with the rendering of its opinion. Accordingly, for purposes of its opinion, Deutsche Bank, with the permission of the Allied World board of directors, assumed and relied upon the accuracy and completeness of all such information. Deutsche Bank did not conduct a physical inspection of any of the properties or assets, and did not prepare or obtain any independent evaluation or appraisal of any of the assets or liabilities (including, without limitation, any contingent, derivative or off-balance-sheet assets and liabilities), of Allied World or Transatlantic or any of their respective subsidiaries, nor did Deutsche Bank evaluate the solvency or fair value of Allied World or Transatlantic under any state or federal law relating to bankruptcy, insolvency or similar matters. With respect to the financial forecasts, including, without limitation, the analyses and forecasts of the amount and timing of certain cost savings, operating efficiencies, revenue effects, financial synergies and other strategic benefits projected by Allied World to be achieved as a result of the merger (collectively, the Synergies), made available to Deutsche Bank and used in its analyses, Deutsche Bank assumed, with the permission of the Allied World board of directors, that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Allied World and Transatlantic, as applicable, as to the matters covered thereby. In rendering its opinion, Deutsche Bank expressed no view as to the reasonableness of such forecasts and projections, including, without limitation, the Synergies, or the assumptions on which they were based. Deutsche Bank's opinion was necessarily based upon economic, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion. Deutsche Bank expressly disclaimed any undertaking or

obligation to advise any person of any change in any fact or matter affecting its opinion of which it becomes aware after the date of its opinion.

For purposes of rendering its opinion, Deutsche Bank assumed, with the permission of the Allied World board of directors, that, in all respects material to its analysis, the merger would be consummated in accordance with its terms, without any material waiver, modification or amendment of any term, condition or

**Table of Contents**

agreement. Deutsche Bank also assumed that all material governmental, regulatory, contractual or other approvals and consents required in connection with the consummation of the merger would be obtained and that in connection with obtaining any necessary governmental, regulatory, contractual or other approvals and consents, no material restrictions, terms or conditions would be imposed. Deutsche Bank is not a legal, regulatory, tax or accounting expert and Deutsche Bank relied on the assessments made by Allied World and its advisors with respect to such issues. In particular, Deutsche Bank assumed, with the permission of the Allied World board of directors, that Transatlantic will be the accounting acquirer in the merger. Deutsche Bank is also not an expert in the evaluation of reserves for losses and loss adjustment expenses and was not requested to, and did not, make any actuarial determinations or evaluations or attempt to evaluate actuarial assumptions. Deutsche Bank made no analysis of, and did not express any view with respect to, the adequacy of Allied World's or Transatlantic's loss and loss adjustment expense reserves. Representatives of Allied World informed Deutsche Bank, and Deutsche Bank has further assumed, that the final terms of the merger agreement would not differ materially from the terms set forth in the drafts it reviewed.

The Deutsche Bank opinion was approved and authorized for issuance by a fairness opinion review committee and was addressed to, and for the use and benefit of, the Allied World board of directors in connection with and for the purposes of its evaluation of the merger and is not a recommendation to the shareholders of Allied World as to how they should vote with respect to the merger, the amendment of Allied World's Articles or the issuance of Allied World shares in the merger, in each case as contemplated by the merger agreement. The Deutsche Bank opinion was limited to the fairness, from a financial point of view, of the ex