

Allied World Assurance Co Holdings, AG

Form S-4/A

August 17, 2011

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As filed with the U.S. Securities and Exchange Commission on August 17, 2011

Registration No. 333-175398

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

Amendment No. 4 to

**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)

Switzerland
*(State or Other Jurisdiction of
Incorporation or Organization)*

6331
*(Primary Standard Industrial
Classification Code Number)*

98-0681223
*(I.R.S. Employer
Identification No.)*

**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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Gallagher LLP
787 Seventh Avenue
New York, NY 10019
(212) 728-8000**

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Company Holdings, AG
Lindenstrasse 8
6340 Baar
Zug, Switzerland
(441) 278-5400**

**Gary A. Schwartz,
Esq.
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.

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

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Shares	57,016,384(1)	N/A	\$3,172,184,251.20(2)	\$368,290.59(3)(4)

- (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.

(4) Previously paid.

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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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 AUGUST 17, 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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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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**ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG
Lindenstrasse 8, 6340 Baar
Zug, Switzerland**

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

August _____, 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 up to CHF 887,860,538 (equaling USD 1,156,882,281) to up to CHF 1,472,939,677.4 (equaling USD 1,919,240,400) to permit 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, as it may be amended from time to time, 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 up to CHF 76,894,774 (equaling USD 100,193,891) to up to CHF 138,634,774 (equaling USD 180,641,111), 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 up to CHF 177,572,113.5 (equaling USD 231,376,463.9) to up to CHF 294,587,935.5 (equaling USD 383,848,080), 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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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 July 22, 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, and broker non-votes will not be treated as votes cast for purposes of such proposal). 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 and broker non-votes will not be treated as votes cast for purposes of such proposal) 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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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

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

Wesley D. Dupont
Corporate Secretary

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

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

August _____, 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 The Down Town Association, 60 Pine Street, New York, New York, 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, as it may be amended from time to time (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 July 22, 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,

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New York, NY. The Transatlantic stockholder list will also be available at the Transatlantic Special 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 <http://proxy.georgeson.com> and following the instructions on your proxy card; (2) dialing 1-877-456-7915 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

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

Amy M. Cinquegrana
Secretary

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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

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

or

Allied World Assurance Company Holdings, AG

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

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. Transatlantic's website is 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 188.

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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 , 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, as it may be amended from time to time, 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; all metrics reported in U.S. dollars that are based on Swiss francs (for example share capital amounts of Allied World) assume an exchange ratio of USD 1.303 to CHF 1.00, the exchange rate prevailing on August 12, 2011. 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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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 up to CHF 887,860,538 (equaling USD 1,156,882,281) to up to CHF 1,472,939,677.4 (equaling USD 1,919,240,400) to permit 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 up to CHF 76,894,774 (equaling USD 100,193,891) to up to CHF 138,634,774 (equaling USD 180,641,111), 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 up to CHF 177,572,113.5 (equaling USD 231,376,463.9) to up to CHF 294,587,935.5 (equaling USD 383,848,080), 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

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of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2014 (the election of directors proposal); and

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.

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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 .

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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.**

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 The Down Town Association, 60 Pine Street, New York, New York, 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 July 22, 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 38,077,329 Allied World shares and 43,860 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 July 22, 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 62,488,896 shares of Transatlantic common stock outstanding.

Setting of Record Date: Following the execution of, and in accordance with, the merger agreement, Allied World and Transatlantic prepared and filed the registration statement containing the preliminary joint proxy statement/prospectus with the SEC on July 8, 2011 and promptly engaged in discussions regarding the setting of the record date for the Special Shareholder Meetings. After consulting with their respective proxy solicitors, on the afternoon of July 12, 2011, the companies fixed July 22, 2011 as the record date for the Special Shareholder Meetings, as noted above, and notified the NYSE at such time, thereby providing ten days to make inquiry of brokers in accordance with Rule 402.05 of the NYSE Listed Company Manual. SEC Rule 14a-13(a)(3) requires that companies give 20 business days advance notice

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of the record date to brokers, dealers, voting trustees, banks, associations and other entities that exercise fiduciary powers in nominee names or otherwise (collectively, nominee holders). On July 13, 2011, Allied World's proxy solicitor, MacKenzie Partners, Inc., gave the notifications required by Rule 14a-13(a)(3); Transatlantic's proxy solicitor, Georgeson Inc., similarly gave the notifications required by Rule 14a-13(a)(3) on July 12, 2011. The companies' notices were sent fewer than 20 business days prior to the record date, which did not comply with Rule 14a-13(a)(3), although the companies have confirmed that 100% of the nominee holders were notified of the record date prior to the record date. Since the purpose of Rule 14a-13(a)(3) is to ensure that nominee holders are provided sufficient notice to permit timely distribution of proxy or other meeting materials to all beneficial owners of shares held through nominee holders, the companies believe that this purpose has been satisfied notwithstanding the shortened notice period.

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.

Abstentions will be included in the calculation of the number of Allied World shares represented at the Allied World Special Shareholder Meeting for purposes of determining whether a quorum has been achieved. Under NYSE rules, if brokers do not have discretion to vote on any of the proposals at a shareholders' meeting, broker non-votes will not count toward the calculation of a quorum. As each of the proposals to be voted on at the Allied World Special Shareholder Meeting are considered non-routine under NYSE rules, brokers do not have discretion to vote on such proposals and, as such, broker non-votes will not be included in the calculation of the number of Allied World shares represented at the Allied World Special Shareholder Meeting for purposes of determining whether a quorum has been achieved.

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. Under NYSE rules, if brokers do not have discretion to vote on any of the proposals at a stockholders' meeting, broker non-votes will not count toward the calculation of a quorum. As each of the proposals to be voted on at the Transatlantic Special Shareholder Meeting are considered non-routine under NYSE rules, brokers do not have discretion to vote on such proposals and, as such, 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.

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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 <http://proxy.georgeson.com/> and following the instructions on your proxy card to vote via the internet anytime up to 11:00 p.m., Eastern Time, on _____, 2011 and following the instructions provided on that site;

dialing 1-877-456-7915 and listening for further directions to vote by telephone anytime up to 11:00 p.m., Eastern Time 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 38,077,329 Allied World shares outstanding and entitled to vote at the Allied World Special Shareholder Meeting.

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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 an 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. As of the close of business on the Transatlantic record date, there were 62,488,896 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 be considered votes represented at the meeting and will thus have the same effect as votes AGAINST these proposals. Broker non-votes will not be considered shares represented at the meeting and will have no effect on these proposals.

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, while broker non-votes do not count as votes cast for this purpose. 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.

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 and broker non-votes will not be considered votes cast and will have no effect on these proposals, assuming a quorum is present.

Because the proposals to be voted on by the Allied World shareholders at the Allied World Special Shareholder Meeting are all non-routine matters, 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.

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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

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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.

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

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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 12:00 p.m., 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 12:00 p.m., 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.

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.

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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.

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.

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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

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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 188. 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

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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.

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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 110.

Effects of the Merger (see page 43)

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 110)

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 148)

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 148.

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Recommendations of the Board of Directors of Allied World (see page 63)

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 76)

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 65)

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 80)

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.

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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 90)

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.

These interests include rights of executive officers under employment agreements with Allied World, rights under a supplemental executive retirement plan, under new waiver or retention agreements, as applicable, that are expected to be entered into prior to the consummation of the merger and rights to indemnification and directors' and officers' liability insurance that will survive completion of the merger. For more information concerning these interests, please see the discussion under the captions *The Merger - Interests of Allied World's Directors and Executive Officers in the Merger*.

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 97)

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 approved the form of retention agreements that have been offered to certain executives, providing for the grant of restricted stock units (or in the

event that there are not enough share reserves, phantom stock awards) that will vest if the employment of such executives is maintained through the applicable vesting dates (or in certain instances of termination prior to such dates).

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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 provided, however, that pursuant to the merger agreement, any independent Transatlantic or Allied World director who ceases to be a member of the reconstituted TransAllied board prior to the end of his or her term shall have immediate vesting of all of his or her unvested Allied World stock-based awards. 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 97.

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 100)

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: Stephen P. Bradley, Ian H. Chippendale, John G. Foos and John L. McCarthy; (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 of the following current independent Allied World directors, who will be identified to shareholders at or prior to the Allied World Special Shareholder Meeting: Barbara T. Alexander, James F. Duffy, Bart Friedman, Scott Hunter, Mark R. Patterson, Patrick de Saint-Aignan and Samuel J. Weinhoff; and (v) Scott A. Carmilani (the current 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): Ian H. Chippendale, John L. McCarthy and one current 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): Stephen P. Bradley, John G. Foos and two current 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 one current 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.

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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.

With respect to the election of the four current independent Allied World directors to the combined company's board of directors, shareholders are being asked to vote for , against or to abstain from voting on, each of the seven Allied World director nominees who are currently Allied World independent directors: Barbara T. Alexander, James F. Duffy, Bart Friedman, Scott Hunter, Mark R. Patterson, Patrick de Saint-

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Aignan and Samuel J. Weinhoff. At or prior to the Allied World Special Shareholder Meeting, three of these seven director nominees will withdraw as nominees and the four remaining director nominees will be identified to shareholders. If any such remaining director nominee receives a majority of the votes cast voting in favor of their election, 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, such director nominee will be elected to serve as a member of the TransAllied board, to serve in the Class as designated by the Allied World board of directors at or prior to the Allied World Special Shareholder Meeting. If any such remaining director nominee does not receive the requisite shareholder votes, such nominee will not be elected to the TransAllied board and the election of directors proposal (which is a condition to the closing of the merger, subject to waiver by the parties) will fail.

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.

Treatment of Transatlantic Stock Options and Other Stock-Based Awards and Programs (see page 106)

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.

Each of Allied World and Transatlantic will use the existing performance goals to determine performance awards through fiscal year 2011. Thereafter, following the closing of the merger, TransAllied's Compensation Committee will make a decision regarding the performance awards for the 2012 fiscal year and thereafter.

Regulatory Clearances Required for the Merger (see page 103)

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 and early termination of the waiting period was granted effective July 11, 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

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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 130)

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 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 121)

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;

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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 (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 115)

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.

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Termination of the Merger Agreement (see page 122)

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

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 123)

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 150)

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 107)

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.

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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 173)

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 107)

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.

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 109)

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 109.

The Meetings

The Allied World Special Shareholder Meeting (see page 31)

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. 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 up to CHF 887,860,538 (equaling USD 1,156,882,281) to up to CHF 1,472,939,677.4 (equaling USD 1,919,240,400) to permit 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, 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 up to CHF 76,894,774 (equaling USD 100,193,891) to up to CHF 138,634,774 (equaling USD 180,641,111), only in connection with the merger, referred to herein as the article 5 share capital increase proposal ;

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the proposal to increase Allied World's authorized share capital pursuant to article 6(a) of the Allied World Articles by up to CHF 177,572,113.5 (equaling USD 231,376,463.9) to up to CHF 294,587,935.5 (equaling USD 383,848,080), 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

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 July 22, 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, 38,077,329 Allied World shares were issued and outstanding, approximately 1.9% 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 $\frac{2}{3}$ % 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.

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The Transatlantic Special Shareholder Meeting (see page 37)

The Transatlantic Special Shareholder Meeting is scheduled to be held at The Down Town Association, 60 Pine Street, New York, New York, on _____, 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 43 and 110, 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.

Only holders of record of Transatlantic common stock at the close of business on July 22, 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, 62,488,896 shares of Transatlantic common stock were issued and outstanding, approximately 0.35% 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 six months ended June 30, 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 June 30, 2011, each of which is incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 188.

Statement of Operations Data of Allied World

	Six Months Ended June 30,		Year Ended December 31,				2006
	2011	2010	2010	2009	2008	2007	
	(\$ in millions, except per share amounts and ratios)						
Summary Statement of Operations Data:							
Gross premiums written	\$ 1,080.3	\$ 998.0	\$ 1,758.4	\$ 1,696.3	\$ 1,445.6	\$ 1,505.5	\$ 1,659.0
Net premiums written	\$ 876.7	\$ 803.1	\$ 1,392.4	\$ 1,321.1	\$ 1,107.2	\$ 1,153.1	\$ 1,306.0
Net premiums earned	\$ 690.2	\$ 677.2	\$ 1,359.5	\$ 1,316.9	\$ 1,117.0	\$ 1,159.9	\$ 1,252.0
Net investment income	102.6	134.5	244.1	300.7	308.8	297.9	244.4
Net realized investment gains (losses)	109.3	172.4	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		0.9	0.9	1.5	0.7		
Net losses and expenses	540.3	420.9	707.9	604.1	641.1	682.3	739.0
Acquisition costs	81.1	78.7	159.5	148.9	112.6	119.0	141.5

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General and administrative expenses	135.2	131.5	286.5	248.6	185.9	141.6	106.0
Depreciation and amortization and impairment of intangible assets	1.5	1.8	3.5	11.1	0.7		
Interest expense	27.5	19.0	40.2	39.0	38.7	37.8	32.0
Foreign exchange (gain) loss	0.7	1.6	0.4	0.7	(1.4)	(0.8)	0.0
Income tax expense (benefit)	13.4	13.6	26.9	36.6	(7.6)	1.1	5.0
Net income	\$ 102.4	\$ 317.7	\$ 665.0	\$ 606.9	\$ 183.6	\$ 469.2	\$ 442.0
Per Share Data:							
Earnings per share:							
Basic	\$ 2.69	\$ 6.34	\$ 14.30	\$ 12.26	\$ 3.75	\$ 7.84	\$ 8.00
Diluted	2.57	5.98	13.32	11.67	3.59	7.53	7.75
Weighted average number of common shares outstanding:							
Basic	38,061,724	50,123,945	46,491,279	49,503,438	48,936,912	59,846,987	54,746,611
Diluted	39,873,418	53,086,708	49,913,317	51,992,674	51,147,215	62,331,165	57,115,172
Dividends declared per share	\$	* \$ 0.40	\$ 1.05	\$ 0.74	\$ 0.72	\$ 0.63	\$ 0.15

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

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	Six Months Ended			Year Ended December 31,			
	2011	2010	2010	2009	2008	2007	2006
Selected Ratios:							
Loss and loss expense ratio(1)	78.3%	62.1%	52.1%	45.9%	57.4%	58.8%	59.0%
Acquisition cost ratio(2)	11.7	11.6	11.7	11.3	10.1	10.3	11.3
General and administrative expense ratio(3)	19.6	19.4	21.1	18.9	16.6	12.2	8.5
Expense ratio(4)	31.3	31.0	32.8	30.2	26.7	22.5	19.8
Combined ratio(5)	109.6	93.1	84.9	76.1	84.1	81.3	78.8

Balance Sheet Data of Allied World

	As of June 30,			As of December 31,			
	2011	2010	2010	2009	2008	2007	2006
(\$ in millions, except per share amounts)							
Summary Balance Sheet Data:							
Cash and cash equivalents	\$ 740.8	\$ 442.7	\$ 757.0	\$ 292.2	\$ 655.8	\$ 202.6	\$ 366.8
Investments at fair value	7,502.8	7,420.6	7,183.6	7,156.3	6,157.1	6,029.3	5,440.3
Reinsurance recoverable	1,014.0	932.4	927.6	920.0	888.3	682.8	689.1
Total assets	10,857.1	10,214.4	10,427.6	9,653.2	9,022.5	7,899.1	7,620.6
Reserve for losses and loss expenses	5,251.3	4,920.4	4,879.2	4,761.8	4,576.8	3,919.8	3,637.0
Unearned premiums	1,184.7	1,070.0	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	3,044.4	3,468.5	3,075.8	3,213.3	2,416.9	2,239.8	2,220.1
Book value per common share(6)	\$ 80.23	\$ 70.20	\$ 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 six months ended June 30, 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 June 30, 2011, each of which is incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 188.

Statement of Operations Data of Transatlantic

	Six Months Ended		Years Ended December 31,				2006
	2011	2010	2010	2009	2008	2007	
	(in thousands, except per share amounts and ratios)						
premiums	\$ 2,040,472	\$ 1,973,888	\$ 3,881,693	\$ 3,986,101	\$ 4,108,092	\$ 3,952,899	\$ 3,633,4
premiums	\$ 1,911,758	\$ 1,966,347	\$ 3,858,620	\$ 4,039,082	\$ 4,067,389	\$ 3,902,669	\$ 3,604,0
losses and							
adjustment							
charges incurred	(1,850,178)	(1,437,867)	(2,681,774)	(2,679,171)	(2,907,227)	(2,638,033)	(2,462,6
commissions	(481,202)	(473,341)	(932,820)	(927,918)	(980,626)	(980,121)	(903,6
expense							
(expense) in							
underwritten policy							
acquisition costs	43,420	(2,615)	2,898	(12,406)	6,956	16,901	13,4
reinsurance							
charges	(77,326)	(88,828)	(177,624)	(158,181)	(131,555)	(115,760)	(102,3
reinsurance							
charge profit(1)	(453,528)	(36,304)	69,300	261,406	54,937	185,656	148,8
investment							
income	226,348	228,384	473,547	467,402	440,451	469,772	434,5
adjusted net							
operating gains							
(losses)(2)	54,646	6,388	30,101	(70,641)	(435,541)	9,389	10,8
(loss) gain on	(1,179)		(115)	9,869	10,250		

guishment of

st on senior	(33,587)	(34,142)	(68,272)	(43,454)	(43,359)	(43,421)	(43,4
expenses,	(18,725)	(14,651)	(31,773)	(28,549)	(23,515)	(25,644)	(10,9
) income	(226,025)	149,675	472,788	596,033	3,223	595,752	539,9
e income	116,755	(23,290)	(70,587)	(118,371)	99,031	(108,611)	(111,7
ne (taxes)							
its							
loss) income	\$ (109,270)	\$ 126,385	\$ 402,201	\$ 477,662	\$ 102,254	\$ 487,141	\$ 428,1
Common							
e:							
loss) income:	\$ (1.75)	\$ 1.94	\$ 6.28	\$ 7.20	\$ 1.54	\$ 7.37	\$ 6.
ed	(1.75)	1.92	6.19	7.15	1.53	7.31	6.
dividends							
ed	0.43	0.41	0.83	0.79	0.73	0.62	0.
e Data:							
hted average							
on shares							
nding:	62,430	65,085	64,092	66,381	66,270	66,124	65,9
ed	62,430	65,785	64,930	66,802	66,722	66,654	66,2
s:(3)							
ratio	96.8%	73.1%	69.5%	66.3%	71.5%	67.6%	68
mission ratio	22.9	24.2	24.1	23.3	23.9	24.7	24
writing							
se ratio	4.0	4.5	4.6	3.9	3.2	2.9	2
rwriting							
se ratio	26.9	28.7	28.7	27.2	27.1	27.6	27
oined ratio	123.7%	101.8%	98.2%	93.5%	98.6%	95.2%	95

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

	As of June 30,		As of December 31,				
	2011	2010	2010	2009	2008	2007	2006
	(\$ in thousands, except per share amounts)						
Real investments	\$ 13,510,673	\$ 12,301,043	\$ 12,972,739	\$ 12,315,395	\$ 10,229,557	\$ 12,500,540	\$ 11,130,830
Cash and cash equivalents	341,673	327,530	284,491	195,723	288,920	255,432	205,260
Real assets	16,706,353	15,249,845	15,705,354	14,943,659	13,376,938	15,484,327	14,268,460
Unpaid losses and loss adjustment expenses	9,950,709	8,789,300	9,020,610	8,609,105	8,124,482	7,926,261	7,467,940
Unearned premiums	1,349,101	1,183,155	1,212,535	1,187,526	1,220,133	1,226,647	1,144,020
Senior notes	1,005,785	1,033,298	1,030,511	1,033,087	722,243	746,930	746,630
Real stockholders' equity	4,233,932	4,049,606	4,284,459	4,034,380	3,198,220	3,349,042	2,958,270
Book value per common share(4)	\$ 67.76	\$ 63.53	\$ 68.83	\$ 60.77	\$ 48.19	\$ 50.56	\$ 44.80

- (1) Includes pre-tax net catastrophe (costs) of (\$612) million in the first six months of 2011, (\$157) million in the first six months 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 (\$3) million in the first six months of 2011, (\$6) million in the first six months 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.

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**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 June 30, 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 150.

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 188 and "Unaudited Pro Forma Condensed Consolidated Financial Information" beginning on page 151.

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**Selected Pro Forma Condensed Consolidated Balance Sheet Data
As of June 30, 2011**

			As of June 30, 2011 (Unaudited) (in thousands of U.S. dollars)
ASSETS			
Total investments		\$	21,013,438
Cash and cash equivalents and restricted cash			1,130,588
Insurance and reinsurance assets			3,898,627
Goodwill			
Intangible assets			276,711
All other assets			896,645
 Total assets		 \$	 27,216,009
LIABILITIES AND SHAREHOLDERS EQUITY			
Unpaid losses and loss adjustment expenses		\$	15,140,076
Unearned premiums			2,524,851
Senior notes			1,883,870
All other liabilities			675,205
 Total liabilities			 20,224,002
Total shareholders equity			6,992,007
 Total liabilities and shareholders equity		 \$	 27,216,009

Table of Contents**Selected Pro Forma Condensed Consolidated Statements of Operations Data
For the Six Months Ended June 30, 2011 and Year Ended December 31, 2010**

	Six Months Ended June 30, 2011	Year Ended December 31, 2010 (Unaudited)
	(in thousands, except shares outstanding and per share data)	
Revenues:		
Net premiums written	\$ 2,917,146	\$ 5,274,148
Increase in net unearned premiums	(315,205)	(55,980)
Net premiums earned	2,601,941	5,218,168
Net investment income	326,538	712,918
Realized net capital gains	163,158	315,101
Loss on early extinguishment of debt	(1,179)	(115)
Total revenues	3,090,458	6,246,072
Expenses:		
Net losses and loss adjustment expenses	2,390,443	3,389,657
Acquisition costs	518,835	1,089,411
Other underwriting expenses	210,084	464,018
Interest on senior notes	53,805	94,407
Other expenses, net	21,663	147,239
Total expenses	3,194,830	5,184,732
(Loss) income before income taxes	(104,372)	1,061,340
Income taxes (benefits)	(103,399)	97,532
Net (loss) income	\$ (973)	\$ 963,808
Net (loss) income per common share:		
Basic	\$ (0.01)	\$ 9.35
Diluted	(0.01)	8.95
Dividends per common share		1.05
Weighted average common shares outstanding:		
Basic	93,158,177	103,049,946
Diluted	93,158,177	107,731,481

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

Presented below are Allied World's and Transatlantic's historical per share data for the six months ended June 30, 2011 and the year ended December 31, 2010 and unaudited pro forma consolidated per share data for the six months ended June 30, 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 151. 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 basic and diluted book value per share is computed by dividing total stockholders' equity by the number of basic and diluted shares of common stock outstanding, respectively, 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 basic and diluted book value per share of the combined company is computed by dividing total pro forma stockholders' equity by the pro forma number of basic and diluted shares of common stock outstanding, respectively, 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).

Allied World Historical	Six Months Ended June 30, 2011	Year Ended December 31, 2010
Net income per share:		
Basic	\$ 2.69	\$ 14.30
Diluted	\$ 2.57	\$ 13.32
Book value per common share(2):		
Basic	\$ 80.23	\$ 80.75
Diluted	\$ 76.68	\$ 74.29
Transatlantic Historical		
Net (loss) income per share:		
Basic	\$ (1.75)	\$ 6.28
Diluted	\$ (1.75)	\$ 6.19
Book value per common share(2):		
Basic	\$ 67.76	\$ 68.83
Diluted	\$ 66.84	\$ 67.68
Allied World Unaudited Pro Forma Consolidated Amounts		
Net (loss) income per share:		
Basic	\$ (0.01)	\$ 9.35
Diluted	\$ (0.01)	\$ 8.95
Book value per common share(2):		

Basic	\$	75.11	(1)
Diluted	\$	72.78	(1)

Transatlantic Unaudited Pro Forma Equivalent Per Share Data

Net (loss) income per share:

Basic	\$	(0.01)	\$	8.23
Diluted	\$	(0.01)	\$	7.87

Book value per common share(2):

Basic	\$	66.10	(1)
Diluted	\$	64.04	(1)

(1) Not applicable.

(2) As of period end.

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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.

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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 188.*

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 decreases 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.

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Actions by Validus may negatively impact Transatlantic's ability to consummate the merger and may cause disruption to Transatlantic's ongoing business.

On July 12, 2011, Validus Holdings, Ltd. (Validus) delivered an unsolicited offer to Transatlantic to combine Transatlantic and Validus, with Validus acquiring all the outstanding common shares of Transatlantic (the Validus Proposal). On July 19, 2011, after consultation with its independent financial and legal advisors, the Transatlantic board of directors concluded that the Validus Proposal did not constitute a Superior Proposal under the merger agreement between Allied World and Transatlantic and the Transatlantic board of directors reaffirmed its recommendation of, and its declaration of advisability with respect to, the merger agreement between Allied World and Transatlantic. However, the Board also determined on that date that the Validus Proposal is reasonably likely to lead to a Superior Proposal and that the failure to enter into discussions regarding the Validus Proposal would result in a breach of its fiduciary duties under applicable law. As a result, the Transatlantic board of directors offered to engage in discussions and exchange information with Validus, subject to, and in accordance with the merger agreement between Allied World and Transatlantic, providing Allied World with three business days notice and obtaining from Validus a confidentiality agreement with terms substantially similar and not less favorable to Transatlantic, in the aggregate, than those contained in the confidentiality agreement with Allied World. Validus refused to enter into the confidentiality agreement provided by Transatlantic, and instead, on July 20, 2011, Validus filed with the SEC a preliminary proxy statement on Schedule 14A soliciting proxies from Transatlantic stockholders to vote against the merger and, on July 25, 2011, Validus commenced the Validus exchange offer. In addition, on August 10, 2011, Validus filed a complaint against Transatlantic, members of the Transatlantic board of directors, Allied World and Merger Sub alleging certain breaches of fiduciary duty. It is unclear what additional actions Validus may take to further its proposal and prevent the merger from occurring. Even if ultimately unsuccessful, actions taken by Validus could cause disruption in Transatlantic's business and could negatively impact the expected timing of the consummation of the merger. In addition, there is a risk that Transatlantic's stockholders may vote against proposals relating to the merger as a result of Validus's actions and that, consequently, the required stockholder vote may not be obtained. In that case, it is possible that Transatlantic may decide not to enter into a transaction with Validus or any other party.

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 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 103.

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.

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Uncertainties associated with the merger, the Validus exchange offer and the Berkshire Proposal 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, the Validus exchange offer and the Berkshire Proposal (as discussed in the section entitled *The Merger Background 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.

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 Validus and 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 108 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 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 115, *The Merger Agreement Termination of the Merger Agreement* beginning on page 122 and *The Merger Agreement Expenses and Termination Fees; Liability for Breach* beginning on page 123.

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

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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.

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 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 65 and The Merger Opinion of Transatlantic's Financial Advisor beginning on page 80.

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 148.

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;

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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 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

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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 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

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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.

Transatlantic and Allied World's counterparties may acquire certain rights upon the merger, which could negatively affect the combined company following the merger.

Transatlantic and Allied World are each party to numerous contracts, agreements, licenses, permits, authorizations and other arrangements that contain provisions giving counterparties certain rights (including, in some cases, termination rights) in the event of a change in control of Transatlantic or its subsidiaries or Allied World or its subsidiaries, as applicable. The definition of change in control varies from contract to contract, ranging from a narrow to a broad definition, and in some cases, the change in control provisions may be implicated by the merger. If a change in control occurs, cedents may be permitted to cancel contracts on a cut-off or run-off basis, and Transatlantic or Allied World, as applicable, may be required to provide collateral to secure premium and reserve balances or may be required to cancel and commute a contract, subject to an agreement between the parties that may be settled in arbitration. If a contract is cancelled on a cut-off basis, Transatlantic or Allied World, as applicable, may be required to return unearned premiums, net of commissions. In addition, contracts may provide a ceding company with multiple options, such as collateralization or commutation, that would be triggered by a change in control. Collateral requirements may take the form of trust agreements or be funded by securities held or letters of credit. Upon commutation, the amount to be paid to settle the liability for gross loss reserves would typically consider a discount to the financial statement loss reserve value, reflecting the time value of money resident in the ultimate settlement of such loss reserves. In certain instances, contracts contain dual triggers, such as a change in control and a ratings downgrade, both of which must be satisfied for the contractual right to be exercisable.

Whether a ceding company would have cancellation rights in connection with the merger depends upon the language of its agreement with Transatlantic or Allied World, as applicable. Whether a ceding company exercises any cancellation rights it has would depend on, among other factors, such ceding company's views with respect to the financial strength and business reputation of the combined company, the extent to which such ceding company currently has reinsurance coverage with the combined company's affiliates, the prevailing market conditions, the pricing and availability of replacement reinsurance coverage and the combined company's ratings following the merger. Transatlantic and Allied World cannot presently predict the effects, if any, if the merger is deemed to constitute a change in control under certain of their respective contracts and other arrangements, including the extent to which cancellation rights would be exercised, if at all, nor the effect on the combined company's financial condition, results of operations, or cash flows, but such effect could be material.

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.

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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 90 and *The Merger – Interests of Transatlantic’s Directors and Executive Officers in the Merger* beginning on page 97 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 173.

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 188 for the location of information incorporated by reference in this joint proxy statement/prospectus.

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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 188.

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 188.

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.

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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 up to CHF 887,860,538 (equaling USD 1,156,882,281) to up to CHF 1,472,939,677.4 (equaling USD 1,919,240,400) to permit 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 up to CHF 76,894,774 (equaling USD 100,193,891) to up to CHF 138,634,774 (equaling USD 180,641,111), 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 up to CHF 177,572,113.5 (equaling USD 231,376,463.9) to up to CHF 294,587,935.5 (equaling USD 383,848,080), 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.

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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 63 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 July 22, 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 38,077,329 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 713,214 Allied World shares, or approximately 1.9% 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. Under NYSE rules, if brokers do not have discretion to vote on any of the proposals at a shareholders meeting, broker non-votes will not count toward the calculation of a quorum. As each of the proposals to be voted on at the Allied World Special Shareholder Meeting are considered non-routine under NYSE rules, brokers do not have discretion to vote on such proposals and, as such broker non-votes will not

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be included in the calculation of the number of Allied World shares represented at the Allied World Special Shareholder Meeting for purposes of determining whether a quorum has been achieved.

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

Approval of each of the following proposals requires 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 be considered votes represented at the meeting and will thus have the same effect as votes AGAINST these proposals. Broker non-votes will not be considered shares represented at the meeting and will have no effect on these proposals.

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 proposals, as provided above. Votes for, votes against and abstentions count as votes cast, while broker non-votes do not count as votes cast for this purpose. 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 and broker non-votes will not be considered votes cast and will have no effect on these proposals, assuming a quorum is present.

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 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,

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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 12:00 p.m., 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 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).

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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.

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?

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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 12:00 p.m., 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.

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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 Down Town Association, 60 Pine Street, New York, New York, 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 43 and 110, 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 98.

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.

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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 76 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 July 22, 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, 62,488,896 shares of Transatlantic common stock were issued and outstanding and held by 275 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 an 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 221,521 shares of Transatlantic common stock, or approximately 0.35% of the shares of Transatlantic common stock outstanding on that date, which represents approximately 0.7% of the votes required for the approval of the adoption of the merger agreement proposal. 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.

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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 Transatlantic common stock represented at the Transatlantic Special Shareholder Meeting for purposes of determining whether a quorum has been achieved. Under NYSE rules, if brokers do not have discretion to vote on any of the proposals at a stockholders meeting, broker non-votes will not count toward the calculation of a quorum. As each of the proposals to be voted on at the Transatlantic Special Shareholder Meeting are considered non-routine under NYSE rules, brokers do not have discretion to vote on such proposals and, as such 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.

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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 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 <http://proxy.georgeson.com/> and following the instructions on your proxy card to vote via the internet anytime up to 11:00 p.m., Eastern Time, on _____, 2011 and following the instructions provided on that site;

dialing 1-877-456-7915 and listening for further directions to vote by telephone anytime up to 11:00 p.m., Eastern Time, 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

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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 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).

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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.

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.

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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.

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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 including Validus Holdings, Ltd. (Validus). 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 possible senior management roles at the combined company.

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

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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 the negotiations regarding key transaction terms such as price and governance matters and the status of due diligence, 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 (including differences in accounting methodologies between Allied World and Transatlantic, differences in auditors and integration matters related thereto), 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

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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 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, the diligence proposed to be completed with respect to Transatlantic's 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,

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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 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. From April 26, 2011 and continuing until the execution of the merger agreement, representatives of Allied World, Transatlantic, Willkie Farr and Gibson Dunn discussed the provisions of the merger agreement, including the representations and warranties, covenants (including the non-solicitation covenant), termination rights, termination fees and the expense reimbursement provisions.

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.

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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 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 the possible composition of the combined company's board as between Allied World and Transatlantic directors as well as senior management positions for the combined company.

On May 12, 2011, Messrs. Press, Chippendale, Foos and 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, including board and committee composition and the chairmanship of the combined company. The participants also discussed their respective views as to the strategic direction 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, including board and committee composition and senior management positions for the combined company.

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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 (including with respect to board and committee composition) 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 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.

On May 18, 2011, after discussions among the directors, senior management and Transatlantic's advisors, Transatlantic responded to Allied World's May 17, 2011 proposal with a counter-proposal regarding valuation and governance issues. The counter-proposal included, among other things, (i) a \$1.00 cash dividend per share of Transatlantic common stock to be paid immediately prior to the closing of the proposed transaction and an exchange ratio of 0.875 Allied World shares per share of Transatlantic common stock and (ii) that the current Transatlantic chairman would serve as chairman of the combined company's board of directors until the second shareholders meeting post-closing, at which time the board would elect a successor chair with a two-thirds vote, which successor chair could be from among its members, but could not be a member of either Allied World's or Transatlantic's management team.

From the period following delivery of the May 18th proposal, Allied World, Transatlantic and their respective financial advisors engaged in discussions and negotiations regarding the proposal.

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.

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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.

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.

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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. During this period, the parties and their counsel negotiated, among other things, the amount of the termination fees and expense reimbursement, including whether such fees should be the same or different for Transatlantic and Allied World, the circumstances in which the termination fees would be payable, the terms and scope of the representations, warranties and covenants (including the non-solicitation covenant) of the parties, and the circumstances under which the proposed merger could be terminated. The parties negotiated each of these provisions on an arms-length basis, with the advice of their respective outside legal counsel, taking into consideration all of the facts and circumstances surrounding the transaction. In addition, in negotiating these provisions, the parties considered the terms and conditions of similar transactions of this type.

On May 28, 2011, Transatlantic and Allied World formally engaged Sidley Austin LLP (Sidley Austin) as legal counsel on a concurrent basis to coordinate insurance regulatory filings and approvals in connection with the proposed transaction. Given Sidley Austin's historic relationship with Transatlantic, Transatlantic and Allied World agreed that Sidley Austin would also continue to represent Transatlantic as insurance counsel in connection with 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 3, 2011, Mr. Orlich received an unsolicited telephone call from Edward J. Noonan, the chief executive officer and Chairman of the board of directors of Validus, regarding a possible business combination transaction between Transatlantic and Validus. Subsequently, on June 7, 2011, Validus delivered a letter (the Validus Indication of Interest 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 among the directors, Transatlantic's management and Transatlantic's advisors, the board of directors determined to continue its negotiations with Allied World and to discuss the Validus Indication of Interest Letter at the June 12, 2011 Transatlantic board of directors special meeting.

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, the review of Transatlantic's loss reserves being performed by an independent consulting firm (including the status of such review), 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.

During the week of June 6, 2011, the parties and their counsel finalized the terms of the proposed merger agreement, including, among other things, the representations and warranties, covenants (including the non-solicitation covenant), termination rights, termination fees and the expense reimbursement provisions.

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, the progress in the loss reserves review, 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 the Validus Indication of Interest Letter expressing Validus's interest

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in discussing a potential business combination transaction with Transatlantic. After a discussion of the Validus Indication of Interest 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 Validus and analyses of hypothetical business combination transactions with Validus. The directors and management discussed in detail the Validus Indication of Interest Letter, including (i) the fact that, in the past, preliminary discussions with Validus regarding a business combination had never advanced and (ii) that pursuing a transaction with Validus 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. The directors and management also discussed the fact that a business combination with Validus would not deliver the strategic benefits that could be achieved with the proposed strategic combination with Allied World, including, but not limited to, (i) the higher contribution to revenues and earnings from primary insurance, (ii) a greater focus on specialty insurance and reinsurance markets, (iii) the high probability of the combined company maintaining Transatlantic's current credit ratings, and (iv) the benefit of Allied World's domicile as compared to Validus's. 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

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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 on June 12, 2011, 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.

On July 8, 2011, Allied World filed a preliminary S-4/joint proxy statement with the SEC.

On July 12, 2011, Mr. Orlich received an unsolicited telephone call from Mr. Noonan. Mr. Noonan spoke to Mr. Orlich and stated that Validus would be making a proposal to acquire Transatlantic in a merger pursuant to which Transatlantic stockholders would receive 1.5564 Validus voting common shares in the merger and \$8.00 per share in cash pursuant to a one-time special dividend (the Transatlantic Dividend) from Transatlantic (immediately prior to closing of the merger) for each share of Transatlantic common stock they own. Mr. Noonan also noted that Validus preferred to work cooperatively with Transatlantic to complete a consensual transaction, but was prepared to take the Validus offer directly to Transatlantic stockholders if necessary.

Subsequently on July 12, 2011, the Transatlantic board of directors received an unsolicited proposal letter from Validus to acquire all of the outstanding shares of Transatlantic common stock (the Validus Proposal). Pursuant to the Validus Proposal, Transatlantic stockholders would receive 1.5564 Validus voting common shares in the merger and \$8.00 per share in cash pursuant to a one-time special dividend from Transatlantic (immediately prior to the closing of the merger) for each share of Transatlantic common stock they own. The Validus Proposal was set forth in a proposal letter, accompanied by a draft merger agreement (the Validus merger agreement). The full text of the proposal letter is set forth below:

July 12, 2011

*Board of Directors of Transatlantic Holdings, Inc.
c/o Richard S. Press, Chairman
c/o Robert F. Orlich, President and Chief Executive Officer
80 Pine Street
New York, New York 10005*

Re: Superior Proposal by Validus Holdings, Ltd. to Transatlantic Holdings, Inc.

Dear Sirs:

On behalf of Validus, I am pleased to submit this proposal to combine the businesses of Validus and Transatlantic through a merger in which Validus would acquire all of the outstanding stock of Transatlantic. Pursuant to our proposal, Transatlantic stockholders would receive 1.5564 Validus voting common shares in the merger and \$8.00 per share in cash pursuant to a one-time special dividend from Transatlantic immediately prior to closing of the merger for each share of Transatlantic common stock they own. This combination, which is highly compelling from both a strategic and financial perspective, would create superior value for our respective shareholders.

Based on our closing stock price on July 12, 2011, the proposed transaction provides Transatlantic stockholders with total consideration of \$55.95 per share of Transatlantic common stock based on the Validus closing price on July 12, 2011, which represents a 27.1% premium to Transatlantic's closing price on June 10, 2011, the last trading day prior to the announcement of the proposed acquisition of

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Transatlantic by Allied World Assurance Company Holdings, AG. Our proposal also represents a 12.1% premium over the value of stock consideration to be paid to Transatlantic stockholders as part of the proposed acquisition of Transatlantic by Allied World based on the closing prices of Allied World and Validus shares on July 12, 2011. Additionally, our proposed transaction is structured to be tax-free to Transatlantic stockholders with respect to the Validus voting common shares they receive in the merger. The Allied World acquisition of Transatlantic is a fully-taxable transaction and does not include a cash component to pay taxes. Based on recent public statements by a number of significant Transatlantic stockholders, we believe that Transatlantic stockholders would welcome and support our proposed tax-free transaction, which provides higher value, both currently and in the long-term, to Transatlantic stockholders than Transatlantic's proposed acquisition by Allied World.

Our Board of Directors and senior management have great respect for Transatlantic and its business. As you know from our previous outreaches to you and past discussions, including our recent conversation on June 3rd and our letter dated June 7th, Validus has been interested in exploring a mutually beneficial business combination with Transatlantic for some time. We continue to believe in the compelling logic of a transaction between Transatlantic and Validus. Each of us has established superb reputations with our respective brokers and ceding companies in the markets we serve. The Flaspöler 2010 Broker Report rated Transatlantic #3 and Validus #7 for Best Overall reinsurer and Validus #4 and Transatlantic #7 for Best Overall Property Catastrophe. These parallel reputations for excellent service, creativity and underwriting consistency, when combined with the enhanced capital strength and worldwide scope of a combined Validus and Transatlantic, would afford us the opportunity to execute a transaction that would be mutually beneficial to our respective shareholders and customers, and more attractive than the proposed acquisition of Transatlantic by Allied World.

We believe that our proposal clearly constitutes a Superior Proposal under the terms of the proposed Allied World merger agreement for the compelling reasons set forth below:

- 1. Superior Value. Our proposal of 1.5564 Validus voting common shares in the merger and \$8.00 in cash pursuant to a pre-closing dividend for each share of Transatlantic common stock, which represents total consideration of \$55.95 per share of Transatlantic common stock based on the Validus closing price on July 12, 2011, delivers a significantly higher value to Transatlantic stockholders than does the proposed acquisition of Transatlantic by Allied World. As noted above, as of such date, our proposal represents a 27.1% premium to Transatlantic's closing price on June 10, 2011, the last trading day prior to the announcement of the proposed acquisition of Transatlantic by Allied World, and a 12.1% premium over the value of stock consideration to be paid to Transatlantic stockholders in the proposed acquisition of Transatlantic by Allied World based on the closing prices of Allied World and Transatlantic shares on July 12, 2011. Our proposal also delivers greater certainty of value because it includes a meaningful pre-closing cash dividend payable to Transatlantic stockholders in contrast to the all-stock Allied World offer.*
- 2. Tax-Free Treatment. In addition to the meaningful premium and cash consideration, the proposed transaction with Validus is structured to be tax-free to Transatlantic stockholders with respect to the Validus voting common shares they receive in the merger (unlike the fully-taxable proposed acquisition of Transatlantic by Allied World).*
- 3. Relative Ownership. Upon consummation of the proposed transaction, Transatlantic stockholders would own approximately 48% of Validus outstanding common shares on a fully-diluted basis¹.*

¹ Fully diluted shares calculated using treasury stock method.

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4. *Superior Currency. Validus' voting common shares have superior performance and liquidity characteristics compared to Allied World's stock:*

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

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

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

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

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

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

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

Moreover, Validus has maintained a premium valuation on a diluted book value per share multiple basis relative to its peers over the past two years, including Allied World. Our commitment to transparency and shareholder value creation has allowed us to build a long-term institutional shareholder base, even as our initial investors have reduced their ownership in Validus.

5. *Robust Long-Term Prospects. We believe that a combined Validus and Transatlantic would be a superior company to Allied World following its acquisition of Transatlantic:*

Strategic Fit:

The combination of Validus' strong positions in Bermuda and London and Transatlantic's operations in the United States, continental Europe and Asia would produce a rare example of a complementary business fit with minimal overlap.

This combination will produce a well-diversified company that will be a global leader in reinsurance.

This combination will solidify Validus' leadership in property catastrophe, with pro forma managed catastrophe premiums of over \$1 billion,² while remaining within Validus' historical risk appetite. Validus has significant experience assimilating catastrophe portfolios, most recently its acquisition of IPC Holdings, Ltd. in 2009.

Finally, we believe that there is a natural division of expertise among our key executives in line with our complementary businesses.

² Based on property catastrophe gross premiums written for Validus and net premiums written for Transatlantic in 2010. Pro forma for Validus (\$572 million), Transatlantic (\$431 million) and AlphaCat Re 2011 (\$43 million).

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Size and Market Position: This combination would create a geographically diversified company with a top six reinsurance industry position on a pro forma basis,³ and makes the combined company meaningfully larger than many of the companies considered to be in our mutual peer group. Our merged companies would have gross premiums written over the last twelve months of approximately \$6.1 billion as of March 31, 2011.

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

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

Global, Committed Leader in Reinsurance: Validus has a superior business plan for the combined company that will drive earnings by capturing the best priced segments of the reinsurance market. A combined Validus / Transatlantic would derive a majority of its premiums from short-tail lines and 17% of premiums written from property catastrophe (compared to 10% for Allied World / Transatlantic).⁴ Validus believes this business mix allows for optimal cycle management as the attractive pricing in short tail reinsurance will allow the combined company to better position itself for the eventual upturn in long tail lines. Validus also intends to fortify Transatlantic's reserve position through a planned \$500 million pre-tax reserve strengthening.

We have reviewed the Allied World merger agreement and would be prepared to enter into a merger agreement with Transatlantic that includes substantially similar non-price terms and conditions as the Allied World merger agreement. We are also open to discussing an increase to the size of Validus Board of Directors to add representation from the Transatlantic Board of Directors. In order to facilitate your review of our proposal, we have delivered to you a draft merger agreement.

Additionally, we expect that the proposed transaction with Validus would be subject to customary closing conditions, including the receipt of domestic and foreign antitrust and insurance regulatory approvals and consents in the United States and other relevant jurisdictions. Based upon discussions with our advisors, we anticipate that all necessary approvals and consents can be completed in a timely manner and will involve no undue delay in comparison to Transatlantic's proposed acquisition by Allied World.

Validus expects that the pre-closing special dividend would be financed entirely by new indebtedness incurred by Transatlantic. As such, Validus has received a highly confident letter from J.P. Morgan Securities LLC in connection with the arrangement of the full amount of financing required for the Transatlantic pre-closing special dividend.

Validus has completed two large acquisitions since 2007, and has a proven track record of assimilating and enhancing the performance of businesses that it acquires to create additional value for shareholders. As such, we are confident that we will be able to successfully integrate Transatlantic's and Validus' businesses in a manner that will quickly maximize the benefits of the transaction for our respective shareholders.

Given the importance of our proposal to our respective shareholders, we feel it appropriate to make this letter public. We believe that our proposal presents a compelling opportunity for both our companies

³ Ranked by 2009 net premiums written and excluding the Lloyd's market per Standard & Poor's Global Reinsurance Highlights 2010.

⁴ Based on gross premiums written for Validus and net premiums written for Transatlantic in 2010.

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and our respective shareholders, and look forward to the Transatlantic Board of Directors' response by July 19, 2011. We are confident that, after the Transatlantic Board of Directors has considered our proposal, it will agree that our terms are considerably more attractive to Transatlantic stockholders than the proposed acquisition of Transatlantic by Allied World and that our proposal constitutes, or is reasonably likely to lead to, a Superior Proposal under the terms of Transatlantic's merger agreement with Allied World.

We understand that, after the Transatlantic Board of Directors has made this determination and provided the appropriate notice to Allied World under the merger agreement, it can authorize Transatlantic's management to enter into discussions with us and provide information to us. We are prepared to immediately enter into a mutually acceptable confidentiality agreement, and we would be pleased to provide Transatlantic with a proposed confidentiality agreement.

We understand that the terms of Transatlantic's merger agreement with Allied World do not currently permit Transatlantic to terminate the merger agreement in order to accept a Superior Proposal, but rather Transatlantic has committed to bring the proposed acquisition of Transatlantic by Allied World to a stockholder vote. We are prepared to communicate the benefits of our proposal as compared to Allied World's proposed acquisition of Transatlantic directly to Transatlantic stockholders. In addition, while we would prefer to work cooperatively with the Transatlantic Board of Directors to complete a consensual transaction, we are prepared to take our proposal directly to Transatlantic stockholders if necessary.

We have already reviewed Transatlantic's publicly available information and would welcome the opportunity to review the due diligence information that Transatlantic previously provided to Allied World. We are also prepared to give Transatlantic and its representatives access to Validus' non-public information for purposes of the Transatlantic Board of Directors' due diligence review of us.

Our Board of Directors has unanimously approved the submission of this proposal. Of course, any definitive transaction between Validus and Transatlantic would be subject to the final approval of our Board of Directors, and the issuance of Validus voting common shares contemplated by our proposal will require the approval of our shareholders. We do not anticipate any difficulty in obtaining the required approvals and are prepared to move forward promptly at an appropriate time to seek these approvals.

This letter does not create or constitute any legally binding obligation by Validus regarding the proposed transaction, and, other than any confidentiality agreement to be entered into with Transatlantic, there will be no legally binding agreement between us regarding the proposed transaction unless and until a definitive merger agreement is executed by Transatlantic and Validus.

We believe that time is of the essence, and we, our financial advisors, Greenhill & Co., LLC and J.P. Morgan Securities LLC, and our legal advisor, Skadden, Arps, Slate, Meagher & Flom LLP, are prepared to move forward expeditiously with our proposal to pursue this transaction. We believe that our proposal presents a compelling opportunity for both companies and our respective shareholders, and we look forward to receiving your response by July 19, 2011.

Sincerely,

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

Enclosure

On July 13, 2011, Transatlantic issued a press release announcing that it had received the Validus Proposal and that the Transatlantic board of directors would carefully consider and evaluate the Validus Proposal in due course and would inform Transatlantic stockholders of its position. Transatlantic also advised

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stockholders to not take any action at the time and to await the recommendation of the Transatlantic board of directors.

On July 14, 2011, the Transatlantic board of directors met telephonically to discuss the Validus Proposal. Members of Transatlantic's management, as well as representatives of Gibson Dunn, Goldman Sachs, Moelis and PWC were present at the meeting. At the meeting, the Transatlantic board of directors asked the representatives of Goldman Sachs to describe any current or recent prior relationships with Validus. During the meeting, representatives of Goldman Sachs disclosed that Goldman Sachs has provided certain investment banking services to Validus and its affiliates from time to time, for which Goldman Sachs' investment banking division has received compensation, and that funds managed by affiliates of Goldman Sachs currently own less than 7% of the non-voting shares of Validus. Goldman Sachs, in accordance with its internal policies, had confirmed that such services and interests did not present a conflict of interest that would preclude Goldman Sachs from representing the Transatlantic board of directors in connection with its consideration of the Validus offer. Representatives of Gibson Dunn then reviewed with the directors the applicable legal standards in the context of considering the Validus Proposal and the terms of the merger agreement between Allied World and Transatlantic. Representatives of Gibson Dunn also discussed the principal terms of the draft Validus merger agreement and the material differences from the merger agreement between Allied World and Transatlantic, including that the draft Validus merger agreement provided for (i) a closing condition that counsel to each of Transatlantic and Validus provide certain tax opinions, (ii) a closing condition that the Transatlantic Dividend be declared and paid and (iii) a financing covenant that Transatlantic use its reasonable best efforts to obtain financing to fund payment of the Transatlantic Dividend. Members of management then discussed with the directors certain operational and financial aspects of the Validus Proposal. Representatives of Goldman Sachs and Moelis then provided the directors with their preliminary analysis regarding certain financial metrics with respect to the Validus Proposal. The Transatlantic board of directors then discussed the Validus Proposal and requested that its legal and financial advisors continue to evaluate the Validus Proposal so that the directors could be fully informed prior to making any determinations with respect thereto.

On July 17, 2011, Validus delivered to the Transatlantic board of directors certain supplemental materials describing, among other things, its view as to the merits of the Validus Proposal. Shortly thereafter, Validus issued a press release and publicly disseminated its supplemental materials.

On July 18, 2011, the Transatlantic board of directors met telephonically, along with members of Transatlantic's management and representatives of Gibson Dunn, Goldman Sachs, Moelis, and Richards, Layton & Finger, Transatlantic's Delaware legal counsel. Representatives of Gibson Dunn reviewed with the directors Transatlantic's obligations pursuant to the merger agreement between Allied World and Transatlantic and also described the applicable legal standards in connection with the matters being considered by the board of directors at the meeting. Representatives of Goldman Sachs and Moelis then reviewed with the directors certain preliminary financial analyses of the terms of the Validus Proposal as compared to the terms of the proposed transaction with Allied World. Following a discussion, the Transatlantic board of directors determined that the Validus Proposal did not constitute a Superior Proposal under the terms of the merger agreement between Allied World and Transatlantic. The Transatlantic board of directors further determined that the Validus Proposal was reasonably likely to lead to a Superior Proposal and that the failure to enter into discussions regarding the Validus Proposal would result in a breach of its fiduciary duties under applicable law. As a result, the Transatlantic board determined that Transatlantic should offer to engage in discussions and exchange information with Validus, subject to, in accordance with the merger agreement between Allied World and Transatlantic, (i) providing Allied World with three business days' notice of Transatlantic's intent to furnish information to and enter into discussions with Validus and (ii) obtaining from Validus an executed confidentiality agreement containing terms that are substantially similar, and not less favorable, to Transatlantic, in the aggregate, than those contained in the confidentiality agreement between Transatlantic and Allied World. The Transatlantic board of directors also reaffirmed its recommendation of, and its declaration of advisability with respect to, the merger agreement between Allied World and Transatlantic. Finally, representatives of Gibson Dunn and

Goldman Sachs made a presentation to the Transatlantic board of directors regarding Transatlantic's profile with respect to unsolicited offers and a stockholder rights plan. The Transatlantic board of directors then discussed with its advisors the terms, timing and pros and cons of

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adopting such a rights plan in light of the Validus Proposal. Transatlantic issued a press release announcing its determinations with respect to the Validus Proposal on July 19, 2011.

On July 20, 2011, Transatlantic disseminated supplemental materials setting forth certain information regarding the Validus Proposal and the merger agreement between Allied World and Transatlantic.

Also on July 20, 2011, Validus filed a preliminary proxy statement on Schedule 14A soliciting proxies from Transatlantic stockholders to vote against the adoption of the merger agreement proposal, the adjournment proposal and the golden parachute proposal.

On July 23, 2011, following the expiration of a three business days notice period under the merger agreement, Transatlantic delivered a draft of a confidentiality agreement with terms (including a standstill) substantially similar, and not less favorable, to Transatlantic, in the aggregate, than those contained in the confidentiality agreement between Transatlantic and Allied World, as required pursuant to the merger agreement between Allied World and Transatlantic. Later on July 23, 2011, in-house legal counsel to Transatlantic and representatives of Gibson Dunn spoke via telephone to in-house legal counsel to Validus and a representative of Skadden, Arps, Slate, Meagher & Flom LLP (Skadden), outside legal counsel to Validus, to discuss the draft of the confidentiality agreement delivered by Transatlantic earlier that day. On this call, legal counsel to Validus indicated that Validus would not execute a confidentiality agreement with a standstill provision as requested by Transatlantic pursuant to the terms of the merger agreement. Later that same day, a representative from Skadden delivered to Transatlantic and Gibson Dunn a markup of the draft confidentiality agreement with, among other changes, the standstill deleted. As required under the merger agreement between Allied World and Transatlantic, a copy of such markup was delivered to Allied World and Willkie Farr. On July 24, 2011, a representative of Gibson Dunn communicated to a representative of Skadden and in-house counsel to Validus that Transatlantic was continuing to review the markup of the confidentiality agreement and expected to respond reasonably soon.

Subsequently on July 25, 2011, prior to receiving a response from Transatlantic or Gibson Dunn regarding the Validus markup of the confidentiality agreement, Validus sent a letter to the Transatlantic board of directors informing them that Validus was commencing an exchange offer that morning for all of the outstanding shares of common stock of Transatlantic pursuant to which Transatlantic stockholders would receive 1.5564 Validus voting common shares and \$8.00 in cash for each share of Transatlantic common stock they own (the Validus exchange offer). The letter also indicated that Validus intended to continue soliciting Transatlantic stockholders to vote against the transaction with Allied World. Validus also issued a press release containing the foregoing letter and announcing the commencement of an exchange offer and filed a prospectus/offer to exchange with the SEC.

Also on July 25, 2011, Transatlantic issued a press release stating that, consistent with its fiduciary duties and in consultation with its independent financial and legal advisors, the Transatlantic board of directors would carefully review and evaluate the Validus exchange offer and advised Transatlantic s stockholders to take no action pending the review of the Validus exchange offer by Transatlantic s board of directors. The press release also announced that Transatlantic intends to make the position of the Transatlantic board of directors with respect to the Validus exchange offer available to stockholders in a solicitation/recommendation statement on Schedule 14D-9, to be filed with the Securities and Exchange Commission. In the press release, Transatlantic stated that its board of directors reaffirmed its recommendation of, and declaration of advisability with respect to, the merger agreement between Allied World and Transatlantic.

Also on July 25, 2011, a representative of Willkie Farr informed a representative of Gibson Dunn that (i) the markup of the Validus confidentiality agreement provided by Skadden did not conform to the provisions of the merger agreement and (ii) Allied World would not waive any of the provisions in the merger agreement with respect thereto and reserved all of its rights in all respects should Transatlantic proceed to accept the markup of the confidentiality

agreement.

On July 26, 2011, the Transatlantic board of directors met telephonically, along with members of Transatlantic's management and representatives of Gibson Dunn, Goldman Sachs, and Moelis. Representatives of Gibson Dunn described the applicable legal standards in connection with the matters being considered by

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the Transatlantic board of directors at the meeting and then reviewed with the directors the principal terms of the Validus exchange offer as set forth in the Validus prospectus/offer to exchange. Representatives of Goldman Sachs and Moelis then reviewed with the directors certain financial analyses with respect to the Validus exchange offer as compared to the merger agreement between Allied World and Transatlantic and also reviewed certain financial metrics with respect to both Validus and Allied World. Following a discussion, the Transatlantic board of directors unanimously voted to recommend that Transatlantic stockholders reject the Validus exchange offer and reaffirmed its recommendation of, and declaration of advisability with respect to, the merger agreement between Allied World and Transatlantic. Thereafter, representatives of Gibson Dunn discussed with the Transatlantic board of directors the principal terms of a stockholder rights plan that Transatlantic could consider adopting. The Transatlantic board of directors then discussed with its advisors the terms, timing and pros and cons of adopting the stockholder rights plan in light of Validus's filings with the SEC as they relate to the Validus Proposal, proxy solicitation and Validus exchange offer. Representatives of Gibson Dunn then discussed with the Transatlantic board of directors certain proposed amendments to the Transatlantic bylaws related to the conduct of stockholder meetings. The directors then discussed with representatives of Gibson Dunn the investigation of potential claims against Validus for violations of U.S. securities and other laws in connection with the Validus exchange offer and proxy solicitation. Following a discussion, the Transatlantic board of directors adopted a stockholder rights plan, which has a one year term and a 10% beneficial ownership threshold, to encourage the fair and equal treatment of Transatlantic stockholders in connection with any initiative to acquire effective control of Transatlantic and to reduce the likelihood that any person, including Validus, would gain control of Transatlantic by open market accumulation or otherwise without paying a control premium for all common stock. The Transatlantic board of directors also approved certain amendments to the Transatlantic bylaws relating to the conduct of stockholder meetings, which would enable the Transatlantic board of directors to postpone, adjourn or recess a stockholder meeting to give stockholders sufficient time to consider new information released immediately prior to a meeting. Finally, the Transatlantic board of directors approved the commencement of litigation, as appropriate, against Validus.

On July 28, 2011, Transatlantic filed with the Securities and Exchange Commission a Schedule 14D-9 solicitation/recommendation statement recommending that the Transatlantic stockholders reject the Validus exchange offer. Also on July 28, 2011, Transatlantic issued a press release relating to the determinations made at the July 26, 2011 meeting of the Transatlantic board of directors. Additionally, on July 28, 2011, Transatlantic filed a lawsuit against Validus in the United States District Court for the District of Delaware, alleging that Validus had violated certain securities laws by making materially false and/or misleading statements in the Validus exchange offer and proxy solicitation materials filed with the SEC.

On July 31, 2011, the Transatlantic board of directors met telephonically to discuss the progress of the merger with Allied World, as well as recent events surrounding Validus's exchange offer. A representative of Gibson Dunn discussed with the directors certain legal matters relating to these events.

On August 2, 2011, Validus announced that it had obtained amendments to its applicable credit facilities necessary for satisfying a condition to the Validus exchange offer.

On August 3, 2011, Validus filed with the SEC a preliminary proxy statement with respect to a special meeting of Validus shareholders at which Validus will seek the approval of the issuance of Validus voting common shares in connection with the Validus exchange offer or other acquisition transaction involving Transatlantic.

On August 4, 2011, at Transatlantic's request, Messrs. Orlich and Sapnar met with Messrs. Noonan and Consolino to discuss Transatlantic's request that Validus enter into a mutual confidentiality agreement, on the terms required under the merger agreement.

On August 4, 2011, Mr. Orlich received a telephone call from Ajit Jain, head of Berkshire Hathaway Reinsurance Group (together with Berkshire Hathaway Inc. and its affiliates, Berkshire) regarding a possible business combination between Transatlantic and Berkshire. Subsequently, on August 5, 2011, Berkshire delivered a letter (the Berkshire Indication of Interest Letter) to Transatlantic expressing an interest in

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acquiring Transatlantic for \$52.00 per share (the Berkshire Proposal). The full text of the Berkshire Indication of Interest Letter is set forth below:

August 5, 2011

*Mr. Robert Orlich
President & CEO
Transatlantic Holdings, Inc.
80 Pine Street
New York, NY 10005*

Dear Bob:

As you can imagine, subsequent to our telephone conversation yesterday, I have been watching the screen all morning. With your stock trading at \$45.83, I have to believe that you will find our offer to buy all of Transatlantic shares outstanding at \$52.00 per share to be an attractive offer. As such, I am now writing to formally inform you of National Indemnity's commitment to do so at \$52.00 per share under customary terms for a stock purchase agreement of a publicly traded company to be agreed (but not subject to any due diligence review or financing condition of any nature). This commitment is subject to:

A formal response from you no later than the close of business, Monday, August 8, 2011.

Should you decide to accept this offer, your agreement that should the deal not close for any reasons that are under your control by December 31, 2011, a break-up fee of \$75.0 million would be paid to us.

Your commitment that until the deal closes, you will continue to manage the affairs of the company in a manner that is consistent with how you have managed it historically.

I have deliberately tried to be brief and to the point. I will be happy to discuss any details that you would like at your convenience. I can be reached at [number withheld] (work), [number withheld] (cell) or [number withheld] (home).

Regards,

*/s/ Ajit Jain
Ajit Jain
AJ/bw*

On August 5, 2011, at Skadden's request, representatives of Gibson Dunn met with representatives of Skadden to discuss the draft confidentiality agreement provided by Transatlantic to Validus and Skadden on July 23, 2011. Also on August 5, 2011, Allied World filed Amendment No. 1 to the joint proxy statement/prospectus with the SEC.

On August 7, 2011, Transatlantic issued a press release announcing that it had received the Berkshire Indication of Interest Letter and that the Transatlantic board of directors would carefully consider and evaluate the Berkshire Proposal and would inform Transatlantic's stockholders of its position. Transatlantic also advised its stockholders not to take any action at that time and to await the recommendation of the Transatlantic board of directors. The Transatlantic board of directors also reaffirmed its recommendation of, and its declaration of advisability with respect to, the merger agreement.

On the morning of August 8, 2011, the Transatlantic board of directors met telephonically to discuss the Berkshire Proposal and other recent developments. Members of Transatlantic's management, as well as representatives of Gibson Dunn, Goldman Sachs, Moelis and Richards, Layton & Finger were present at the meeting. At the meeting, the Transatlantic board of directors asked the representatives of Goldman Sachs and Moelis to describe any current or recent prior relationships with Berkshire. Representatives of Goldman Sachs disclosed that Goldman Sachs had provided certain investment banking services to Berkshire and its affiliates from time to time for which the investment banking division of Goldman Sachs had received and may receive compensation. Representatives of Goldman Sachs also disclosed that on October 1, 2008, affiliates of

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Berkshire purchased from The Goldman Sachs Group, Inc. 50,000 shares of 10% Cumulative Perpetual Preferred Stock, Series G (the Preferred Stock) of The Goldman Sachs Group, Inc. (aggregate liquidation preference \$5,000,000,000) and warrants to purchase 43,578,260 shares of common stock of The Goldman Sachs Group, Inc. at an exercise price of \$115 per share. On April 18, 2011, The Goldman Sachs Group, Inc. redeemed in full the Preferred Stock held by Berkshire and certain of its subsidiaries. Goldman Sachs, in accordance with its internal policies, had confirmed that it believed such services and interests did not present a conflict of interest that would preclude Goldman Sachs from representing the Transatlantic board of directors in connection with its consideration of the Berkshire Proposal. Moelis confirmed to the Transatlantic board of directors that Moelis is not currently engaged, and has not in the prior two years been engaged, to provide services to Berkshire. Representatives of Gibson Dunn and Richards, Layton & Finger reviewed with the directors the applicable legal standards in the context of considering the Berkshire Proposal. Representatives of Goldman Sachs and Moelis then provided the directors with their preliminary analysis regarding certain financial metrics with respect to the Berkshire Proposal and certain other matters. After extensive discussion, the Transatlantic board of directors then decided to adjourn the meeting in order to consider further the issues discussed.

Later on August 8, 2011, the Transatlantic board of directors reconvened telephonically. Members of Transatlantic's management, as well as representatives of Gibson Dunn and Richards, Layton & Finger were present at the meeting. Following a discussion, the Transatlantic board of directors determined that the Berkshire Proposal did not constitute a Superior Proposal under the terms of the merger agreement between Allied World and Transatlantic. The Transatlantic board of directors further determined that the Berkshire Proposal was reasonably likely to lead to a Superior Proposal and that the failure to enter into discussions regarding the Berkshire Proposal would result in a breach of its fiduciary duties under applicable law. As a result, the Transatlantic board of directors determined that Transatlantic should offer to engage in discussions and exchange information with Berkshire, subject to, and in accordance with the merger agreement between Allied World and Transatlantic, (i) providing Allied World with three business days' notice of Transatlantic's intent to furnish information to and enter into discussions with Berkshire and (ii) obtaining from Berkshire an executed confidentiality agreement containing terms that are substantially similar, and no less favorable, to Transatlantic, in the aggregate, than those contained in the confidentiality agreement between Transatlantic and Allied World. The Transatlantic board of directors also reaffirmed its recommendation of, and its declaration of advisability with respect to, the merger agreement between Allied World and Transatlantic. Transatlantic issued a press release announcing the Transatlantic board of directors' determinations after the close of the market on August 8, 2011. Also on August 8, 2011, Transatlantic filed with the SEC an amended Schedule 14D-9 solicitation/recommendation statement.

On August 10, 2011, Allied World filed Amendment No. 2 to the joint proxy statement/prospectus with the SEC.

On August 10, 2011, Validus delivered a letter to the Transatlantic board of directors stating that it was providing a one-way confidentiality agreement to Transatlantic that did not contain a standstill provision and that would permit Transatlantic to review non-public information regarding Validus. Also on August 10, 2011, Validus filed a complaint against Transatlantic, the members of the Transatlantic board of directors, Allied World and Merger Sub in the Delaware Court of Chancery alleging, among other things, that the members of the Transatlantic board of directors breached their fiduciary duties in connection with the Validus acquisition proposal and that Allied World and Merger Sub aided and abetted these alleged breaches.

On the evening of August 11 and on August 12, 2011, representatives of Gibson Dunn and in-house counsel to Berkshire negotiated the terms of a proposed confidentiality agreement (including a standstill provision) between Transatlantic and Berkshire (the Berkshire Confidentiality Agreement).

On August 12, 2011, the Transatlantic board of directors met telephonically, along with members of Transatlantic's management and representatives of Gibson Dunn, to review and consider the Berkshire Confidentiality Agreement

and the one-way confidentiality agreement provided by Validus. Representatives of Gibson Dunn discussed with the directors the terms of the one-way confidentiality agreement provided by Validus and the terms of the Berkshire Confidentiality Agreement, in each case in light of the applicable legal standards and Transatlantic's obligations under the merger agreement with Allied World. At this meeting, the

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Transatlantic board of directors considered that entering into the one-way confidentiality agreement provided by Validus could expose Transatlantic to the risk of liability for breach of the merger agreement with Allied World because it did not contain terms that were substantially similar to, and not less favorable to Transatlantic, in the aggregate, than those contained in the confidentiality agreement between Transatlantic and Allied World and was not otherwise permissible under such merger agreement, and therefore determined to take no action with respect to the one-way confidentiality agreement. After further discussion at the meeting, the board of directors determined in good faith that the Berkshire Confidentiality Agreement contains terms that were substantially similar to, and not less favorable to Transatlantic, in the aggregate, than those contained in the confidentiality agreement between Transatlantic and Allied World. The Transatlantic board of directors therefore authorized management to enter into the Berkshire Confidentiality Agreement. Subsequent to the Transatlantic board of directors' determination, Transatlantic and Berkshire entered into the Berkshire Confidentiality Agreement. Also on August 12, 2011, Transatlantic issued a press release announcing that it had entered into the Berkshire Confidentiality Agreement and commenced discussions with Berkshire.

On August 15, 2011, Allied World filed Amendment No. 3 to the joint proxy statement/prospectus with the SEC.

Commencing on August 12, 2011 and continuing through the date of this joint proxy statement/prospectus, representatives of Transatlantic have engaged in discussions, and exchanged information, with representatives of Berkshire.

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 that the combination of Allied World and Transatlantic would create \$80 million of annual gross savings with the combined company realizing approximately 60% of those savings on an annualized run-rate (after-tax) basis in the first year following the closing of the merger 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;

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

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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;

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

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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 merits of the merger as compared to any alternative transactions or business strategies, nor did

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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 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 agreement. Deutsche Bank also assumed that all material governmental, regulatory, contractual or other

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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 exchange ratio to Allied World and did not address any other terms of the merger or the merger agreement, is subject to the assumptions, limitations, qualifications and other conditions contained therein and is necessarily based on the economic, market and other conditions, and information made available to Deutsche Bank, as of the date of the opinion. Deutsche Bank was not asked to, and its opinion did not, address the fairness of the merger, or any consideration received in connection therewith, to the holders of any other class of securities, creditors or other constituencies of Allied World, nor did it address the fairness of the contemplated benefits of the merger. Deutsche Bank did not express any view or opinion as to the underlying decision by Allied World to engage in the merger or the relative merits of the merger as compared to any alternative transactions or business strategies. In addition, Deutsche Bank did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any of the officers, directors, or employees of any parties to the merger, or any class of such persons, relative to the exchange ratio. The Deutsche Bank opinion did not in any manner address the prices at which the Allied World shares or any other securities would trade following the announcement or consummation of the merger.

The following is a summary of the material financial analyses contained in the presentation that was made by Deutsche Bank to the Allied World board of directors on June 12, 2011 and that were used by Deutsche Bank in connection with rendering its opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Deutsche Bank, nor does the order in which the analyses are described represent the relative importance or weight given to the analyses by Deutsche Bank. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Deutsche Bank's financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before June 10, 2011, and is not necessarily indicative of current market conditions.

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Deutsche Bank reviewed and analyzed the average multiples of the price per share to book value per share for each of Allied World and Transatlantic over historical time periods prior to June 10, 2011. The results of this analysis are as follows:

	Average Multiples of Price to Book Value	
	Allied World	Transatlantic
Current (as of June 10, 2011)	0.78x	0.69x
10-day	0.76	0.69
1-month	0.76	0.71
3-month	0.79	0.73
6-month	0.78	0.74
1-year	0.75	0.75
2-year	0.74	0.80
5-year	0.92	1.08

Historical Exchange Ratio Analysis

Deutsche Bank calculated, reviewed and analyzed the average historical exchange ratios implied by dividing the daily closing prices of Transatlantic's common stock over Allied World's shares, over historical periods prior to June 10, 2011. The results of this analysis are as follows:

	Average Exchange Ratios
Current (as of June 10, 2011)	0.76x
10-day	0.76
1-month	0.76
3-month	0.77
6-month	0.81
1-year	0.87
2-year	0.99

In addition, Deutsche Bank reviewed the range of exchange ratios over the 52-week period prior to June 10, 2011. Deutsche Bank found that the exchange ratio ranged from 0.74x to 1.07x over that period. Deutsche Bank noted that the exchange ratio of 0.88x fell within that range.

Trading Range Analysis

Deutsche Bank reviewed the 52-week trading range of Allied World shares and Transatlantic's common stock measured as of June 10, 2011. Deutsche Bank found that the price per share of Allied World's shares over that period ranged from \$45 to \$65 and that Transatlantic's common stock over that period ranged from \$44 to \$54. Based on the foregoing, Deutsche Bank calculated an implied exchange ratio range of 0.68 to 1.21x shares of Allied World to be issued in exchange for one share of Transatlantic common stock. The low exchange ratio represents the ratio of the lowest Transatlantic value per share and the highest Allied World value per share over the 52-week period considered.

The high exchange ratio represents the ratio of the highest Transatlantic value per share and the lowest Allied World value per share over the 52-week period considered. Deutsche Bank noted that the exchange ratio of 0.88x fell within that range.

Contribution Analysis

Based upon the exchange ratio of 0.88 Allied World shares per share of Transatlantic common stock to be effected in the merger and the closing price of \$58.07 per Allied World share on June 10, 2011, Deutsche Bank calculated that the pro forma fully diluted ownership of Allied World and Transatlantic shareholders in the combined company was approximately 42% and 58%, respectively. Deutsche Bank then compared such pro forma fully diluted ownership percentages of Allied World and Transatlantic shareholders to Allied World's and Transatlantic's respective relative contributions to the combined company based upon current fully

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diluted market capitalization for each company on a stand-alone basis as of June 10, 2011, total assets, shareholders equity and shareholders tangible equity for each company on a stand-alone basis as of March 31, 2011, as well as each company's relative contribution to actual after-tax operating income for 2010 and estimated after-tax operating income for 2011, 2011 (normalized for a catastrophe loss ratio of 5%), 2012 and 2013 based upon estimates prepared by the management of Allied World and Transatlantic for their respective companies. The results of these calculations are summarized as follows:

	Relative Contribution	
	Allied World	Transatlantic
Financial metrics		
Current fully diluted market capitalization (as of 6/10/11)	45%	55%
Total assets (as of 3/31/2011)	40	60
Shareholders' equity (as of 3/31/2011)	42	58
Shareholders' tangible equity (as of 3/31/2011)	39	61
2010 Actual after-tax operating income	51	49
2011 Estimated after-tax operating income	52	48
2011 Estimated after-tax operating income - normalized cat losses	39	61
2012 Estimated after-tax operating income	39	61
2013 Estimated after-tax operating income	41	59

In addition to noting the relative pro forma ownership percentages for holders of Allied World shares and Transatlantic common stock described above, Deutsche Bank noted that the board of directors of the combined company would consist of 11 directors, five appointed by Allied World and six appointed by Transatlantic and that such relative ownership amounts and board composition are consistent with precedent mergers of equals.

Implied Exchange Ratio Analysis

Deutsche Bank assessed the fairness of the exchange ratio by deriving values for each of Allied World and Transatlantic using several valuation methodologies, including an analysis of comparable companies using valuation multiples from selected publicly-traded companies, and dividend discount analysis, each of which is described in more detail in the summaries set forth below. Each of these methodologies was used to generate implied per share valuation ranges on a fully-diluted common share basis. The implied per share valuation ranges were used to assess the exchange ratio implied by each methodology.

The following table outlines the ranges of approximate implied values per Allied World share and shares of Transatlantic common stock and the implied exchange ratios derived using each of these methodologies. With respect to any given range of exchange ratios, the low exchange ratio represents the ratio of the lowest Transatlantic value per share and the highest Allied World value per share, and the high exchange ratio represents the ratio of the highest Transatlantic value per share and the lowest Allied World value per share. The table should be read together with the more detailed summary of each of the valuation analyses set forth below.

Approximate Implied Value per Share		Implied Exchange Ratio
Allied World	Transatlantic	

Trading Multiple Valuation:

Price/3/31/2011 Book Value Per Share	\$ 56-\$71	\$ 45-\$64	0.63x-1.15x
Price/3/31/2011 Tangible Book Value Per Share	53-66	45-67	0.67-1.26
Price/2012 Estimated After-Tax Operating Earnings	61-76	43-71	0.56-1.17
Dividend Discount Analysis (Price/Book Value)	70-86	57-76	0.67-1.10
Dividend Discount Analysis (Price/Earnings)	68-85	56-70	0.66-1.03

Deutsche Bank noted that the exchange ratio of 0.88x fell within each of the above implied exchange ratio ranges.

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Comparable Companies Analysis Allied World

Deutsche Bank reviewed and compared certain financial information and commonly used valuation measurements for Allied World to corresponding financial information and measurements for the following selected companies.

Arch Capital Group Ltd.

Argo Group International Holdings, Ltd.

Aspen Insurance Holdings Limited

Axis Capital Holdings Limited

Endurance Specialty Holdings Ltd.

HCC Insurance Holdings, Inc.

Markel Corporation

The Navigators Group, Inc.

RLI Corp.

W.R. Berkley Corporation

Although none of the selected companies is either identical or directly comparable to Allied World, the companies included were chosen because they are publicly traded companies with operations that, for purposes of analysis, may be considered similar to certain operations of Allied World. Accordingly, the analysis of publicly traded comparable companies was not simply mathematical. Rather, it involved complex considerations and qualitative judgments, reflected in Deutsche Bank's opinion, concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of such companies.

With respect to each of the selected companies and Allied World, Deutsche Bank calculated the following trading multiples:

the multiple of price to book value per share, which we refer to as P/B ;

the multiple of price to tangible book value per share, which we refer to as P/B Tangible ; and

the multiple of price to estimated operating earnings per share, which we refer to as P/E, for 2012.

Deutsche Bank did not use the multiple of price to estimated operating earnings per share for 2011 because it believed extraordinary catastrophe losses in the first quarter of 2011 (including Japan, New Zealand and Australia losses) resulted in estimated operating earnings for 2011 being non-representative of potential future financial performance with disproportionate impact on each comparable company.

The trading multiples of Allied World and the selected companies were calculated using the closing prices of the Allied World shares and the common stock of the selected companies on June 10, 2011 and were based upon the most recent publicly available information, Allied World's management's estimates and

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analysts consensus earnings estimates for 2012 provided by CapitalIQ. The results of these analyses are summarized as follows:

	P/B	P/B Tangible	2012E P/E
Allied World	0.78x	0.88x	7.6x
Selected Companies			
Arch Capital Group Ltd.	1.01	1.01	12.3
Argo Group International Holdings, Ltd.	0.62	0.74	12.4
Aspen Insurance Holdings Limited	0.62	0.63	8.2
Axis Capital Holdings Limited	0.78	0.79	7.5
Endurance Specialty Holdings Ltd.	0.75	0.82	8.1
HCC Insurance Holdings, Inc.	1.10	1.47	10.9
Markel Corporation	1.21	1.59	24.0
The Navigators Group, Inc.	0.90	0.91	16.2
RLI Corp.	1.54	1.59	13.8
W.R. Berkley Corporation	1.25	1.28	12.6

Based in part on the trading multiples described above, Deutsche Bank selected certain reference ranges of multiples and calculated corresponding ranges of implied equity values per Allied World share as follows:

Deutsche Bank applied multiples of price to book value per share ranging from 0.75x to 0.95x to the book value per Allied World share as of March 31, 2011;

Deutsche Bank applied multiples of price to tangible book value per share ranging from 0.80x to 1.00x to the tangible book value per Allied World share as of March 31, 2011; and

Deutsche Bank applied multiples of price to estimated after-tax operating earnings ranging from 8.0x to 10.0x to the estimated after-tax operating earnings of Allied World for 2012 based on the Allied World estimates.

The ranges of approximate implied equity values per Allied World share resulting from the foregoing calculations, which are the same as the ranges of implied equity values per share used in the Implied Exchange Ratio Analysis discussed above, are presented in the following table:

	Approximate Implied Value per Share
Price/Book Value Per Share	
3/31/11 Book Value Per Share	\$ 57 - \$71
3/31/11 Tangible Book Value Per Share	53 - 66
Price/2012 Estimated After-Tax Operating Earnings	61 - 76

Comparable Companies Analysis Transatlantic

Deutsche Bank reviewed and compared certain financial information and commonly used valuation measurements for Transatlantic to corresponding financial information and measurements for the following selected companies.

ACE Limited

Everest Re Group, Ltd.

Münchener Rückversicherungs AG (Munich Re)

PartnerRe Ltd.

RenaissanceRe Ltd.

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SCOR SE

Swiss Reinsurance Co. Ltd.

Validus Holdings, Ltd.

XL Capital plc

Although none of the selected companies is either identical or directly comparable to Transatlantic, the companies included were chosen because they are publicly traded companies with operations that, for purposes of analysis, may be considered similar to certain operations of Transatlantic. Accordingly, the analysis of publicly traded comparable companies was not simply mathematical. Rather, it involved complex considerations and qualitative judgments, reflected in Deutsche Bank's opinion, concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of such companies.

With respect to each of the selected companies and Transatlantic, Deutsche Bank calculated the following trading multiples:

the multiple of price to book value per share, which we refer to as P/B ;

the multiple of price to tangible book value per share, which we refer to as P/B Tangible ; and

the multiple of price to estimated operating earnings per share, which we refer to as P/E, for 2012.

Deutsche Bank did not use the multiple of price to estimated operating earnings per share for 2011 because it believed extraordinary catastrophe losses in the first quarter of 2011 (including Japan, New Zealand and Australia losses) resulted in estimated operating earnings for 2011 being non-representative of potential future financial performance with disproportionate impact on each comparable company.

The trading multiples of Transatlantic and the selected companies were calculated using the closing prices of the Transatlantic common stock and the common stock of the selected companies on June 10, 2011 and were based upon the most recent publicly available information, Transatlantic's management estimates and analysts' consensus earnings estimates for 2012 provided by CapitalIQ. The results of these analyses are summarized as follows:

	P/B	P/B Tangible	2012E P/E
Transatlantic	0.69x	0.69x	6.2x
Selected Companies			
ACE Limited	0.96	1.21	8.9
Everest Re Group, Ltd.	0.76	0.76	7.4
Münchener Rückversicherungs AG (Munich Re)	0.91	1.21	10.1
PartnerRe Ltd.	0.79	0.88	8.4
RenaissanceRe Ltd.	1.07	1.08	9.3
SCOR SE	1.21	1.54	9.8
Swiss Reinsurance Co. Ltd.	0.81	0.98	9.6
Validus Holdings, Ltd.	0.97	1.02	7.0

XL Capital plc	0.64	0.69	9.4
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Based in part on the trading multiples described above, Deutsche Bank selected certain reference ranges of multiples and calculated corresponding ranges of implied equity values per share of Transatlantic common stock as follows:

Deutsche Bank applied multiples of price to book value per share ranging from 0.70x to 1.00x to the book value per share of Transatlantic common stock as of March 31, 2011;

Deutsche Bank applied multiples of price to tangible book value per share ranging from 0.70x to 1.05x to the tangible book value per share of Transatlantic common stock as of March 31, 2011; and

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Deutsche Bank applied multiples of price to estimated after-tax operating earnings ranging from 6.0x to 10.0x to the estimated after-tax operating earnings of Transatlantic for 2012 based on the Transatlantic estimates.

The ranges of approximate implied equity values per share of Transatlantic common stock resulting from the foregoing calculations, which are the same as the ranges of implied equity values per share used in the Implied Exchange Ratio Analysis discussed above, are presented in the following table:

	Approximate Implied Value per Share
Price/Book Value Per Share	
3/31/11 Book Value Per Share	\$ 45 - \$64
3/31/11 Tangible Book Value Per Share	45 - 67
Price/2012 Estimated After-Tax Operating Earnings	43 - 71

Dividend Discount Analysis Allied World

Based on the Allied World estimates, Deutsche Bank performed a dividend discount analysis to determine a range of implied present values per Allied World share, assuming Allied World continued to operate as a standalone company. The values were determined by adding the present value of the estimated free cash flow per share for the nine months ended December 31, 2011 and for the years 2012 through 2015 and the present value of the estimated terminal value per Allied World share as of the end of 2015. Deutsche Bank calculated a range of present equity values for Allied World as the sum of (1) the present value of the estimated cash flow per share for the nine months ended December 31, 2011 and for the years 2012 through 2015 using discount rates ranging from 8.5% to 10.5%, which were chosen by Deutsche Bank based upon an analysis of the cost of equity of Allied World, and (2) the present value of illustrative terminal value per share derived by applying a range of price to book value multiples and price to earnings multiples to Allied World's estimated shareholders' equity and net income and applying discount rates ranging from 8.5% to 10.5% to such terminal values. For the terminal value based on price to book value multiples, Deutsche Bank applied multiples ranging from 0.90x to 1.10x to Allied World's estimated shareholders' equity for 2015. Based on the above analysis, Deutsche Bank determined a range of present values per Allied World share of approximately \$70 to \$86. For the terminal value based on price to earnings multiples, Deutsche Bank applied multiples ranging from 8.0x to 10.0x to Allied World's estimated net income for 2015. Based on the above analysis, Deutsche Bank determined a range of present values per Allied World share of approximately \$68 to \$85. Deutsche Bank selected the terminal value multiples used in this analysis based upon the current and historical trading values and multiples of Allied World and the selected companies discussed in the Comparable Companies Analysis above.

Dividend Discount Analysis Transatlantic

Based on the Transatlantic estimates, Deutsche Bank performed a dividend discount analysis to determine a range of implied present values per share of Transatlantic common stock, assuming Transatlantic continued to operate as a standalone company. The values were determined by adding the present value of the estimated free cash flow per share for the nine months ended December 31, 2011 and for the years 2012 through 2015 and the present value of the estimated terminal value per share of Transatlantic common stock as of the end of 2015. Deutsche Bank calculated a range of present equity values for Transatlantic as the sum of (1) the present value of the estimated cash flow per share for the nine months ended December 31, 2011 and for the years 2012 through 2015 using discount rates ranging from 9% to 11%, which were chosen by Deutsche Bank based upon an analysis of the cost of equity of Transatlantic, and (2) the present value of illustrative terminal value per share derived by applying a range of price to book value

multiples and price to earnings multiples to Transatlantic's estimated shareholders' equity and net income and applying discount rates ranging from 9% to 11% to such terminal values. For the terminal value based on price to book value multiples, Deutsche Bank applied multiples ranging from 0.85x to 1.15x to Transatlantic's estimated shareholders' equity for 2015. Based on the above analysis, Deutsche Bank determined a range of present values per share of Transatlantic common stock of approximately \$57 to \$76. For the terminal value based on price to earnings multiples,

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Deutsche Bank applied multiples ranging from 8.0x to 10.0x to Transatlantic's estimated net income for 2015. Based on the above analysis, Deutsche Bank determined a range of present values per share of Transatlantic common stock of approximately \$56 to \$70. Deutsche Bank selected the terminal value multiples used in this analysis based upon the current and historical trading values and multiples of the selected companies discussed in the Comparable Companies Analysis above.

The preparation of a fairness opinion is a complex process involving the application of subjective business judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to summary description. Deutsche Bank believes that its analyses must be considered as a whole and that considering any portion of such analyses and of the factors considered without considering all analyses and factors could create a misleading view of the process underlying the opinion. In arriving at its fairness determination, Deutsche Bank did not assign specific weights to any particular analyses.

In conducting its analyses and arriving at its opinion, Deutsche Bank utilized a variety of generally accepted valuation methods. The analyses were prepared solely for the purpose of enabling Deutsche Bank to provide its opinion to the Allied World board of directors as to the fairness, from a financial point of view, to Allied World of the exchange ratio described above as of the date of its opinion and do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold, which are inherently subject to uncertainty. In connection with its analyses, Deutsche Bank made, and was provided by the management of Allied World with, numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Deutsche Bank, Transatlantic or Allied World. Analyses based on estimates or forecasts of future results are not necessarily indicative of actual past or future values or results, which may be significantly more or less favorable than suggested by such analyses. Because such analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of Transatlantic, Allied World or their respective advisors, none of Transatlantic, Allied World, Deutsche Bank nor any other person assumes responsibility if future results or actual values are materially different from these forecasts or assumptions.

The terms of the merger, including the exchange ratio, were determined through arm's-length negotiations between Allied World and Transatlantic and were approved by the Allied World board of directors. Representatives of Deutsche Bank provided advice to Allied World during these negotiations. Deutsche Bank, however, did not recommend any specific exchange ratio to Allied World or its board of directors or that any specific exchange ratio constituted the only appropriate exchange ratio for the merger. The decision to enter into the merger was solely that of the Allied World board of directors. As described above, the opinion and presentation of Deutsche Bank to the Allied World board of directors were only one of a number of factors taken into consideration by the Allied World board of directors in making its determination to approve the merger agreement and the transactions contemplated by it, including the merger.

Allied World selected Deutsche Bank as its financial advisors in connection with the merger based on Deutsche Bank's qualifications, expertise, reputation and experience in mergers and acquisitions. Pursuant to the engagement letter dated June 2, 2011 between Allied World and Deutsche Bank, Allied World agreed to pay Deutsche Bank (i) a fee (an Opinion Fee) equal to \$2.5 million payable upon the delivery of its opinion (or upon Deutsche Bank advising Allied World that it was unable to render an opinion) and (ii) in the event the merger is consummated, a fee equal to \$14.5 million payable at the time of closing less the amount of any Opinion Fee previously paid. If the merger is not completed and Allied World receives a break-up fee, lock-up option, topping fee or other termination fee or other similar payment, Deutsche Bank is entitled to receive a fee equal to \$5 million. Allied World has also agreed to reimburse Deutsche Bank for reasonable fees and disbursements of Deutsche Bank's counsel and Deutsche Bank's reasonable travel and other out-of-pocket expenses incurred in connection with the merger or otherwise arising out of the retention of Deutsche Bank under the engagement letter. Allied World has also agreed to indemnify Deutsche

Bank and certain related persons to the full extent lawful against certain liabilities, including certain liabilities under the U.S. federal securities laws arising out of its engagement or the merger.

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Deutsche Bank is an internationally recognized investment banking firm experienced in providing advice in connection with mergers and acquisitions and related transactions. Deutsche Bank is an affiliate of Deutsche Bank AG, which, together with its affiliates, we refer to as the Deutsche Bank Group. One or more members of the Deutsche Bank Group have, from time to time, provided investment banking, commercial banking (including extension of credit) and other financial services to Allied World, Transatlantic or their respective affiliates for which it has received compensation. A member of the Deutsche Bank Group acted as a joint-lead manager in a public offering of senior notes by Allied World in November 2010 for which it received aggregate fees of \$150,000. A member of the Deutsche Bank Group is also acting as a lender of Allied World's senior credit facility for which it has received aggregate fees of \$20,000 and is acting as an asset manager for certain investment portfolios of Transatlantic for which it received aggregate fees of approximately \$75,000 during the first quarter of 2011. The Deutsche Bank Group may also provide investment and commercial banking services to Allied World, Transatlantic or their respective affiliates in the future, for which the Deutsche Bank Group would expect to receive compensation. In the ordinary course of business, members of the Deutsche Bank Group may actively trade in the securities and other instruments and obligations of Allied World and Transatlantic (or their respective affiliates) for their own accounts and for the accounts of their customers. Accordingly, the Deutsche Bank Group may at any time hold a long or short position in such securities, instruments and obligations. In addition, as of June 12, 2011, Deutsche Bank and affiliates owned approximately 250,000 shares of Transatlantic common stock.

Certain Allied World Prospective Financial Information

Allied World does not as a matter of course make public long-term forecasts as to future performance or other prospective financial information beyond the current fiscal year, and Allied World is especially wary of making forecasts or projections for extended periods due to the unpredictability of the underlying assumptions and estimates. However, as part of the due diligence review of Allied World in connection with the merger, Allied World's management prepared and provided to Transatlantic and Goldman Sachs, as well as to Deutsche Bank and Moelis, in connection with their respective evaluation of the fairness of the merger consideration, certain non-public, internal financial forecasts regarding Allied World's projected future operations for the 2011 through 2015 fiscal years. Allied World has included below a summary of these forecasts for the purpose of providing shareholders and investors access to certain non-public information that was furnished to third parties and such information may not be appropriate for other purposes. These forecasts were also considered by the Allied World board of directors for purposes of evaluating the merger. The Allied World board of directors also considered non-public, financial forecasts prepared by Transatlantic regarding Transatlantic's anticipated future operations for the 2011 through 2015 fiscal years for purposes of evaluating Transatlantic and the merger. See *The Merger - Certain Transatlantic Prospective Financial Information* beginning on page 89 for more information about the forecasts prepared by Transatlantic.

The Allied World internal financial forecasts were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with published guidelines of the SEC, SAP or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts or generally accepted accounting principles in the United States. Deloitte & Touche Ltd. has not examined, compiled or performed any procedures with respect to the accompanying prospective financial information and, accordingly, Deloitte & Touche Ltd. does not express an opinion or any other form of assurance with respect thereto. The Deloitte & Touche Ltd. reports incorporated by reference in this joint proxy statement/prospectus relate only to Allied World's historical financial information. They do not extend to the prospective financial information and should not be read to do so. The summary of these internal financial forecasts included below is not being included to influence your decision whether to vote for the merger and the transactions contemplated in connection with the merger, but because these internal financial forecasts were provided by Allied World to Transatlantic and Deutsche Bank, Goldman Sachs and Moelis.

While presented with numeric specificity, these internal financial forecasts were based on numerous variables and assumptions (including, but not limited to, those related to industry performance and competition and general business, economic, market and financial conditions and additional matters specific to Allied World's businesses) that are inherently subjective and uncertain and are beyond the control of Allied World.

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management. Important factors that may affect actual results and cause these internal financial forecasts to not be achieved include, but are not limited to, risks and uncertainties relating to Allied World's business (including its ability to achieve strategic goals, objectives and targets over applicable periods), industry performance, general business and economic conditions and other factors described in the Risk Factors section of Allied World's Annual Report on Form 10-K, 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. These internal financial forecasts also reflect numerous variables, expectations and assumptions available at the time they were prepared as to certain business decisions that are subject to change. As a result, actual results may differ materially from those contained in these internal financial forecasts. Accordingly, there can be no assurance that the forecasted results summarized below will be realized.

The inclusion of a summary of these internal financial forecasts in this joint proxy statement/prospectus should not be regarded as an indication that any of Allied World, Transatlantic or their respective affiliates, advisors or representatives considered these internal financial forecasts to be predictive of actual future events, and these internal financial forecasts should not be relied upon as such nor should the information contained in these internal financial forecasts be considered appropriate for other purposes. None of Allied World, Transatlantic or their respective affiliates, advisors, officers, directors or representatives can give you any assurance that actual results will not differ materially from these internal financial forecasts, and none of them undertakes any obligation to update or otherwise revise or reconcile these internal financial forecasts to reflect circumstances existing after the date these internal financial forecasts were generated or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying these forecasts are shown to be in error. Since the forecasts cover multiple years, such information by its nature becomes less meaningful and predictive with each successive year. Allied World does not intend to make publicly available any update or other revision to these internal financial forecasts.

None of Allied World or its affiliates, advisors, officers, directors or representatives has made or makes any representation to any shareholder or other person regarding Allied World's ultimate performance compared to the information contained in these internal financial forecasts or that the forecasted results will be achieved. Allied World has made no representation to Transatlantic, in the merger agreement or otherwise, concerning these internal financial forecasts. The below forecasts do not give effect to the merger. Allied World urges all shareholders to review Allied World's most recent SEC filings for a description of Allied World's reported financial results.

Fiscal Year	2011	2012	2013	2014	2015
	(All dollar amounts in millions of dollars)				
Net Premiums Written	\$ 1,586	\$ 1,817	\$ 2,015	\$ 2,115	\$ 2,221
Net Income	\$ 201	\$ 284	\$ 325	\$ 356	\$ 393
Loss Ratio	69.1%	62.6%	62.5%	63.3%	63.3%
Combined Ratio	99.5%	92.4%	91.3%	92.1%	92.1%
Total Shareholders' Equity	\$ 3,002	\$ 3,197	\$ 3,504	\$ 3,841	\$ 4,215

Transatlantic's Reasons for the Merger; Recommendations of the Transatlantic Board of Directors

In approving the merger agreement and recommending its adoption by Transatlantic stockholders, Transatlantic's board of directors considered a number of factors and a substantial amount of information presented by and reviewed and discussed with Transatlantic's management and legal and financial advisors, and considered numerous factors, including the following:

management's belief that the merger has the potential to create a leading, diversified, specialty focused reinsurance and insurance company with a global reach and a local presence in key markets, based upon, among other things, the fact that the combined company would have 39 locations with local underwriters, would combine a leading specialty reinsurance brand (including with respect to directors and officers, errors and omissions and medical malpractice reinsurance) with a leading specialty

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insurance brand (including with respect to professional liability and healthcare insurance), and would have a diverse portfolio between reinsurance and insurance;

management's belief that the combined company would have a strengthened balance sheet with \$8.5 billion of total capital;

although no assurance can be given on the reaction of any independent rating agency, management's belief that the combined company would be able to maintain the financial strength ratings of Transatlantic, especially at S&P, which has significant value to Transatlantic's business;

management's belief that the combination would diversify risk, which should allow the combined company to weather cyclical conditions, reduce volatility of earnings and deliver more stable results under a wider range of market conditions and economic environments while creating a foundation for future growth, based upon, among other things, the fact that the combined company would have both a significant insurance and reinsurance business, and would have greater diversification with respect to (i) duration of risk, (ii) premiums and reserves by lines of business and geography and (iii) catastrophe exposures;

the fact that Transatlantic would gain multiple platforms, including European Union based operating subsidiaries;

Transatlantic board of directors' belief, based upon discussions with Transatlantic's management and after a thorough review of Transatlantic's strategic alternatives, that the merger would provide greater value to the Transatlantic stockholders within a shorter timeframe than other potential strategic alternatives available to Transatlantic, including the continued operation of Transatlantic as a standalone company, based on, among other things, the fact that the combined company would have greater flexibility to allocate capital in a more efficient manner, increased financial strength and scale, and meaningful incremental combined excess capital;

management's belief that property catastrophe exposure of the combined company would remain below its respective stated tolerances, allowing for future growth;

although no assurance can be given that any level of operating and structural synergies would be achieved following the completion of the merger, management's estimate, consistent with Allied World's management's estimate, that the combination of Transatlantic and Allied World would create \$80 million of annual gross savings, with the combined company realizing approximately 60% of these savings on an annualized run-rate (after-tax) basis in the first year following the closing of the merger, in part, to more efficient allocation of capital and cost savings;

the fact that, with a Swiss domicile, the combined company should have greater capital flexibility;

the fact that Transatlantic stockholders immediately prior to the merger would hold approximately 58% of the voting power of the combined company on a fully diluted basis immediately following completion of the merger;

the fixed exchange ratio of 0.88 Allied World shares for each share of Transatlantic common stock, which represented a premium of 16% to the closing price of Transatlantic common stock, based on the closing price of Allied World shares on June 10, 2011 (the last trading day before public announcement of the merger);

the complementary nature of Transatlantic's and Allied World's businesses and cultures, including the fact that the two companies have complementary lines of business (for example, with respect to medical malpractice

and healthcare, Transatlantic has a focus on physicians and Allied World has a focus on hospitals and other facilities), and that both companies have strong underwriting and risk management cultures;

the view of the Transatlantic board of directors that there will be limited integration risk due to the similar cultures of Transatlantic and Allied World with respect to underwriting discipline and risk management, common information technology systems, and limited business overlap;

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the structure of the transaction as a merger of equals, including the provisions in the merger agreement that:

the combined company's board of directors would initially be comprised of 11 members, six of which would be designated by Transatlantic;

the combined company's board committee assignments would be split evenly between designees from the Transatlantic board of directors and designees from the Allied World board of directors;

Mr. Press would initially be the non-executive chairman of the board of directors of the combined company;

Mr. Sapnar would be appointed as the President and Chief Executive Officer of Global Reinsurance of the combined company; and

the remaining members of management of the combined company would be drawn from the two companies on a fair and equitable basis with a roughly equal number of people coming from each;

the expectation of the Transatlantic board of directors that the integration of the two companies will be completed in a timely and efficient manner with minimal disruption to customers and employees;

the fact that the combined company would have a highly experienced management team with extensive industry experience in the most significant facets of the insurance and reinsurance industry. See the section entitled "Executive Officers Following the Merger" beginning on page 102;

the Transatlantic board of directors' knowledge of Transatlantic's business, financial condition, results of operations and prospects as a standalone company, as well as Allied World's business, financial condition, results of operations and prospects, taking into account the results of Transatlantic's due diligence review of Allied World;

the strong commitment on the part of both parties to complete the merger pursuant to their respective obligations under the terms of the merger agreement;

the fact that the merger agreement allows the Transatlantic board of directors to change or withdraw its recommendation regarding the merger proposal if a superior proposal is received from a third party or in response to certain material developments or changes in circumstances, if in either case the Transatlantic board of directors determines that a failure to change its recommendation would result in a breach of its fiduciary duties under applicable law, subject to the payment of a termination fee upon termination under certain circumstances;

the Transatlantic board of directors' belief, after consultation with its internal and outside legal counsel, that the transactions are likely to receive necessary regulatory approvals in a relatively timely manner without material adverse conditions, which increases the likelihood the transactions will be consummated; and

the financial analyses presented by Moelis to the Transatlantic board of directors described below under "Opinion of Transatlantic's Financial Advisor" and the opinion of Moelis, delivered orally at the Transatlantic board of directors' meeting on June 12, 2011, and subsequently confirmed in writing by delivery of a written opinion dated the same date, to the effect that, as of that 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 Transatlantic common stock.

See Opinion of Transatlantic's Financial Advisor.

The Transatlantic board of directors also weighed the factors described above against a number of risks and other factors identified in its deliberations as weighing negatively against the merger:

the restrictions on the conduct of Transatlantic's business during the period between execution of the merger agreement and the consummation of the merger;

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

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the fact that forecasts of future results of operations and synergies are necessarily estimates based on assumptions, and that for these and other reasons there is a risk of not capturing anticipated operational synergies and cost savings between Transatlantic and Allied World and the risk that other anticipated benefits might not be realized;

the potential effect of the merger on Transatlantic's business and relationships with employees, customers, suppliers, brokers, regulators and the communities in which it operates;

the fact that the transaction would be taxable to Transatlantic's stockholders that are U.S. holders for U.S. federal income tax purposes;

the risk that governmental entities may not approve the merger or may impose conditions on Transatlantic or Allied World in order to gain approval for the merger that may adversely impact the ability of the combined company to realize the synergies that are projected to occur in connection with the merger;

the possibility that the merger may not be completed, or that completion may be unduly delayed, for reasons beyond the control of Transatlantic and/or Allied World;

the potential that the termination fee provisions of the merger agreement could have the effect of discouraging a *bona fide* alternative acquisition proposal for Transatlantic;

the merger agreement's requirement that the Transatlantic board of directors call and hold a meeting of Transatlantic stockholders to vote upon the merger, regardless of whether or not the Transatlantic board of directors has withdrawn or adversely modified its recommendation to the Transatlantic stockholders regarding the merger in response to a superior proposal or certain material developments or changes in circumstances;

potential withholding taxes associated with reallocating capital among different jurisdictions;

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

the challenges of combining Transatlantic's business with Allied World's business, including technical, accounting and other challenges, and the risk of diverting management resources for an extended period of time to accomplish this combination;

the loss of key personnel could delay or prevent the combined entity from fully implementing its business strategy and, consequently, significantly and negatively affect its business;

risks of the type and nature described in the section entitled "Risk Factors" beginning on page 22 and "Special Note Regarding Forward-Looking Statements" beginning on page 21; and

the fact that Transatlantic's directors and executive officers have interests in the merger that may be different from, or in addition to, those of Transatlantic stockholders. See the section entitled "The Merger - Interests of Transatlantic's Directors and Executive Officers in the Merger" beginning on page 97.

This discussion of the information and factors considered by the Transatlantic board of directors in reaching its conclusions and recommendation includes the material factors considered by the Transatlantic board of directors, 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 Transatlantic 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 Transatlantic stockholders vote in favor of the adoption of the merger agreement proposal. The Transatlantic board of directors conducted an overall analysis of the factors described above, including through discussions with, and questioning of, Transatlantic'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 Transatlantic board of directors may have given differing weights to different factors.

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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. The Transatlantic board of directors unanimously recommends that Transatlantic stockholders vote FOR the adoption of the merger agreement proposal.

Opinion of Transatlantic's Financial Advisor

Opinion of Moelis & Company LLC

In connection with the merger, on June 12, 2011, 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.

The full text of Moelis' written opinion, dated June 12, 2011, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this joint proxy statement/prospectus as Annex C and is incorporated into this joint proxy statement/prospectus by reference. Holders of Transatlantic common stock are urged to read Moelis' written opinion and this section carefully and in their entirety. The following summary 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. 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 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. Moelis' opinion does not constitute a recommendation to any stockholder of Transatlantic as to how such stockholder should vote with respect to the merger or any other matter. Moelis' opinion was approved by a Moelis fairness opinion committee.

In arriving at its opinion, Moelis, among other things:

reviewed certain publicly available business and financial information relating to Transatlantic and Allied World that Moelis deemed relevant;

reviewed certain internal information relating to the business, including financial forecasts, earnings, cash flow, assets, liabilities and prospects of Transatlantic, furnished to Moelis by Transatlantic;

reviewed certain internal information relating to the business, including financial forecasts, earnings, cash flow, assets, liabilities and prospects of Allied World, furnished to Moelis by Allied World;

conducted discussions with members of senior management and representatives of Transatlantic and Allied World concerning the matters described in the foregoing, as well as their respective businesses and prospects before and after giving effect to the merger;

reviewed publicly available financial and stock market data, including valuation multiples, for Transatlantic and Allied World and compared them with those of certain other companies in lines of business that Moelis deemed relevant;

compared the proposed financial terms of the merger with the financial terms of certain other transactions that Moelis deemed relevant;

reviewed a draft of the merger agreement, dated June 11, 2011;

participated in certain discussions and negotiations among representatives of Transatlantic and Allied World and their financial and legal advisors; and

conducted such other financial studies and analyses and took into account such other information as Moelis deemed appropriate.

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In connection with Moelis' review, it did not assume any responsibility for independent verification of any of the financial, legal, regulatory, tax, accounting and other information supplied to, discussed with, or reviewed by Moelis for the purpose of its opinion and has, with the consent of the board of directors of Transatlantic, relied on such information being complete and accurate in all material respects. In addition, with the consent of the Transatlantic board of directors, Moelis did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent, derivative, off-balance-sheet, or otherwise) of Transatlantic or Allied World, nor was Moelis furnished with any such evaluation or appraisal. Moelis is not an expert in the evaluation of reserves for insurance losses and loss adjustment expenses, and did not make an independent evaluation of the adequacy of reserves of Transatlantic or Allied World. In that regard, Moelis did not make an analysis of, and expressed no opinion as to, the adequacy of the loss and loss adjustment expense reserves of, the value of redundant reserves to, or the ability to achieve reserve releases by, Transatlantic or Allied World. Moelis was not requested, and did not undertake, to make any independent valuation of Transatlantic's pending arbitration matters concerning AIG and certain of its subsidiaries, and for purposes of Moelis' analysis, at the direction of the Transatlantic board of directors, Moelis assumed that Transatlantic will obtain a recovery in the amount and at the time estimated by Transatlantic management. In addition, with respect to the forecasted financial information referred to above, Moelis assumed, at the direction of the Transatlantic board of directors, that such financial information was reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Transatlantic and Allied World 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 Transatlantic and Allied World.

Moelis' opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Moelis as of, the date thereof. Moelis assumed, with the consent of the Transatlantic board of directors, that all governmental, regulatory or other consents and approvals necessary for the completion of the merger will be obtained without the imposition of any delay, limitation, restriction, divestiture or condition that would have an adverse effect on Transatlantic or Allied World or on the expected benefits of the merger. Subsequent developments may affect Moelis' opinion but Moelis does not have any obligation to update, revise or reaffirm its opinion. Moelis' opinion does not constitute legal, tax or accounting advice.

The following is a summary of the material financial analyses presented by representatives of Moelis to the Transatlantic board of directors at its meeting held on June 12, 2011, in connection with the delivery of the oral opinion at that meeting and Moelis' subsequent written opinion.

Some of the summaries of financial analyses below include information presented in tabular format. In order to fully understand Moelis' analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the analyses. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Moelis' analyses.

The analyses performed by Moelis include analyses based upon forecasts of future results, which results might be significantly more or less favorable than those upon which Moelis' analyses were based. The analyses do not purport to be appraisals or to reflect the prices at which Transatlantic common stock might trade at any time following the announcement of the merger. Because the analyses are inherently subject to uncertainty, being based upon numerous factors and events, including, without limitation, factors relating to general economic and competitive conditions beyond the control of the parties or their respective advisors, neither Moelis nor any other person assumes responsibility if future results or actual values are materially different from those contemplated below.

Dividend Discount Model Analysis

Moelis conducted a dividend discount model analysis for Transatlantic and Allied World. A dividend discount model analysis is a method of evaluating the equity value of a company using estimates of the future dividends to stockholders generated by a company and taking into consideration the time value of money with respect to those future dividends by calculating their present value. Present value refers to the current

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value of future dividends to stockholders paid by such company and is obtained by discounting those future dividends back to the present using a discount rate that takes into account macro-economic assumptions, estimates of risk, the opportunity cost of capital, and other appropriate factors.

Based on estimates provided by Transatlantic management as to the maximum amount of possible dividends that can be paid out by Transatlantic and estimates provided by Allied World management as to the maximum amount of possible dividends that can be paid out by Allied World, in each case, during fiscal years (FYs) 2011 through 2015 (assuming no capital is returned through share repurchases and, in the case of Transatlantic, adjusted for its first quarter 2011 dividend and the potential tax-effected full recovery from pending arbitration with American International Group, Inc. and certain of its subsidiaries and, in the case of Allied World, adjusted for its first quarter 2011 share repurchase and purchase of founder warrants), Moelis discounted the applicable amounts to present values using a range of discount rates from 8.8% to 10.8% for Transatlantic, and 9.3% to 11.3% for Allied World, both of which were chosen by Moelis based upon an analysis of the cost of equity of Transatlantic and Allied World. Moelis also calculated a range of terminal values for Transatlantic and Allied World at the end of the 5-year period ending FY 2015 by applying, in the case of Transatlantic, a terminal book value multiple ranging from 0.70x to 1.00x and Transatlantic's projected FY 2015 book value as provided by Transatlantic management, and, in the case of Allied World, a terminal book value multiple ranging from 0.80x to 1.10x and Allied World's projected FY 2015 book value as provided by Allied World management, and discounting the terminal value using a range of discount rates from 8.8% to 10.8% for Transatlantic, and 9.3% to 11.3% for Allied World. Terminal value refers to the capitalized value of all future dividends to stockholders paid by a company for periods beyond the final forecast period.

Using, in the case of Transatlantic, a terminal book value multiple ranging from 0.75x to 0.95x and Transatlantic's projected FY 2015 book value as provided by Transatlantic management, and, in the case of Allied World, a terminal book value multiple ranging from 0.85x to 1.05x and Allied World's projected FY 2015 book value as provided by Allied World management, and discounting the maximum amounts of possible dividends that can be paid out by each of Transatlantic and Allied World, in each case, during FYs 2011 through 2015 and the respective terminal values, using a range of discount rates from 9.3% to 10.3% for Transatlantic, and 9.8% to 10.8% for Allied World, Moelis calculated a low and high implied equity value per share for Transatlantic of \$59.00 per share and \$70.75 per share and for Allied World of \$65.46 per share and \$78.67 per share.

Moelis then calculated (1) the ratio of the lowest implied equity value per share for Transatlantic to the highest implied equity value per share for Allied World, and (2) the ratio of the highest implied equity value per share for Transatlantic to the lowest implied equity value per share for Allied World to derive an implied exchange ratio range as set forth below:

	Implied Exchange Ratio
Highest Transatlantic equity value per share to lowest Allied World equity value per share	0.750x
Lowest Transatlantic equity value per share to highest Allied World equity value per share	1.081x

Selected Public Companies Analysis

Moelis performed a selected public companies analysis by comparing certain financial information of Transatlantic and Allied World with corresponding financial information of selected public companies. Although none of the selected companies is directly comparable to Transatlantic or Allied World, Moelis selected reinsurance and/or insurance companies with similar operations to Transatlantic and Allied World, and then used publicly available information regarding these companies to conduct a selected public companies analysis. The companies Moelis

selected are as follows:

ACE Limited;

Alterra Capital Holdings Limited;

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Arch Capital Group Ltd.;

Aspen Insurance Holdings Limited;

AXIS Capital Holdings Limited;

Endurance Specialty Holdings Ltd.;

EverestRe Group Ltd.;

Flagstone Reinsurance Holdings Limited;

Montpelier Re Holdings Ltd.;

PartnerRe Ltd.;

Platinum Underwriters Holdings, Ltd.;

RenaissanceRe Holdings Ltd.;

Validus Holdings, Ltd.; and

XL Capital Ltd.

From such list of 14 companies, Moelis then selected those that predominately write reinsurance (excluding those that write property casualty reinsurance) as Transatlantic's core selected companies, which are the following:

EverestRe Group Ltd.;

PartnerRe Ltd.; and

Platinum Underwriters Holdings, Ltd.

From the list of 14 companies, Moelis selected those that write both direct insurance and reinsurance as Allied World's core selected companies, which are the following:

ACE Limited;

Alterra Capital Holdings Limited;

Arch Capital Group Ltd.;

Aspen Insurance Holdings Limited;

AXIS Capital Holdings Limited;

Endurance Specialty Holdings Ltd; and

XL Capital Ltd.

As part of its selected public companies analysis, Moelis calculated and analyzed each selected company's price-to-earnings (P/E) ratio, price-to-book value (P/BV) and price-to-tangible-book value (P/TBV) multiples. Moelis noted that given the significant catastrophic events that occurred during the first quarter of 2011, the use of FY 2011 projected earnings would not provide an accurate representation of the earnings of Transatlantic or Allied World going forward. Thus, for purposes of its analysis, Moelis used FY 2012 projected earnings per share for the selected public companies based on consensus analyst estimates compiled by FactSet, as well as March 31, 2011 amounts for purposes of calculating book values and tangible book values.

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The following summarizes the results of this analysis:

Transatlantic's Core Selected Companies

	Median	Mean
P/E		
2012E	7.4x	7.7x
P/BV		
2012E	0.77x	0.80x
P/TBV		
2012E	0.77x	0.84x

Allied World's Core Selected Companies

	Median	Mean
P/E		
2012E	8.9x	9.0x
P/BV		
2012E	0.85x	0.87x
P/TBV		
2012E	0.88x	0.94x

Overall All Selected Public Companies

	Median	Mean
P/E		
2012E	8.0x	8.1x
P/BV		
2012E	0.83x	0.87x
P/TBV		
2012E	0.88x	0.91x

Based on its analysis of the foregoing core selected public companies for Transatlantic, Moelis selected the following valuation multiple ranges: 7.0x to 8.5x for equity value as a multiple of Transatlantic's projected FY 2012 operating income as provided by Transatlantic management, 0.75x to 0.85x for equity value as a multiple of Transatlantic's March 31, 2011 book value and 0.75x to 1.00x for equity value as a multiple of its March 31, 2011 tangible book value. Moelis applied the selected ranges to the relevant statistics for Transatlantic using Transatlantic's projected FY 2012 operating income as provided by Transatlantic management and March 31, 2011 book and tangible book values and calculated an implied range of Transatlantic common stock prices on a fully diluted basis of \$50.06 to \$60.79 based on projected FY 2012 operating income as provided by Transatlantic management, of \$47.93 to \$54.33 based on its March 31, 2011 book value and of \$47.74 to \$63.65 based on its March 31, 2011 tangible book value.

Based on its analysis of the foregoing core selected public companies for Allied World, Moelis selected the following valuation multiple ranges: 7.5x to 11.0x for its equity value as a multiple of Allied World's projected FY 2012 operating income as provided by Allied World management, 0.70x to 1.15x for its equity value as a multiple of its March 31, 2011 book value and 0.70x to 1.20x for its equity value as a multiple of Allied World's March 31, 2011 tangible book value. Moelis applied the selected ranges to the relevant statistics for Allied World using Allied World's projected FY 2012 operating income as provided by Allied World management and March 31, 2011 book and tangible book values and calculated an implied range of Allied World share prices on a fully diluted basis of \$53.58 to \$78.59 based on projected FY 2012 operating income as provided by Allied World management, of \$52.05 to \$85.51 based on its March 31, 2011 book value and of \$46.32 to \$79.41 based on its March 31, 2011 tangible book value.

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Based on the foregoing applicable valuation ranges for each of Transatlantic and Allied World, Moelis then calculated the ranges of implied exchange ratio set forth below:

	Low	High
FY 2012 Operating Income	0.637	1.134
Book Value (as of 3/31/11)	0.561	1.044
Tangible Book Value (as of 3/31/11)	0.601	1.374

Selected Transactions Analysis

Moelis compared selected financial and transaction metrics of the merger with similar data (where available) of selected transactions in the reinsurance sector since 1999 valued in excess of \$1.0 billion, which were the following:

Max Capital Group Ltd. s merger with Harbor Point, Ltd. announced on March 3, 2010;

Validus Holdings Ltd. s merger with IPC Holdings Ltd. announced on July 9, 2009;

PartnerRe Holdings Ltd. s acquisition of PARIS Re Holdings Ltd. announced on July 4, 2009; and

SCOR Holding (Switzerland) Ltd. s acquisition of Converium Holding AG announced on May 10, 2007.

The selected transactions were selected because they represented in Moelis view the transactions most relevant to the merger. The Odyssey Re Holdings Corp./Fairfax Financial Holdings Limited and XL Capital Ltd./NAC Re Corp. transactions announced on September 18, 2009 and February 16, 1999, respectively, were not considered by Moelis to be among the most relevant transactions. Moelis made such determination based on, among other things, the fact that the Odyssey Re Holdings Corp./Fairfax Holdings Limited transaction was an all-cash transaction where the acquirer, which owned approximately 73% of the outstanding common stock of the target prior to the merger, acquired all of the remaining outstanding common stock of the target and the XL Capital Ltd./NAC Re Corp. transaction was an exchange offer resulting in the acquirer owning approximately 86% of the outstanding stock of the target. In contrast, the proposed merger is a stock-for-stock merger of equals transaction pursuant to which Transatlantic s stockholders will own 58% of the combined company as of the effective time of the merger.

For each such transaction, Moelis calculated valuation multiples based on information that was publicly available, focusing on P/BV and P/TBV multiples (in each case, based on the book value and tangible book value reflected on the financial statements of the applicable target company prepared pursuant to GAAP), to evaluate such transactions. Moelis noted that given the significant catastrophic events that occurred during the first quarter of 2011, a focus on valuation multiples based on last-twelve months net income would not provide an accurate comparison. Thus, for purposes of this analysis, Moelis focused on P/BV and P/TBV valuation multiples. The following table presents the results of such calculations:

	P/BV	P/TBV
Max Capital/Harbor Point	0.79x	0.92x
Validus/IPC ¹	0.85x	0.85x
Partner Re/PARIS Re	0.97x	1.09x
SCOR/Converium	1.69x	1.42x

¹ Subsequent to Moelis' presentation to the Transatlantic board of directors on June 12, 2011, Moelis noted that it made an immaterial computational error in its calculation of the P/BV and P/TBV multiples for the Validus/IPC transaction. Such multiples were 0.83x and not 0.85x.

Based on its analysis of the foregoing selected transactions, Moelis selected a range of 0.80x to 0.95x for equity value as a multiple of P/B and a range of 0.85x to 1.05x for equity value as a multiple of P/TBV. Moelis applied the selected ranges to the relevant statistics for Transatlantic using Transatlantic's March 31, 2011 book and tangible book values and calculated an implied range of Transatlantic common stock prices on

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a fully diluted basis of \$51.13 to \$60.72 and of \$54.11 to \$66.84, respectively. Moelis applied the selected ranges to the relevant statistics for Allied World using Allied World's March 31, 2011 book and tangible book values and calculated an implied range of Allied World share prices on a fully diluted basis of \$59.48 to \$70.64 and \$56.25 to \$69.49, respectively.

Based on the foregoing applicable valuation ranges for each of Transatlantic and Allied World, Moelis then calculated the following ranges of implied exchange ratio as set forth below:

	Low	High
Book Value (as of 3/31/11)	0.724	1.021
Tangible Book Value (as of 3/31/11)	0.779	1.188

52-Week Trading Range

Moelis reviewed the trading range of Transatlantic common stock and Allied World shares for the 52-week period ending June 10, 2011, which ranged from \$43.90 to \$54.08 in the case of Transatlantic and from \$44.27 to \$65.70 in the case of Allied World. Based on the foregoing 52-week trading ranges, Moelis then calculated a range of implied exchange ratio of 0.668 to 1.222.

Contribution Analysis

Moelis calculated the hypothetical relative contributions of Transatlantic and Allied World to a combined company in terms of:

implied equity ownership as a result of the merger (based on fully diluted shares outstanding) and market capitalization (on a fully diluted basis based on closing share price as of June 10, 2011);

FY 2010 net premiums written;

FY 2010 and projected FYs 2011 and 2012 operating income as provided by Transatlantic and Allied World management respectively; and

cash and investments, net policy reserves, equity (including accumulated other comprehensive income (AOCI)), and tangible equity (including AOCI), in each case, as per the applicable company's March 31, 2011 balance sheet.

The results of Moelis' calculations are as follows:

Metric	Transatlantic	Allied World	Implied Exchange Ratio
Implied Equity Ownership	58.4%	41.6%	0.880x
Market Capitalization	54.7%	45.3%	0.758x

Income Statement

2010 Net Premiums Written	73.6%	26.4%	1.750x
2010A Operating Income	49.0%	51.0%	0.604x
2011E Operating Income	41.2%	58.8%	0.439x
2012E Operating Income	61.5%	38.5%	1.001x

Balance Sheet as of 3/31/11

Cash and Investments	62.8%	37.2%	1.059x
Net Policy Reserves	68.4%	31.6%	1.356x
Equity (including AOCI)	57.8%	42.2%	0.860x
Tangible Equity (including AOCI)	60.5%	39.5%	0.962x

The preparation of a fairness opinion is a complex analytical process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Moelis

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opinion. In arriving at its fairness determination, Moelis considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis. Rather, Moelis made its fairness determination on the basis of its experience and professional judgment after considering the results of all of its analyses.

No company or transaction used in the analyses described above for purposes of comparison is directly comparable to Transatlantic, Allied World or the merger. In addition, such analyses do not purport to be appraisals, nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by such analyses. Because the analyses described above are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, neither Transatlantic, nor Moelis or any other person assumes responsibility if future results are materially different from those forecast.

The exchange ratio set forth in the merger agreement was determined through arms length negotiations between Transatlantic and Allied World and was approved by the Transatlantic board of directors. The decision by the Transatlantic board of directors to approve, adopt and authorize the merger was solely that of the Transatlantic board of directors. Representatives of Moelis provided advice to Transatlantic during these negotiations. Moelis did not, however, recommend any specific exchange ratio to Transatlantic or the Transatlantic board of directors, or that any specific amount or type of consideration constituted the only appropriate consideration for the merger.

The Moelis opinion and financial analyses, taken together, represented only one of many factors considered by the Transatlantic board of directors in its evaluation of the merger and was not determinative of the views of the Transatlantic board of directors or Transatlantic's management with respect to the merger, the exchange ratio set forth in the merger agreement or whether the Transatlantic board of directors would have been willing to agree to different consideration.

Moelis' opinion was prepared for the use and benefit of the Transatlantic board of directors in its evaluation of the merger. Moelis was not asked to address, and its opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of Transatlantic, other than the holders of Transatlantic common stock. In addition, Moelis' opinion does not express any opinion as to the fairness of the amount or nature of any compensation to be received by any of Transatlantic's officers, directors or employees, or any class of such persons, relative to the exchange ratio set forth in the merger agreement. At the direction of the Transatlantic board of directors, Moelis was not asked to, nor did it, offer any opinion as to the material terms of the merger agreement or the form of the merger. Moelis expressed no opinion as to what the value of Allied World shares would be when issued pursuant to the merger or the prices at which such Allied World shares would trade in the future. In rendering its opinion, Moelis assumed, with the consent of the Transatlantic board of directors, that the final executed form of the merger agreement would not differ in any material respect from the draft that Moelis examined, that the representations and warranties of each of Transatlantic and Allied World are true and correct, that Transatlantic and Allied World would perform all of the covenants and agreements required to be performed by each of them, and that all conditions to the completion of the merger will be satisfied without waiver thereof and that the merger will be consummated in a timely manner in accordance with the terms of the merger agreement, without any modifications or amendments thereto or any adjustment of the exchange ratio set forth in the merger agreement.

Pursuant to the terms of Moelis' engagement as financial advisor to the Transatlantic board of directors, Moelis has earned a fee of \$2.5 million for rendering its opinion, payable upon delivery of its opinion, regardless of whether the merger is consummated. Moelis will also be entitled to receive a one-time transaction fee of \$1 million if the merger is consummated. In addition, the engagement letter between the Transatlantic board of directors and Moelis contemplates a discretionary success fee of up to \$1.5 million, to be paid at Transatlantic's discretion upon consummation of the merger. The determination of whether this fee shall be paid shall be exclusively determined by

Transatlantic. Moelis engagement letter with Transatlantic provides that if Moelis is requested by Transatlantic to deliver an additional opinion, Moelis shall be entitled to an additional \$0.5 million upon delivery of such additional opinion, which fee shall be creditable towards the \$1.0 million transaction fee referenced above. In addition, Transatlantic has agreed to reimburse Moelis for all reasonable and documented

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out-of-pocket expenses incurred in connection with its rendering of the opinion, including the expense of legal counsel, up to a specified maximum amount that is not to be exceeded without the prior written consent of Transatlantic (which is not to be unreasonably withheld). Transatlantic has also agreed to indemnify Moelis for certain liabilities arising out of its engagement.

Pursuant to the terms of a prior engagement letter between Moelis and the Special Committee entered into in February 2010, pursuant to which Moelis received a quarterly retainer fee and customary reimbursement for expenses, Moelis was engaged to (i) undertake (in consultation with members of Transatlantic management and the Special Committee) a customary business and financial analysis of Transatlantic and (ii) meet with the Special Committee to discuss strategic opportunities for Transatlantic and their financial implications, in each case, to the extent requested by the Special Committee. The aggregate amount of retainer fees collected by Moelis pursuant to such engagement letter was \$50,000. The prior engagement letter expressly contemplated that if Moelis was asked to act for the Special Committee or Transatlantic Holdings in any formal capacity other than as described in the first sentence of this paragraph, the terms of such additional engagement would be embodied in a new written agreement. Moelis subsequently entered into the engagement letter described in the paragraph above as a result of the Transatlantic board of directors requesting Moelis to provide its opinion in connection with the merger. Moelis may provide investment banking services to Transatlantic, Allied World and their respective affiliates and/or successors in the future for which Moelis would expect to receive compensation. In the ordinary course of business, Moelis affiliates may trade securities of Transatlantic or Allied World for their own accounts and the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities.

The Transatlantic board of directors selected Moelis as its financial advisor in connection with the merger because, among other things, Moelis has substantial experience in transactions similar to the merger. Moelis is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, strategic transactions, corporate restructurings, and valuations for corporate and other purposes.

Certain Information Regarding Transatlantic's Financial Advisor Goldman Sachs

Goldman Sachs and its affiliates are engaged in investment banking and financial advisory services, commercial banking, securities trading, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman Sachs and its affiliates may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in the equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) of Transatlantic, Allied World and any of their respective affiliates and third parties or any currency or commodity that may be involved in the transaction contemplated by the merger agreement for their own account and for the accounts of their customers. Goldman Sachs acted as financial advisor to Transatlantic in connection with, and participated in certain of the negotiations leading to, the merger. Goldman Sachs has provided certain investment banking services to Transatlantic and its affiliates from time to time for which Goldman Sachs Investment Banking Division has received, and may receive, compensation, including acting as a joint bookrunning manager in connection with the secondary public offering of 29.9 million shares of Transatlantic common stock by American International Group, Inc. and its indirect subsidiary, American Home Assurance Company, in June 2009, as an underwriter in connection with the public offering of Transatlantic's 8.00% Senior Notes due 2039 (\$350 million aggregate principal amount) in November 2009 and as an underwriter in connection with the secondary public offering of 8.5 million shares of Transatlantic common stock by American Home Assurance Company in March 2010. Goldman Sachs may also in the future provide investment banking services to Transatlantic, Allied World and their respective affiliates for which Goldman Sachs Investment Banking Division may receive compensation. Affiliates of Goldman Sachs owned Allied World shares and warrants to acquire additional Allied World shares until November 2010, when Allied World repurchased all Allied World shares and warrants then held by such Goldman Sachs

affiliates.

The Transatlantic board of directors selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to

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the merger. Pursuant to a letter agreement, dated June 9, 2011, Transatlantic engaged Goldman Sachs to act as its financial advisor in connection with the merger. Pursuant to the terms of this engagement letter, Transatlantic has agreed to pay Goldman Sachs a transaction fee, all of which is contingent upon consummation of the merger, in an amount equal to .007 multiplied by the aggregate consideration paid in the merger, which depends on the average trading price of Allied World shares during the five days preceding the stockholder vote relating to the merger (less \$1 million). For illustrative purposes, based on the average trading price of Allied World shares from August 8, 2011 through August 12, 2011, this transaction fee would have equaled approximately \$19 million. In addition, Transatlantic has agreed to reimburse Goldman Sachs for its expenses arising, and to indemnify Goldman Sachs and related persons against certain liabilities that may arise out of its engagement.

Certain Transatlantic Prospective Financial Information

Transatlantic does not, as a matter of course, make public long-term forecasts as to future performance or other prospective financial information beyond the current fiscal year, and Transatlantic is especially wary of making forecasts or projections for extended periods due to the unpredictability of the underlying assumptions and estimates. However, as part of the due diligence review of Transatlantic in connection with the merger, Transatlantic's management prepared and provided to Allied World and Goldman Sachs, as well as to Deutsche Bank and Moelis in connection with their respective evaluations of the fairness of the merger consideration, certain non-public, internal financial forecasts regarding Transatlantic's projected future operations for fiscal years 2011 through 2015. Transatlantic has included below a summary of these forecasts for the purpose of providing stockholders and investors access to certain non-public information that was furnished to third parties and such information may not be appropriate for other purposes. These forecasts were also considered by the Transatlantic board of directors for purposes of evaluating the merger. The Transatlantic board of directors also considered non-public, financial forecasts prepared by Allied World regarding Allied World's projected future operations for fiscal years 2011 through 2015 for purposes of evaluating Allied World and the merger. See the section entitled "The Merger - Certain Allied World Prospective Financial Information" beginning on page 75 for more information about the forecasts prepared by Allied World.

These internal financial forecasts were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with published guidelines of the SEC, GAAP, SAP, IFRS or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentations of financial forecasts. The prospective financial information included in this joint proxy statement/prospectus has been prepared by, and is the responsibility of, Transatlantic's management. PricewaterhouseCoopers LLP, Transatlantic's independent auditor, has neither examined, compiled nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report incorporated by reference in this joint proxy statement/prospectus relates to Transatlantic's historical financial information. It does not extend to the prospective financial information and should not be read to do so. The summary of these internal financial forecasts included below is not being included to influence your decision whether to vote for the merger and the transactions contemplated in connection with the merger, but instead because these internal financial forecasts were provided by Transatlantic to Allied World, Goldman Sachs, Moelis and Deutsche Bank.

While presented with numeric specificity, these internal financial forecasts were based on numerous variables and assumptions (including, but not limited to, those related to industry performance and competition and general business, economic, market and financial conditions and additional matters specific to Transatlantic's businesses) that are inherently subjective and uncertain and are beyond the control of Transatlantic's management. Important factors that may affect actual results and cause these internal financial forecasts to not be achieved include, but are not limited to, risks and uncertainties relating to Transatlantic's business (including its ability to achieve strategic goals, objectives and targets over applicable periods), industry performance, general business and economic conditions, the occurrence

of unpredictable catastrophe events and other factors described in the sections entitled Special Note Regarding Forward-Looking Statements and Risk Factors, beginning on page 21 and page 22, respectively. These internal financial forecasts also reflect

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numerous variables, expectations and assumptions available at the time they were prepared as to certain business decisions that are subject to change. As a result, actual results may differ materially from those contained in these internal financial forecasts. Accordingly, there can be no assurance that the forecasted results summarized below will be realized.

The inclusion of a summary of these internal financial forecasts in this joint proxy statement/prospectus should not be regarded as an indication that any of Transatlantic, Allied World or their respective affiliates, advisors or representatives considered these internal financial forecasts to be predictive of actual future events, and these internal financial forecasts should not be relied upon as such nor should the information contained in these internal financial forecasts be considered appropriate for other purposes. None of Transatlantic, Allied World or their respective affiliates, advisors, officers, directors, partners or representatives can give you any assurance that actual results will not differ materially from these internal financial forecasts, and none of them undertakes any obligation to update or otherwise revise or reconcile these internal financial forecasts to reflect circumstances existing after the date these internal financial forecasts were generated or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying these forecasts are shown to be in error. Since the forecasts cover multiple years, such information by its nature becomes less meaningful and accurate with each successive year. Transatlantic does not intend to make publicly available any update or other revision to these internal financial forecasts. None of Transatlantic or its affiliates, advisors, officers, directors or representatives has made or makes any representation to any stockholder, investor or other person regarding Transatlantic's ultimate performance compared to the information contained in these internal financial forecasts or that the forecasted results will be achieved.

None of Transatlantic, or its affiliates, advisors, officers, directors or representatives have made any representation to any stockholder, Allied World or any other person, in the merger agreement or otherwise, concerning these internal financial forecasts. The below forecasts do not give effect to the merger. Transatlantic urges all stockholders to review Transatlantic's most recent SEC filings for a description of Transatlantic's reported financial results.

Subject to the foregoing qualifications, the net premiums written, net income, loss ratio, combined ratio and stockholders' equity reflected below by fiscal year through the year 2015 were prepared by, or as directed by, Transatlantic's management and were delivered to Allied World, Deutsche Bank, Goldman Sachs and Moelis.

Fiscal year ending December 31 (\$ in millions):

	2011E	2012E	2013E	2014E	2015E
Net premiums written	\$ 4,050	\$ 4,150	\$ 4,250	\$ 4,400	\$ 4,550
Net income(1)(2)(3)	\$ 189	\$ 465	\$ 476	\$ 494	\$ 515
Loss ratio	79.1%	67.0%	67.0%	67.0%	67.0%
Combined ratio	107.2%	95.6%	95.6%	95.7%	95.7%
Stockholders' equity(1)(2)(4)	\$ 4,395	\$ 4,815	\$ 5,240	\$ 5,680	\$ 6,135

(1) Includes impact of assumed continuation of historical dividends.

(2) Excludes impact of repurchases of Transatlantic's outstanding common stock or senior notes.

(3) Operating income (not provided above) is net income excluding realized net capital gains (losses) and the gain (loss) on early extinguishment of debt, net of taxes.

(4) As of December 31.

Interests of Allied World's Directors and Executive Officers in the Merger

In considering the recommendation of the board of directors of Allied World that you vote to approve the adoption of the Allied World Articles, the issuance of shares of Allied World in connection with the merger and the election of directors, you should be aware that Allied World's directors and executive officers have financial interests in the merger that may be different from, or in addition to, those of Allied World shareholders generally. The board of directors of Allied World was aware of and considered these potential

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interests, among other matters, in evaluating and negotiating the merger agreement and the merger and in recommending to you that you approve the issuance of Allied World shares in connection with the merger and the adoption of the Allied World Articles.

Allied World does not expect a significant reduction in workforce as a result of the merger, subject to the discussion above regarding the potential difficulty of retaining key management personnel in the section entitled **Risk Factors** **Risk Factors Relating to the Merger**.

As described in further detail below under the heading **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, 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. Additionally, Wesley D. Dupont will continue to serve as the Executive Vice President, General Counsel and Corporate Secretary of the combined company, John J. Gauthier will continue to serve as the Executive Vice President, Chief Investment Officer of the combined company and David A. Bell will continue to serve as the Executive Vice President, Chief Operating Officer of the combined company, in each case, if they are employed by Allied World immediately prior to the effective time of the merger.

Treatment of Equity Awards. Allied World's executive officers and directors participate in Allied World's equity-based compensation plans. Allied World's directors hold restricted share units granted under the Allied World Assurance Company Holdings, AG Third Amended and Restated 2004 Stock Incentive Plan (the **2004 Plan**), which are not subject to accelerated vesting in connection with the merger, except that, pursuant to Section 6.9(f) of the merger agreement, the independent directors of Allied World who are selected to serve as directors of TransAllied will be entitled to immediate vesting of their unvested equity awards if they cease to be a director of Allied World (or, following the merger, TransAllied) prior to the end of their term. Allied World's executive officers hold options, restricted share units and performance shares granted under Allied World's Third Amended and Restated 2001 Employee Stock Option Plan, the 2004 Plan and Allied World's Third Amended and Restated Long-Term Incentive Plan (the **LTIP**). Each executive officer's employment agreement with Allied World provides for **single trigger** equity acceleration, meaning, upon the occurrence of a change in control, all equity awards held by the executive officer would, absent an express waiver, fully vest immediately prior to such change in control. As described in more detail below under the captions **Waiver Agreement with Scott A. Carmilani** and **Executive Officer Retention Agreements**, it is expected that certain of Allied World's executive officers will waive their right to **single trigger** equity acceleration in connection with the merger but will retain their right, upon their involuntary termination of employment prior to December 31, 2013, to full vesting of unvested equity awards held by the executive officer as of the closing date of the merger.

Executive Officer Employment Agreements. Allied World is a party to employment agreements with Messrs. Carmilani, Bell, D. Orazio, Dupont, Grossack, Gauthier, Knight and Sennott, and Ms. Dillard. If the executive officer (other than Mr. Sennott) is involuntarily terminated without **cause** (as defined in the agreements) or terminates his or her employment with **good reason** (as defined below) (such termination hereinafter referred to as a **qualifying change in control termination**), in each case, within twelve months following a change in control, the executive officer will be entitled to the following **double trigger** severance payments and benefits: (i) a cash payment in an amount equal to three times his or her current base salary and the highest annual cash bonus paid or payable for the two immediately prior fiscal years, payable in substantially equal monthly installments over the period commencing on the date of termination and ending on the date that is one day prior to two and one-half months following the end of Allied World's fiscal year in which termination occurs; (ii) participation in Allied World's health and insurance plans (or the economic equivalent of such participation) for a period of three years from the date of such termination; and (iii) vesting in the number of equity awards held by the executive officer that otherwise would have vested during the

two-year period from the date of such termination. Mr. Sennott's employment agreement only provides for single trigger equity acceleration (as described in the previous paragraph), and does not provide for enhanced double trigger severance benefits in the event of a qualifying change in control termination following the consummation of the merger. For purposes of the executive officer employment agreements, good reason

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generally means, without the executive officer's written consent, (i) a material diminution in employment duties, responsibilities or authority, or the assignment of duties that are materially inconsistent with the executive officer's position; (ii) any reduction in the executive officer's base salary or bonus opportunity; (iii) for Messrs. Carmilani, Bell, D. Orazio, Dupont, Grossack and Sennott, and Ms. Dillard, a relocation of the executive officer's principal place of employment; (iv) any breach by Allied World of any material provision of the employment agreement; or (v) for each executive officer (other than Mr. Sennott), an adverse change in employment title.

Waiver Agreement with Scott A. Carmilani. It is expected that Mr. Carmilani will enter into a waiver agreement that will modify the compensation and benefits that he would otherwise have been eligible to receive under his employment agreement in connection with the merger. In the event the merger is not completed, the waiver agreement will not become effective and Mr. Carmilani's employment agreement will continue in full force and effect. In the waiver agreement, Mr. Carmilani will (i) waive the single trigger equity acceleration provided under his employment agreement in connection with the merger; (ii) agree to enter into an amended and restated employment agreement as of the closing date of the merger, which will be substantially similar to his existing employment agreement but which will contain a fixed three-year term; (iii) agree that any change made to his employment position immediately following the merger will not constitute good reason for purposes of his employment agreement and any other compensatory agreement to which he is a party (the limited good reason waiver); and (iv) be eligible, upon a qualifying change in control termination (after application of any limited good reason waiver) that occurs prior to December 31, 2013, for full vesting of unvested equity awards that are outstanding as of the closing date of the merger and the double trigger severance benefits provided under his employment agreement (including partial accelerated vesting of unvested equity awards that were not outstanding as of the closing date of the merger).

Waiver Agreement with Joan Dillard. It is expected that Ms. Dillard will enter into a waiver agreement that will modify the compensation that she would otherwise have been eligible to receive under her employment agreement in connection with the merger. In the event the merger is not completed, the waiver agreement will not become effective and Ms. Dillard's employment agreement will continue in full force and effect. Pursuant to the terms of the waiver agreement, Ms. Dillard will be entitled to receive all of the benefits provided for by her employment agreement, except that she will waive single trigger accelerated vesting of performance units granted in 2009 pursuant to the LTIP and the 2004 Plan. Ms. Dillard will be entitled to double trigger vesting of performance units granted in 2009 pursuant to the LTIP and the 2004 Plan upon a termination by TransAllied without cause prior to the payment of the 2009 award. Except as described in the previous sentence, Ms. Dillard will not be entitled to any additional severance payments or benefits upon a qualifying change in control termination that occurs following the consummation of the merger.

Executive Officer Retention Arrangements with Frank N. D. Orazio, Wesley D. Dupont, John J. Gauthier, Marshall J. Grossack and W. Gordon Knight. It is expected that Messrs. D. Orazio, Dupont, Gauthier, Grossack and Knight will enter into retention agreements which, as described below, will modify the compensation and benefits that they would otherwise have been eligible to receive under their employment agreements in connection with the merger. The intended purpose of the retention agreements is to facilitate retaining the executive officers following the merger and to enable the combined company to establish a uniform approach toward the compensation of all executive officers of the combined company, which will include the cancellation of existing employment agreements following the expiration of the initial retention period on December 31, 2013. In the event the merger is not completed, the retention agreements will not become effective and the executive officer employment agreements will continue in full force and effect.

It is expected that Messrs. D. Orazio, Dupont, Gauthier, Grossack and Knight will enter into substantially similar retention agreements, other than differences in retention award amounts, pursuant to which each (i) will waive the single trigger equity acceleration provided under his employment agreement in connection with the merger; (ii) will agree that his existing employment agreement will be cancelled as of December 31, 2013; (iii) will agree to the

limited good reason waiver; (iv) will receive a retention award (a retention award) in the form of restricted stock units that may be settled in cash or shares of the combined company, 50% of which will vest and settle on each of September 30, 2012 and December 31, 2013, subject to continuous employment through the specified date; and (v) will be eligible, upon a qualifying change in control

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termination (after application of any limited good reason waiver) that occurs prior to December 31, 2013, for full vesting of unvested equity awards that are outstanding as of the closing date of the merger, the double trigger severance benefits provided under his employment agreement (including partial accelerated vesting of unvested equity awards that were not outstanding as of the closing date of the merger), and pro-rata acceleration of any unvested portion of the retention award based upon service during the period from July 1, 2011 until December 31, 2013. Additionally, pursuant to the expected terms of his retention agreement, if Mr. Knight resigns without good reason on or after January 1, 2013, he will be eligible for full vesting of unvested equity awards that are outstanding as of the closing date of the merger and pro-rata acceleration of any unvested portion of his retention award based upon service during the period from September 30, 2012 until December 31, 2013. The retention agreement for Mr. Gauthier would also extend the term of his employment agreement from July 1, 2013 to December 31, 2013.

The retention awards for Messrs. D Orazio, Dupont, Gauthier, Grossack and Knight will be valued at \$1,000,000, \$1,500,000, \$1,500,000, \$2,100,000 and \$2,000,000, respectively, based on a per share price of \$57.58, the closing market price of Allied World's shares as of June 30, 2011. The payments and benefits provided for under the retention agreements are conditioned upon continued compliance by each of Messrs. D Orazio, Dupont, Gauthier, Grossack and Knight with the restrictive covenants set forth in his employment agreement (described below under the caption

Double Trigger Payments and Benefits Triggered Upon the Consummation of the Merger) from the closing date of the merger until December 31, 2013 or, if his employment is terminated prior to December 31, 2013, until the one-year anniversary of such termination.

Supplemental Executive Retirement Plan. Allied World maintains the Allied World Assurance Company (U.S.) Inc. Second Amended and Restated Supplemental Executive Retirement Plan (the SERP) for certain senior employees of Allied World and its subsidiaries that are U.S. taxpayers, including each of Allied World's executive officers. The SERP provides for vesting acceleration upon a change in control. The SERP also provides for distribution of the entire balance of each of Allied World's executive officer's SERP account, which distributions will be made in a lump sum upon completion of the merger.

The following table sets forth the cash value of the payments and benefits that Messrs. Bell, D Orazio, Gauthier and Grossack would receive in connection with the merger under the employment agreements, as expected to be modified by the retention agreements where applicable, and the SERP, if the merger were completed on July 31, 2011 and the executives experience a qualifying change in control termination immediately thereafter. These amounts assume a per share price of Allied World's shares of \$55.33, the average closing market price of Allied World's shares over the first five business days following public announcement of the merger. All amounts are shown before the deduction of any applicable withholding taxes. Certain of the amounts payable may vary depending on the actual dates on which a triggering event is completed and the executive officer terminates employment. As a result, the actual amounts, if any, to be received by an executive officer may differ in material respects from the amounts set forth below. An estimate of the cash value of the payments and benefits that each of Messrs. Carmilani, Dupont, Knight, and Sennott, and Ms. Dillard (collectively, the named executive officers) would receive under the employment agreements, as expected to be modified by the waiver or retention agreements where applicable, is set forth below on the Allied World Golden Parachute Compensation Table.

	Cash (\$)(1)	Equity (\$)(2)	Pension/NQDC (\$)(3)	Perquisites/Benefits (\$)(4)	Total (\$)
David A. Bell	2,310,000	2,124,949		66,401	4,501,350
Frank N. D Orazio	2,340,000	2,241,142		51,263	4,632,405
John J. Gauthier	2,550,000	1,818,276	21,468	61,141	4,450,885
Marshall J. Grossack	2,100,000	2,008,202		63,766	4,171,968

- (1) Represents a cash severance payment equal to three times the executive officer's current base salary and the highest annual cash bonus paid or payable for the two immediately prior fiscal years. The amount of Messrs. D'Orazio, Gauthier and Grossack's retention awards are described above under the Executive Officer Retention Arrangements caption. Since such amounts are in consideration for post-closing service,

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such amounts are not reflected in this table. Mr. Bell is not expected to enter into a retention agreement, and accordingly, upon a qualifying change in control termination within 12 months following consummation of the merger, Mr. Bell will be entitled to the benefits he would otherwise have received in the event of such termination pursuant to his employment agreement.

- (2) Represents an amount equal to the value of full vesting of unvested equity awards held by the executive officer as of the closing date of the merger, assuming that the merger was completed on July 31, 2011. Pursuant to the expected terms of their retention agreements, Messrs. D Orazio, Gauthier and Grossack will waive single trigger equity acceleration upon completion of the merger but will be eligible for full vesting of unvested equity awards that are outstanding as of the closing date of the merger upon a qualifying change in control termination that occurs prior to December 31, 2013 (after application of any limited good reason waiver). Mr. Bell is not expected to enter into a retention agreement, and accordingly, he will be entitled to the single trigger equity acceleration provided under his employment agreement in connection with the merger. The dollar value reflected above assumes (i) acceleration of all unvested shares that are subject to options based on a per share price of \$55.33 and (ii) all equity awards held by the executive officer (x) that settle in Allied World shares vested, were exercised and sold as of July 31, 2011 and (y) that settle in cash vested as of July 31, 2011. The amounts reflected above do not include the value of double trigger acceleration of equity awards, because, assuming that both the completion of the merger and a qualifying change in control termination occurred on July 31, 2011, full vesting of all equity awards held by Messrs. Bell, D Orazio, Gauthier and Grossack as of such date would occur pursuant to the single trigger equity acceleration provision of the employment agreements. The valuation also assumes that the tax withholding, if any, associated with the vesting of the equity awards will be paid in cash and not through the surrender of Allied World shares in satisfaction of such tax withholding. The estimated value of options vesting for Messrs. Bell, D Orazio and Grossack is zero because the exercise price of options subject to accelerated vesting exceeds the per share price of \$55.33. The estimated value of option vesting for Mr. Gauthier is \$8,155, as 500 of his outstanding options are exercisable at a price of \$39.02 per share. The amounts reflected above assume that the performance units would be granted assuming performance at target levels of achievement. Up to 150% of the performance units may be granted if maximum performance levels are achieved.
- (3) Represents the increase in the value of the SERP benefits for the executive officers attributable to vesting acceleration of contributions made by Allied World to the SERP on behalf of each executive officer upon the consummation of the merger. Messrs. Bell, D Orazio and Grossack are fully vested in their SERP contributions, and accordingly, no value is represented above.
- (4) Represents a double trigger payment equal to the value of continued participation in Allied World's health and insurance plans, calculated based on the current monthly premiums for participation in the plans as of July 31, 2011.

Indemnification of Allied World Directors and Officers. Allied World directors and executive officers have rights to indemnification and directors' and officers' liability insurance that will survive completion of the merger.

Allied World Golden Parachute Compensation

Single Trigger Payments and Benefits Triggered Upon the Consummation of the Merger

Accelerated Vesting of Equity Awards. As discussed above under the caption Treatment of Equity Awards, Allied World is party to employment agreements with each of its named executive officers, the terms of which provide for single trigger equity acceleration. As discussed above under the captions Waiver Agreement with Scott A. Carmilani and Executive Officer Retention Arrangements, it is expected that Mr. Carmilani will enter into a waiver agreement and that Messrs. Dupont and Knight will enter into retention agreements, pursuant to which they will waive the single

trigger equity acceleration in connection with the merger. It is also expected that Messrs. Carmilani, Dupont and Knight will remain eligible for full vesting provided under his employment agreement upon a qualifying change in control termination (after application of any limited good reason waiver) that occurs prior to December 31, 2013. An estimated value of the

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accelerated vesting (after application of any waiver) for each of Allied World's named executive officers is set forth below on the Allied World Golden Parachute Compensation Table.

Accelerated Vesting Under the SERP. As discussed above under the caption Interests of Allied World's Directors and Executive Officers in the Merger Supplemental Executive Retirement Plan, the SERP provides for single trigger vesting acceleration and distribution of the entire balance of each of Allied World's named executive officer's SERP account, which distributions will be made in a lump sum upon completion of the merger. An estimate of the value attributable to the accelerated vesting of the SERP benefit for each of Allied World's named executive officers is set forth below on the Allied World Golden Parachute Compensation Table.

Double Trigger Payments and Benefits Triggered Upon the Consummation of the Merger

Severance Payments. As discussed above under the caption Executive Officer Employment Agreements, the employment agreements with Allied World's named executive officers (other than Mr. Sennott) provide for double trigger severance payments (including partial accelerated vesting of unvested equity awards that were not outstanding as of the closing date of the merger) upon a qualifying change in control termination that occurs within twelve months of the completion of the merger. The double trigger severance payments are conditioned upon a named executive officer's continued compliance with the restrictive covenants set forth in his or her employment agreement and, at the request of Allied World, execution of a general release in favor of Allied World and its affiliates. The restrictive covenants, which generally apply during the 24-month period immediately following a termination of employment, generally prohibit each named executive officer from (i) soliciting Allied World's employees, customers or other business relations; or (ii) engaging in activities that compete with Allied World's business in certain jurisdictions.

As discussed above, it is expected that Mr. Carmilani will enter into a waiver agreement and that Messrs. Dupont and Knight will enter into retention agreements, pursuant to which they will remain eligible to receive the double trigger severance benefits (including partial accelerated vesting of unvested equity awards that were not outstanding as of the closing date of the merger) provided under his or her employment agreement upon a qualifying change in control termination (after application of any limited good reason waiver) that occurs prior to December 31, 2013. As discussed above, Ms. Dillard will be paid her severance benefits as if her termination occurred as of the consummation of the merger and will remain eligible to vest in her 2009 award if she is terminated without cause prior to the settlement of the award.

Mr. Sennott's employment agreement does not provide for enhanced double trigger severance benefits. Accordingly, to the extent Mr. Sennott's employment is terminated by Allied World without cause or by Mr. Sennott with good reason following the merger, he will be entitled to the benefits he would otherwise have received in the event of such termination pursuant to his employment agreement. For more information on the compensation and benefits payable to Mr. Sennott in the event of a termination by Allied World without cause or by Mr. Sennott with good reason, please see Allied World's Proxy Statement on Schedule 14A filed with the SEC on March 17, 2011.

The following table sets forth the estimated amounts of golden parachute compensation (for purposes of Item 402(t) of Regulation S-K) that each named executive officer of Allied World could receive in connection with the merger under the employment agreements, as expected to be modified by the waiver or retention agreements where applicable, and the SERP. These amounts assume that the merger was completed on July 31, 2011, the last practicable date prior to the filing of this Registration Statement, and assume a per share price of Allied World's shares of \$55.33, the average closing market price of Allied World's shares over the first five business days following public announcement of the merger. Where applicable, these amounts assume that the named executive officers of Allied World experienced a qualifying change in control termination (after application of any limited good reason waiver) as of July 31, 2011, the last practicable date prior to the filing of this Registration Statement. All amounts are shown before the deduction of any applicable withholding taxes. Certain of the amounts payable may vary depending on the actual dates on which

the merger is completed and the named executive officer terminates employment. As a result, the actual amounts, if any, to be received by a named executive officer may differ in material respects from the amounts set forth

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below. The compensation payable by Allied World to its named executive officers that is based on or otherwise related to the merger is not subject to a shareholder vote.

Allied World Golden Parachute Compensation Table

Name	Cash (\$)	Equity (\$)	Pension/NQDC (\$)(5)	Perquisites/Benefits (\$)	Total (\$)
Scott A. Carmilani	7,275,000(1)	20,524,995(2)		60,875(6)	27,860,870
Joan H. Dillard	3,390,000(1)	3,461,998(3)		89,921(6)	6,941,919
Wesley D. Dupont	2,640,000(1)	2,691,528(2)		66,375(6)	5,397,903
W. Gordon Knight	4,125,000(1)	4,097,690(2)	48,112	62,180(6)	8,332,982
John L. Sennott, Jr.	0.00(6)	2,548,666(4)		0.00(7)	2,548,666

- (1) Represents a double trigger cash severance payment equal to three times the named executive officer's current base salary and the highest annual cash bonus paid or payable for the two immediately prior fiscal years. The amount of Messrs. Dupont and Knight's retention awards are described above under the Executive Officer Retention Arrangements caption. Since such amounts are in consideration for post-closing service, such amounts are not reflected in this table.
- (2) Represents an amount equal to the value of full vesting of unvested equity awards held by the named executive officer as of the closing date of the merger, assuming that the merger was completed on July 31, 2011. Pursuant to the expected terms of their waiver or retention agreements, as applicable, Messrs. Carmilani, Dupont and Knight will waive single trigger equity acceleration upon completion of the merger but will be eligible for full vesting of unvested equity awards that are outstanding as of the closing date of the merger upon a qualifying change in control termination that occurs prior to December 31, 2013. The dollar value reflected above assumes (i) acceleration of all unvested shares that are subject to options based on a per share price of \$55.33 and (ii) all equity awards held by the named executive officer (x) that settle in Allied World shares vested, were exercised and sold as of July 31, 2011 and (y) that settle in cash vested as of July 31, 2011. The amounts reflected above do not include the value of double trigger acceleration of equity awards, because, assuming that both the completion of the merger and a qualifying change in control termination occurred on July 31, 2011, full vesting of all equity awards held by Messrs. Carmilani, Dupont and Knight as of such date would occur pursuant to the single trigger equity acceleration provision of the employment agreements. The valuation also assumes that the tax withholding, if any, associated with the vesting of the equity awards will be paid in cash and not through the surrender of Allied World shares in satisfaction of such tax withholding. The estimated value of option vesting for Messrs. Carmilani and Dupont is zero because the average exercise price of options subject to accelerated vesting exceeds the per share price of \$55.33. The estimated value of option vesting for Mr. Knight is \$49,748, as 4,125 of his outstanding options are exercisable at a price of \$43.27 per share. The amounts reflected above assume that the performance units would be granted assuming performance at target levels of achievement. Up to 150% of the performance units may be granted if maximum performance levels are achieved.
- (3) Represents an amount equal to the value of single trigger acceleration of equity awards, other than certain performance units granted in 2009 pursuant to the LTIP and the 2004 Plan, plus the value of double trigger acceleration of such performance units. Pursuant to the expected terms of her waiver agreement, Ms. Dillard will waive single trigger accelerated vesting with respect to performance units granted in 2009 pursuant to the LTIP and the 2004 Plan, but will retain her right to double trigger vesting of such performance units upon a termination by TransAllied without cause prior to settlement of the award. The dollar value reflected above assumes

(i) acceleration of all unvested shares that are subject to options based on a per share price of \$55.33 and (ii) all equity awards held by Ms. Dillard (x) that settle in Allied World shares vested, were exercised and sold as of July 31, 2011 and (y) that settle in cash vested as of July 31, 2011. The valuation also assumes that the tax withholding, if any, associated with the vesting of the equity awards will be paid in cash and not through the surrender of Allied World shares in satisfaction of such tax withholding. The estimated value of option vesting is zero because the average exercise price of options subject to accelerated vesting exceeds the per share price of \$55.33. The amounts reflected

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above assume that the performance units would be granted assuming performance at target levels of achievement. Up to 150% of the performance units may be granted if maximum performance levels are achieved.

- (4) Represents an amount equal to the value of single trigger acceleration of equity awards. The dollar value reflected above assumes (i) acceleration of all unvested shares that are subject to options based on a per share price of \$55.33 and (ii) all equity awards held by Mr. Sennott (x) that settle in Allied World shares vested, were exercised and sold as of July 31, 2011 and (y) that settle in cash vested as of July 31, 2011. The amounts reflected above do not include the value of double trigger acceleration of equity awards, because Mr. Sennott's employment agreement does not provide for enhanced double trigger severance benefits. The valuation also assumes that the tax withholding, if any, associated with the vesting of the equity awards will be paid in cash and not through the surrender of Allied World shares in satisfaction of such tax withholding. The estimated value of option vesting is zero because the average exercise price of options subject to accelerated vesting exceeds the per share price of \$55.33. The amounts reflected above assume that the performance units would be granted assuming performance at target levels of achievement. Up to 150% of the performance units may be granted if maximum performance levels are achieved.
- (5) Represents the increase in the value of the SERP benefits for the named executive officers attributable to single trigger vesting acceleration of contributions made by Allied World to the SERP on behalf of each named executive officer upon the consummation of the merger. Messrs. Carmilani, Dupont and Sennott, and Ms. Dillard, are fully vested in their SERP contributions, and accordingly, no value is represented above.
- (6) Represents a double trigger payment equal to the value of continued participation in Allied World's health and insurance plans, calculated based on the current monthly premiums for participation in the plans as of July 31, 2011. Ms. Dillard's continued participation in Allied World's health and insurance plans is valued in Swiss Francs, and the amount reflected above was determined based on a foreign currency exchange rate of 1.2718 U.S. dollars for 1 Swiss Franc, which reflects the spot conversion rate for July 31, 2011.
- (7) Mr. Sennott's employment agreement does not provide for enhanced double trigger severance benefits. If Mr. Sennott's employment is terminated by Allied World without cause or by Mr. Sennott with good reason following the merger, he will be entitled to the benefits he would otherwise have received in the event of such termination pursuant to his employment agreement.

Interests of Transatlantic's Directors and Executive Officers in the Merger

In considering the recommendation of the board of directors of Transatlantic to vote to adopt the merger agreement, you should be aware that Transatlantic's directors and executive officers have financial interests in the merger that may be in addition to, or different from, the interests of Transatlantic stockholders generally. The board of directors of Transatlantic was aware of and considered these potential interests, among other matters, in evaluating and negotiating the merger agreement and in recommending to you that you approve the merger and the other transactions contemplated by the merger.

As detailed below under 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, Richard S. Press, the current non-executive chairman of the board of directors of Transatlantic, will be the non-executive chairman of the board of directors of the combined company following the merger. Michael C. Sapnar will be appointed to serve as President and Chief Executive Officer of Global Reinsurance of the combined company.

Transatlantic does not expect a significant reduction in workforce as a result of the merger, subject to the discussion above regarding the potential difficulty of retaining key management personnel in the section entitled Risk Factors Relating to the Merger.

On June 30, 2011, the Compensation Committee (the Transatlantic Compensation Committee) of the Transatlantic board of directors approved the form of retention agreements (the Retention Agreements, and each, a Retention Agreement) that have been offered to certain executives of Transatlantic, including Steven

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S. Skalicky, Paul A. Bonny, and Javier E. Vijil, each a named executive officer of Transatlantic. Each of the Retention Agreements has a term beginning on the date of execution and ending on the earlier of December 31, 2013 or a mutually agreed upon termination date by the executive and Transatlantic. The Retention Agreements will remain effective whether or not the merger closes.

Each of the Retention Agreements generally provides that until December 31, 2012, the executive's base salary level, target bonus amount, target fair value of equity awards and other benefits included in the executive's total compensation will not be reduced below the levels in effect prior to the merger. Each of the Retention Agreements also provides for a grant of restricted stock unit awards (RSUs), or in the event that there are not enough share reserves, phantom stock awards (together with the RSUs, the Retention Grant), immediately prior to the merger (or at a date chosen by the Transatlantic board of directors in its discretion, if the closing of the merger does not occur), pursuant to Transatlantic's 2009 Long Term Equity Incentive Plan (but only in the case of the RSUs), consisting of that number of shares of Transatlantic common stock equal in value to \$1,500,000 for each of Messrs. Skalicky and Vijil and \$2,000,000 for Mr. Bonny. The Retention Grant vests 50% on September 30, 2012 and 50% on December 31, 2013. Pursuant to the Retention Agreements, the Retention Grant is generally subject to pro rata vesting upon a termination by Transatlantic without Cause, or due to death or Disability, or by the executive with Good Reason, in each case prior to December 31, 2013. Further, pursuant to the Retention Agreements, all of the outstanding, unvested equity awards held by each of the executives as of the effective date of the Retention Agreements is subject to full vesting upon a termination by Transatlantic without Cause, or by the executive with Good Reason, in each case prior to December 31, 2013. In consideration for entering into the Retention Agreements, each executive shall provide a limited waiver of the executive's right to resign for Good Reason in connection with the merger as a result of the executive's new employment position immediately following the merger.

The Retention Agreements include restrictive covenants similar to those included in Transatlantic's Executive Severance Plan.

Treatment of Equity Awards

Transatlantic directors and executive officers' outstanding stock options to acquire Transatlantic common stock will be converted pursuant to the merger agreement into options to acquire Allied World shares. Similarly, Transatlantic directors and executive officers' outstanding stock-based awards will be converted into Allied World shares or other compensatory awards denominated in Allied World shares. The equity holdings of Transatlantic directors and executive officers will be treated in the same manner as the equity holdings of all other equity holders provided, however, that pursuant to the merger agreement, any independent Transatlantic or Allied World director who ceases to be a member of the reconstituted TransAllied board prior to the end of his or her term shall have immediate vesting of all of his or her unvested Allied World stock-based awards.

Each of Allied World and Transatlantic will use the existing performance goals to determine performance awards through fiscal year 2011. Thereafter, following the closing of the merger, TransAllied's Compensation Committee will make a decision regarding the performance awards for the 2012 fiscal year and thereafter.

Golden Parachute Compensation

As described above, each of Transatlantic's named executive officers has been offered a Retention Agreement providing for the issuance of certain awards in connection with the merger. Other than as described above regarding such Retention Agreements, the merger is not considered a change in control under any plans or agreements of Transatlantic to which Transatlantic's named executive officers are a party.

The following table sets forth the estimated amounts of golden parachute compensation (for purposes of Item 402(t) of Regulation S-K) that each named executive officer of Transatlantic could receive in connection with the merger. These amounts assume that the merger is completed on _____, 2011 and, where applicable, that the named executive officer is entitled to the full amount for which he or she is eligible pursuant to the terms of the applicable Retention Agreement. Certain of the amounts payable may vary depending on the actual dates on which the merger is completed and the named executive officer terminates

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employment. As a result, the actual amounts, if any, to be received by a named executive officer may differ in material respects from the amounts set forth below.

Golden Parachute Compensation Table

Name	Cash (Severance) (\$)	Cash (Non- Severance) (\$)	Equity (\$)	Pension/Perquisites/ NQDC (\$)	Benefits (\$)	Reimbursement (\$)	Tax (\$)	Other (\$)(1)	Total (\$)
Robert F. Orlich									
Steven S. Skalicky								1,500,000	1,500,000
Paul A. Bonny								2,000,000	2,000,000
Javier E. Vijil								1,500,000	1,500,000
Michael C. Sapnar									

- (1) As noted above, these amounts assume that the named executive officer is entitled to the full amount for which he is eligible under the applicable Retention Agreement. These amounts would also be paid out, on a pro rata basis pursuant to the applicable Retention Agreement upon termination by Transatlantic without Cause, or due to death or Disability or by the executive with Good Reason prior to December 31, 2013, or upon death or disability of the executive prior to December 31, 2013. In consideration for entering into the Retention Agreements, each executive shall provide a limited waiver of the executive's right to resign for Good Reason in connection with the merger.

Transatlantic Executive Severance Plan. As discussed above, the merger is not considered a change in control under Transatlantic's compensation plans or arrangements and a reduction in force is not anticipated in connection with the merger, including at the executive level. Whether or not the merger occurs, Transatlantic's executives are entitled to certain payments in connection with certain terminations of employment. Under the Transatlantic Executive Severance Plan (ESP) severance protection is provided to senior executives who participate in the Transatlantic Partners or Senior Partners Plan. Upon a termination by Transatlantic without Cause (as defined in the ESP) or by the executive for Good Reason (as defined in the ESP), in addition to accrued wages and expense reimbursement, eligible employees will be entitled to receive the following each month during the Severance Period (30 months for the CEO and 24 months for the other named executive officers):

severance in an amount equal to one-twelfth the sum of: (i) the participant's annual base salary in the year of termination, (ii) any supplemental or quarterly cash bonus payable to such participant in respect of the year of termination, and (iii) the average of the participant's annual cash bonus awards earned and paid with respect to the three most recently completed fiscal years;

continued vesting of restricted stock units, earned but unvested performance restricted stock units and options as though there had been no termination of employment;

continued participation in Transatlantic's health plan at active employee rates and continued service credit for eligibility and company contribution levels for purposes of the retiree health plan;

continued vesting and accrual of additional non-qualified pension credits; and

continued life insurance and retiree health plan coverage at active employee rates including continued service credit for eligibility and company contribution levels in such plans.

Prior to receiving any severance payments, eligible employees will be required to execute a general release of claims that also contains the following restrictions that, except as noted, apply at all times following termination:

Each participant is generally prohibited from (i) engaging in, being employed by, rendering services to or acquiring financial interests in any business that is competitive with Transatlantic, (ii) interfering with Transatlantic's business relationships with customers, suppliers, or consultants, or (iii) soliciting or

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hiring certain key employees of Transatlantic. These restrictions apply for the earlier of one year after termination or the length of the Severance Period.

Each participant must not disclose Transatlantic's confidential information.

Board of Directors and Management Following the Merger

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 for the election of directors as described herein, the board of directors of the combined company will consist of 11 members including (i) four independent Transatlantic directors: Stephen P. Bradley, Ian H. Chippendale, John G. Foos and John L. McCarthy; (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 of the following current independent Allied World directors, who will be identified to shareholders at or prior to the Allied World Special Shareholder Meeting: Barbara T. Alexander, James F. Duffy, Bart Friedman, Scott Hunter, Mark R. Patterson, Patrick de Saint-Aignan and Samuel J. Weinhoff; and (v) Scott A. Carmilani (the current 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 or until their successors are duly elected and qualified or their offices are otherwise vacated): Ian H. Chippendale, John L. McCarthy and one current 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 or until their successors are duly elected and qualified or their offices are otherwise vacated): Stephen P. Bradley, John G. Foos and two current 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 or until their successors are duly elected and qualified or their offices are otherwise vacated): Scott A. Carmilani, Richard S. Press, Michael C. Sapnar, and one current independent Allied World director.

Immediately following the effective time of the merger, Mr. Carmilani will serve as the President and Chief Executive Officer of the combined company. Mr. Press will be elected as non-executive chairman of the TransAllied board. Effective 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.

In connection with the completion of the merger, the current directors of Allied World resign effective as of the effective time of the merger and the director nominees presented for election at the Allied World Special Shareholder Meeting, if elected by the shareholders, will serve on the board of directors of Allied World following the effective time of the merger. 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.

With respect to the election of the four current independent Allied World directors to the combined company's board of directors, shareholders are being asked to vote for, against or to abstain from voting on, each of the seven Allied World director nominees who are currently Allied World independent directors: Barbara T. Alexander, James F.

Duffy, Bart Friedman, Scott Hunter, Mark R. Patterson, Patrick de Saint-Aignan and Samuel J. Weinhoff. At or prior to the Allied World Special Shareholder Meeting, three of these seven director nominees will withdraw as nominees and the four remaining director nominees will be identified to shareholders. If any such remaining director nominee receives a majority of the votes cast voting in favor of their election, where holders of at least 50% of the total outstanding Allied World shares are

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represented and voting and who are entitled to vote on such proposal, such director nominee will be elected to serve as a member of the TransAllied board, to serve in the Class as designated by the Allied World board of directors at or prior to the Allied World Special Shareholder Meeting. If any such remaining director nominee does not receive the requisite shareholder votes, such nominee will not be elected to the TransAllied board and the election of directors proposal (which is a condition to the closing of the merger, subject to waiver by the parties) will fail.

Pursuant to the terms of the merger agreement and conditioned upon completion of the merger, (i) in connection with TransAllied's Annual Shareholder Meeting in 2012, the TransAllied board shall propose to increase the size of the TransAllied board by one member and shall nominate for election at such meeting, a new director to fill the resulting vacancy, who shall become the non-executive chairman of the TransAllied board effective as of the first anniversary of the closing of the merger; (ii) such person nominated for election at such meeting shall (A) have been approved by the TransAllied board, (B) have been recommended by the nominating and corporate governance committee of the TransAllied board, (C) have substantial insurance industry expertise, and (D) not have been a member of the Transatlantic board of directors or the Allied World board of directors immediately prior to the date of the merger agreement; and (iii) TransAllied shall duly call, give notice of, convene and hold its Annual Shareholder Meeting in 2012 no later than June 30, 2012.

Upon completion of the merger, the TransAllied board will have six board committees: the Audit Committee, the Compensation Committee, the Enterprise Risk Committee, the Executive Committee, the Investment Committee and the Nominating & Corporate Governance Committee.

For a period of one year from the closing date of the merger, the Executive Committee is to be comprised of Mr. Carmilani, one former independent Allied World director and two former independent Transatlantic directors, and to be chaired by Mr. Carmilani;

For a period of one year from the closing date of the merger, each of the Investment Committee and Nominating & Corporate Governance Committee are to be comprised of two former independent Allied World directors and two former independent Transatlantic directors, and to be chaired by one of the former independent Allied World directors; and

For a period of one year from the closing date of the merger, each of the Audit Committee, Compensation Committee and Enterprise Risk Committee are to be comprised of two former independent Allied World directors and two former independent Transatlantic directors, and chaired by one of the former independent Transatlantic directors.

Upon completion of the merger, the combined company's corporate headquarters and related corporate functions will be located in Zug, Switzerland.

The appointments of Messrs. Carmilani, Press and Sapnar, the provisions regarding the selection of a replacement non-executive chairman, and the board committee composition, will be reflected in the TransAllied organizational regulations, which will only become effective at the 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.

Table of Contents**Executive Officers Following the Merger**

The following sets forth the name, age and position of the executive officers of TransAllied upon the completion of the merger.

Name	Age	Position at TransAllied
Scott A. Carmilani	47	Director, President and Chief Executive Officer
Michael C. Sapnar	45	Director, President and Chief Executive Officer, Global Reinsurance
Kenneth Apfel	52	Executive Vice President, Chief Actuary and Chief Actuary Reinsurance
David A. Bell	37	Executive Vice President, Chief Operating Officer
Wesley D. Dupont	42	Executive Vice President, General Counsel and Corporate Secretary
John J. Gauthier	49	Executive Vice President, Chief Investment Officer
Steven S. Skalicky	62	Executive Vice President and Chief Financial Officer
Thomas V. Cholnok	55	Senior Vice President, Investor Relations/Rating Agencies
Julian H. Spence	51	Senior Vice President, Chief Risk Officer

Scott A. Carmilani was elected Allied World's President and Chief Executive Officer in January 2004, became a director in September 2003 and was appointed Chairman of the Board in January 2008. Mr. Carmilani was, prior to joining Allied World as Executive Vice President in February 2002, the President of the Mergers & Acquisition Insurance Division of subsidiaries of American International Group, Inc. and responsible for the management, marketing and underwriting of transactional insurance products for clients engaged in mergers, acquisitions or divestitures. Mr. Carmilani was previously the Regional Vice-President overseeing the New York general insurance operations of AIG. Before that he was the Divisional President of the Middle Market Division of National Union Fire Insurance Company of Pittsburgh, PA, which underwrites directors and officers liability, employment practice liability and fidelity insurance for middle-market-sized companies. Prior to joining Allied World, he held a succession of underwriting and management positions with subsidiaries of AIG since 1987.

Michael C. Sapnar was appointed Transatlantic's Executive Vice President and Chief Operating Officer on May 19, 2011. On May 20, 2011, at a meeting of the Transatlantic board of directors following the annual meeting of stockholders, the board of directors elected Mr. Sapnar to the Transatlantic board of directors. From May 2006 until May 2011, Mr. Sapnar served as Executive Vice President and Chief Underwriting Officer, Domestic Operations of Transatlantic, TRC and Putnam by election of the Transatlantic board of directors in May 2006. From December 2005 to May 2006, Mr. Sapnar was Senior Vice President and Chief Underwriting Officer, Domestic Operations of Transatlantic. From December 2004 to the present, Mr. Sapnar has served as a Director of TRC and Putnam. From March 2002 to May 2006, Mr. Sapnar was Senior Vice President and Chief Underwriting Officer, Domestic Operations of TRC and Putnam.

Kenneth Apfel was named Executive Vice President and Chief Actuary of Transatlantic, TRC and Putnam by election of the Board of Directors in September 2008. From May 2005 to the present, Mr. Apfel served as a Director of TRC and Putnam, but not of Transatlantic. From August 2004 to September 2008, Mr. Apfel was Senior Vice President and Chief Actuary of Transatlantic, TRC and Putnam. From September 1981 to August 2004, Mr. Apfel held various positions at AIG, including having served as a Senior Vice President of AIG Reinsurance Advisors.

David A. Bell has been Allied World's Chief Operating Officer since December 1, 2010 and is responsible for Allied World's global day-to-day operating activities and directing the implementation of its strategic processes, procedures, controls and projects. He had served as the Chief Operating Officer of Allied World Assurance Company, Ltd, a subsidiary of Allied World, from September 2009 through November 2010. He had previously served as Chief Administrative and Operating Officer of Allied World Assurance Company, Ltd from September 2008 to September 2009. Prior to that, Mr. Bell served as the Senior Vice President,

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Professional Liability, from September 2004 to September 2008. Mr. Bell joined Allied World in February 2002 as a Vice President and started Allied World's professional lines business. Prior to joining Allied World, Mr. Bell held various positions at affiliates of The Chubb Corporation in underwriting and legislative affairs from 1996 to January 2002.

Wesley D. Dupont has been Allied World's Executive Vice President, General Counsel and Corporate Secretary since September 2009. From December 2005 to September 2009, he served as Senior Vice President, General Counsel and Secretary. In November 2003, Mr. Dupont began working for American International Company Limited (now known as Chartis Bermuda Limited), a subsidiary of AIG, and began providing legal services to Allied World pursuant to a former administrative services contract with American International Company Limited. Through that contract, Mr. Dupont served as Allied World's Senior Vice President, General Counsel and Secretary from April 2004 until November 30, 2005. As of December 1, 2005, Mr. Dupont became an employee of Allied World. Prior to joining American International Company Limited, Mr. Dupont worked as an attorney at Paul, Hastings, Janofsky & Walker LLP, a large international law firm, where he specialized in general corporate and securities law. From April 2000 to July 2002, Mr. Dupont was a Managing Director and the General Counsel for Fano Securities, LLC, a specialized securities brokerage firm. Prior to that, Mr. Dupont worked as an attorney at Kelley Drye & Warren LLP, another large international law firm, where he also specialized in general corporate and securities law.

John J. Gauthier, CFA, has been the Executive Vice President and Chief Investment Officer of AWAC Services Company (formerly known as Newmarket Administrative Services, Inc.), a subsidiary of Allied World, since March 2010 and oversees the management of Allied World's investment portfolio. From October 2008 through February 2010, he served as Senior Vice President and Chief Investment Officer of Newmarket Administrative Services, Inc. Previous to joining Allied World, Mr. Gauthier was Global Head of Insurance Fixed Income Portfolio Management at Goldman Sachs Asset Management from February 2005 to September 2008. Prior to that position, from 1997 to January 2005 he was Managing Director and Portfolio Manager at Conning Asset Management where he oversaw investment strategy for all property and casualty insurance company clients. Mr. Gauthier also served as Vice President at General Reinsurance/New England Asset Management, as well as a Portfolio Manager at General Reinsurance.

Steven S. Skalicky serves as the Chief Financial Officer and Executive Vice President of Transatlantic Reinsurance Company Inc. and Transatlantic. Mr. Skalicky has been an Officer of Transatlantic, since 1995 when he became Senior Vice President and Controller. He serves as Executive Vice President and Chief Financial Officer of Putnam. He serves as Chief Accounting Officer of Transatlantic Holdings Inc. He serves as a Director of Transatlantic Reinsurance Company Inc., Putnam Reinsurance Co., and TransRe Zurich. From January 1986 to February 1995, Mr. Skalicky held various positions at AIG, including having served as Assistant Controller.

Thomas V. Chohnoky has been Transatlantic's Senior Vice President of Investor Relations since August 2009. Prior to joining Transatlantic, from April 2009 to August 2009, Mr. Chohnoky was a principal at Sinjon Advisors consulting firm. From July 1986 to November 2008, Mr. Chohnoky was a Managing Director at Goldman, Sachs & Co. in the Global Investment Research Department.

Julian H. Spence was named Chief Risk Officer of Transatlantic in 2008. From 2001 until 2008, Mr. Spence was Senior Vice President in Transatlantic's London office with responsibility for the Specialty Lines Division which encompassed the Financial Risks, Professional Liability and Marine underwriting departments. Prior to joining Transatlantic, from 1988 to 2001, Mr. Spence was a Lloyds underwriter, first with Merrett Underwriting and then with Janson Green/Limit, specializing in political risks and professional liability.

Regulatory Clearances Required for the Merger

Under the HSR Act, Allied World and Transatlantic must file notifications with the FTC and the Antitrust Division and observe a mandatory pre-merger waiting period before completing the merger. The parties filed the required notifications with the FTC and Antitrust Division on July 1, 2011 and early termination of the waiting period was granted effective July 11, 2011.

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Premerger notifications must also be filed by Allied World and Transatlantic with the appropriate competition regulators in the United Kingdom, Germany, Italy and Turkey pursuant to their respective laws which are designed or intended to regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition. They must also observe mandatory waiting periods and/or obtain the necessary approvals, clearances or consents, in certain of these jurisdictions, before completing the merger. The Italian notification was made on July 1, 2011, the German notification was made on July 26, 2011 and the Turkish notification was made on August 16, 2011. A notification in the United Kingdom will be made as promptly as practicable.

In addition to those filings required by the HSR Act and other antitrust laws, the parties are also required to make filings with and/or obtain approvals from certain U.S. and non-U.S. insurance regulatory authorities (the Insurance Authorities). As a condition to the consummation of the merger, the parties are required to make filings with and obtain the approvals of the Insurance Authorities in New York, Bermuda and Switzerland.

The U.S. insurance company subsidiaries of Transatlantic are domiciled in the State of New York. As such, the merger requires a filing with, and approval by, the New York Superintendent of Insurance (the New York Superintendent). Generally, a person seeking to acquire voting securities, such as common stock, in an amount that would result in such person controlling, directly or indirectly, a New York domestic insurer must, together with any person ultimately controlling such person, file an Application for Approval of Acquisition of Control of a Domestic Insurer (a Form A), with the New York Insurance Department and send a copy of such Form A to the domestic insurer. Allied World will make a Form A filing with the New York Insurance Department.

Although a hearing is not mandatory for the approval of a Form A in the State of New York, an applicant must be provided with notice and an opportunity to be heard in the event that the New York Superintendent intends to disapprove the Form A application. Under New York Insurance Law, the New York Superintendent is required to approve a Form A unless he or she determines that such application should be disapproved in order to protect the interests of the people of the State of New York, based on one or more statutorily prescribed factors. There is no statutorily prescribed period in which the New York Superintendent must render a decision with respect to a Form A, and the New York Insurance Department may not consider the Form A or begin its review until it has deemed the Form A filing complete. The New York Insurance Department has discretion to request that Allied World furnish additional information before it deems the Form A filing complete. Furthermore, New York Insurance Law grants the New York Superintendent discretion to require that such additional information be disclosed to the shareholders of the New York domestic insurer.

As Transatlantic is merging into a newly-formed wholly owned subsidiary of Allied World, there will be no change of control of Allied World's insurance company subsidiaries. Because no change in control of such insurance company subsidiaries will occur, no Form A filings should be required to be filed with the Insurance Authorities of the U.S. domiciliary states of Allied World's insurance company subsidiaries. In that regard, Allied World has made informational filings in each such U.S. domiciliary state, expressing its position that no Form A filing is required in such state. However, it is possible that the Insurance Authorities of such U.S. domiciliary states may disagree with the position taken by Allied World and may require that a Form A be filed by Allied World with respect to the merger in such jurisdictions.

Allied World Assurance Company, Ltd, a subsidiary of Allied World, is a Bermuda incorporated Class 4 Insurer and prior notice of the merger must be provided to the Bermuda Monetary Authority (BMA), which will have 14 days to object or give a no objection to the merger, or to request additional information. Trans Re Zurich Reinsurance Company, Ltd., a subsidiary of Transatlantic, is a Swiss regulated reinsurer and prior notification of its indirect change of control as a result of the merger is required to be provided to the Swiss Financial Market Supervisory Authority

(FINMA). FINMA may prohibit the merger, impose conditions on the merger or provide a statement of non-objection in regard to the merger. Prior to the closing of the merger, the parties will make the required filings with, and seek to obtain the necessary approval from, the BMA and FINMA.

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In addition to Switzerland and Bermuda, Transatlantic's and Allied World's subsidiaries conduct operations in a number of other non-U.S. jurisdictions where insurance regulatory filings or approvals are required in connection with the consummation of the merger. In that regard, Transatlantic and Allied World have made or expect to make formal filings with, or have sought or expect to seek approvals from, the Insurance Authorities in certain other non-U.S. jurisdictions, including, without limitation, Argentina, Australia, Brazil, Germany, Gibraltar and Hong Kong. Moreover it is possible that Insurance Authorities in other non-U.S. jurisdictions may require additional filings or information or require the parties to obtain their approval of the merger. No insurance regulatory authority has indicated to Allied World or Transatlantic that a hearing will be required in connection with the aforementioned regulatory filings and approvals; however, pursuant to their regulatory authority, one or more Insurance Authorities may hold a hearing as part of their consideration of the filings.

Allied World and Transatlantic cannot assure you that the Antitrust Division, FTC or other government agencies, including state attorneys general or private parties, will not initiate actions to challenge the merger before or after it is completed. Any such challenge to the merger could result in a court order enjoining the merger or in restrictions or conditions that would have a material adverse effect on the combined company if the merger is completed. Such restrictions and conditions could include requiring the divestiture or spin-off of assets or businesses. Under the terms of the merger agreement, each of Allied World and Transatlantic is required to commit to any divestitures or similar arrangements with respect to its assets or conduct of business arrangements if that divestiture or arrangement is a condition to obtain any clearance or approval from any governmental entity in order to complete the merger. No additional shareholder approval is expected to be required or sought for any decision by Allied World and Transatlantic after the Allied World Special Shareholder Meeting and the Transatlantic Special Shareholder Meeting to agree to any terms and conditions necessary to resolve any regulatory objections to the merger.

Allied World Credit Facilities

The merger agreement contains a covenant requiring Allied World to, on or before the effective date of the merger, either (i) terminate its syndicated secured and syndicated unsecured credit facilities or (ii) use its reasonable best efforts to obtain the necessary consents of the lenders party to these syndicated credit facilities to allow them to remain in effect after the completion of the merger with no default or event of default thereunder resulting from the merger or the consummation of the other transactions contemplated thereby. Allied World is currently negotiating the necessary consents with the lenders party to these facilities. Based on these negotiations, Allied World believes it is likely it will receive the necessary consents from its lenders. If Allied World does not receive the necessary consents and is required to terminate the syndicated credit facilities in accordance with the merger agreement, Allied World would transfer its letters of credit outstanding under the secured facility (in the amount of approximately \$168 million as of August 12, 2011) to its existing credit facility with Citibank Europe plc; no amounts are currently drawn under Allied World's syndicated unsecured credit facility.

Exchange of Shares in the Merger

Prior to the effective time of the merger, Allied World and Transatlantic will appoint an exchange agent to handle the exchange of shares of Transatlantic common stock for Allied World shares. At the effective time of the merger, shares of Transatlantic common stock will be converted into the right to receive 0.88 Allied World shares, together with cash in lieu of fractional Allied World shares (the merger consideration) without the need for any action by the holders of Transatlantic common stock.

As soon as reasonably practicable after the effective time of the merger, Allied World will cause the exchange agent to mail each holder of Transatlantic certificates or book-entry shares a letter of transmittal specifying, among other things, that delivery will be effected, and risk of loss and title in respect of the certificates or book-entry shares will pass, only upon proper delivery of such certificates to the exchange agent, or in the case of book-entry shares, upon

adherence to the procedures set forth in the letter of transmittal. The letter of transmittal will also include instructions explaining the procedure for surrendering Transatlantic stock certificates in exchange for the applicable merger consideration and any dividends or other distributions.

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After the effective time of the merger, shares of Transatlantic common stock will no longer be outstanding, will be automatically canceled and will cease to exist and each certificate and book-entry share that previously represented shares of Transatlantic common stock will represent only the right to receive the merger consideration as described above. With respect to such Allied World shares deliverable upon the surrender of Transatlantic certificates and book-entry shares, until holders of such Transatlantic certificates and book-entry shares have surrendered such certificates and book-entry shares to the exchange agent for exchange, those holders will not receive dividends or distributions with respect to such Allied World shares with a record date after the effective time of the merger.

Transatlantic stockholders will not receive any fractional Allied World shares pursuant to the merger. Instead, each Transatlantic stockholder who otherwise would have been entitled to receive a fraction of an Allied World share will receive, in lieu thereof and, upon surrender of his or her shares of Transatlantic common stock, an amount in cash for such fraction calculated by multiplying the fractional share interest to which such holder would otherwise be entitled by the last reported sale price of the Allied World shares listed on the NYSE (as reported in The Wall Street Journal (Northeast edition) or if not reported there, in another authoritative source mutually selected by Allied World and Transatlantic) at the effective time of the merger, on the first trading day immediately following the date on which the effective time of the merger occurs.

Allied World shareholders need not take any action with respect to their stock certificates.

Treatment of Transatlantic Stock Options and Other Long-Term Incentive Awards

Prior to the effective time of the merger, the board of directors of Allied World (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 shares of 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.

Each of Allied World and Transatlantic will use the existing performance goals to determine performance awards through the fiscal year 2011. Thereafter, following the closing of the merger, TransAllied's Compensation Committee will make a decision regarding the performance awards for the fiscal year 2012 and thereafter.

Dividend Policy

Under Swiss law, dividends may be paid out only if Allied World has sufficient distributable profits from previous fiscal years or if Allied World has freely distributable reserves, each as will be presented on Allied World's audited statutory financial statements prepared in accordance with Swiss law. Payments out of the share and participation capital (in other words, the aggregate par value of Allied World's share and participation capital) in the form of dividends are not allowed; however, payments out of share and participation capital may be made by way of a capital reduction to achieve a similar result as the payment of dividends. The affirmative vote of shareholders holding a

majority of the votes cast at a shareholder meeting where two or more persons are present at the meeting representing in person or by proxy more than 50% of Allied World's total outstanding registered shares throughout the meeting, must approve reserve reclassifications and distributions of dividends. Allied World's board of directors may propose to shareholders that a

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dividend be paid but cannot itself authorize the dividend. In addition, Allied World's shareholders may propose dividends without any dividend proposal by the board of directors. Under Swiss law, upon satisfaction of all legal requirements (including shareholder approval of a par value reduction), Allied World is required to submit an application to the Swiss Commercial Register to register each applicable par value reduction. Without effective registration of the applicable par value reduction with the Swiss Commercial Register, Allied World will not be able to proceed with the payment of any installment of any dividend. Allied World cannot assure you that the Swiss Commercial Register will approve the registration of any applicable par value reduction.

Under Swiss law, if the Allied World general capital reserves amount to less than 20% of the share and participation capital recorded in the Swiss Commercial Register (i.e., 20% of the aggregate par value of Allied World's capital), then at least 5% of Allied World's annual profit must be retained as general reserves. Swiss law permits Allied World to accrue additional general reserves. In addition, Allied World is required to create a special reserve on its audited statutory financial statements in the amount of the purchase price of voting shares and Allied World non-voting shares Allied World or any of its subsidiaries repurchases, which amount may not be used for dividends.

Swiss companies generally must maintain separate audited statutory financial statements for the purpose of, among other things, determining the amounts available for the return of capital to shareholders, including by way of a distribution of dividends. Amounts available for the return of capital as indicated on Allied World's audited statutory financial statements may be materially different from amounts reflected in Allied World's consolidated GAAP financial statements. Allied World's auditor must confirm that a dividend proposal made to shareholders complies with Swiss law and the Allied World Articles.

Allied World is required under Swiss law to declare any dividends and other capital distributions in Swiss francs. Allied World makes dividend payments to holders of its shares in U.S. dollars. Continental Stock Transfer & Trust Company, Allied World's transfer agent, will be responsible for paying the U.S. dollars to registered holders of Allied World shares and Allied World non-voting shares, less amounts subject to withholding for taxes. As a result, shareholders may be exposed to fluctuations in the U.S. dollar - Swiss franc exchange rate between the date used for purposes of calculating the Swiss franc amount of any proposed dividend or par value reduction and the relevant payment date.

Listing of Allied World Shares

It is a condition to the completion of the merger that the shares of 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.

De-Listing and Deregistration of Transatlantic Common Stock

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.

No Appraisal Rights

Holders of Transatlantic common stock who dissent to the merger will not have rights to an appraisal of the fair value of their shares. Under the General Corporation Law of the State of Delaware (the "DGCL"), appraisal rights are not available for the shares of any class or series if the shares of the class or series are listed on a national securities exchange or held of record by more than 2,000 holders on the record date, unless the stockholders receive in exchange for their shares anything other than shares of stock of the surviving or resulting corporation or of any other corporation that is publicly listed or held by more than 2,000 holders of record, cash in lieu of fractional shares or fractional depositary receipts or any combination of the foregoing. Transatlantic's common stock is listed on the NYSE, and

Transatlantic stockholders will receive Allied World shares, which are listed on the NYSE, and cash in lieu of fractional shares. Holders of Allied World shares have no appraisal rights under Swiss law because the merger does not qualify as a statutory

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merger pursuant to the provisions of the Federal Act on Mergers, Demergers, Transformations and the Transfer of Assets (the Merger Act).

Litigation Related to the Merger

In connection with the merger, five putative stockholder class action lawsuits have been filed against Transatlantic, Allied World, and the members of the Transatlantic board of directors challenging the merger: *Ivers v. Transatlantic Holdings, Inc., et al.* (filed June 17, 2011 in the Court of Chancery of the State of Delaware), *Clark v. Transatlantic Holdings, Inc., et al.* (filed June 17, 2011 in the Supreme Court of the State of New York, County of New York and amended on June 22, 2011), *Sutton v. Transatlantic Holdings, Inc., et al.* (filed June 17, 2011 in the Supreme Court of the State of New York, County of New York), *Jaroslavicz v. Transatlantic Holdings, Inc., et al.* (filed June 21, 2011 in the Supreme Court of the State of New York, County of New York) and *Kramer v. Transatlantic Holdings, Inc., et al.* (filed June 30, 2011 in the Court of Chancery of the State of Delaware) (collectively, the Lawsuits). Each of the Lawsuits has been filed against Transatlantic, the members of the Transatlantic board of directors, and Allied World. In addition, other than the *Jaroslavicz* action, each of the Lawsuits names as a defendant GO Sub, LLC. Further, the *Sutton* action also names Thomas R. Tizzio, a former director of Transatlantic, as a defendant. Plaintiffs in each Lawsuit assert that the members of the Transatlantic board of directors breached their fiduciary duties and that Allied World and/or its subsidiaries aided and abetted the alleged breaches of fiduciary duties. In addition, in the *Clark* action, plaintiffs allege that Transatlantic aided and abetted its directors' alleged breaches of fiduciary duty. The Lawsuits seek, among other relief, to enjoin the merger.

On June 29-30, 2011, the defendants moved to dismiss or stay the three actions pending in New York – the *Clark*, *Sutton*, and *Jaroslavicz* actions – on the grounds that the *Ivers* and *Kramer* actions are parallel proceedings pending in the Delaware Court of Chancery seeking the same relief as the three New York actions. On July 25, 2011, the plaintiffs in the three New York actions moved to consolidate those actions into a single action. The court has not ruled on either of these motions.

On July 21, 2011, Vice Chancellor Parsons of the Delaware Court of Chancery of the State of Delaware entered an order consolidating the two Delaware actions and requiring the Delaware plaintiffs to file a consolidated amended complaint. The consolidated action has been styled *In re Transatlantic Holdings, Inc. Shareholder Litigation*, Consol. C.A. No. 6574-VCP (*In re Transatlantic Holdings*).

On July 28, 2011, Transatlantic filed a lawsuit in the United States District Court for the District of Delaware, styled *Transatlantic Holdings, Inc. v. Validus Holdings Ltd.*, Case No. 1:11-cv-00661 (U.S. District Court for the District of Delaware), against Validus alleging that Validus violated Sections 14(a) and (e) of the Securities Exchange Act of 1934 and Section 11 of the Securities Act of 1933 by making materially false and/or misleading statements in its proxy and exchange offer materials filed with the SEC. The lawsuit seeks, among other relief an order: (i) compelling Validus to correct the material false and/or misleading statements it has made in connection with both its proxy and exchange offer materials; and (ii) prohibiting Validus from acquiring or attempting to acquire shares of Transatlantic until its misstatements have been corrected. On August 10, 2011, Validus filed a motion to dismiss the complaint.

On August 1, 2011, plaintiffs in *In re Transatlantic Holdings* filed a Verified Consolidated Amended Class Action Complaint, a Motion for Preliminary Injunction and a Motion for Expedited Proceedings. On August 8, 2011 the defendants moved to dismiss the Verified Consolidated Amended Class Action Complaint and filed oppositions to the Delaware plaintiffs' Motion for Expedited Proceedings. These motions are currently pending before the court.

On August 10, 2011, Validus filed a complaint against Transatlantic, the members of the Transatlantic board of directors, Allied World and Merger Sub in the Delaware Court of Chancery. Validus alleges that the members of the Transatlantic board of directors breached their fiduciary duty by: (i) refusing to accept the acquisition proposal from

Validus in favor of the merger agreement; (ii) approving certain deal protection measures in the merger agreement; (iii) insisting that the merger agreement requires that a confidentiality agreement between Transatlantic and Validus contain the same (or substantially similar) standstill provision as contained in the confidentiality agreement between Allied World and Transatlantic, which Validus alleges

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constituted a failure by Transatlantic and the Transatlantic board of directors to enter into discussions with Validus; and (iv) making allegedly incomplete or inaccurate disclosures concerning Transatlantic's proposed merger with Allied World. Validus also seeks a declaratory judgment that Transatlantic's interpretation of certain provisions of the merger agreement and the confidentiality agreement between Transatlantic and Allied World is incorrect and in breach of the Transatlantic board of directors' fiduciary duties, and a declaration that the merger agreement permits Transatlantic to enter into discussions with Validus. Finally, Validus asserts a claim against Allied World for aiding and abetting the alleged breaches of fiduciary duty. Validus seeks, among other things, an order enjoining Transatlantic and Allied World from consummating the proposed merger unless and until the defendants' allegedly false and misleading statements are corrected; compelling the Transatlantic board of directors to engage in good faith discussions with Validus; and declaring that the merger agreement and the confidentiality agreement between Allied World and Transatlantic do not require that a confidentiality agreement between Transatlantic and Validus contain a standstill provision. On August 16, 2011, Validus filed a Motion for Preliminary Injunction and a Motion for Expedited Proceedings.

Transatlantic, Allied World and their respective directors believe that the lawsuits filed against them are without merit and intend to defend them vigorously.

The Combined Company's Share Repurchase Program Post-Merger

In May 2010, the Allied World board of directors authorized Allied World to repurchase up to \$500 million of its shares through a share repurchase program. Prior to Allied World's redomestication to Switzerland, Allied World Assurance Company Holdings, Ltd, as Allied World's then sole shareholder, approved the repurchase of Allied World shares in an amount not to exceed \$160 million, which represented a portion of the remaining capacity available under the original May 2010 share repurchase authorization. At Allied World's Annual Shareholder Meeting in 2011, Allied World shareholders approved the \$122.5 million of remaining capacity available under such authorization. As of June 30, 2011, Allied World had an aggregate of \$200.8 million of capacity available under its share repurchase program.

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.

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THE MERGER AGREEMENT

The following section summarizes material provisions of the merger agreement, which is included in this joint proxy statement/prospectus as Annex A and is incorporated herein by reference in its entirety. The rights and obligations of Allied World and Transatlantic are governed by the express terms and conditions of the merger agreement and not by this summary or any other information contained in this joint proxy statement/prospectus. Allied World shareholders and Transatlantic stockholders are urged to read the merger agreement carefully and in its entirety as well as this joint proxy statement/prospectus before making any decisions regarding the merger, including with respect to the approval of the share capital increase proposals, the NYSE share issuance proposal, the name change proposal, the election of directors proposal and the adoption of the merger agreement proposal, as applicable.

The merger agreement is included in this joint proxy statement/prospectus only to provide public disclosure regarding its terms and conditions as required by U.S. federal securities laws, and is not intended to provide any factual information about Allied World or Transatlantic. The merger agreement contains representations and warranties by each of the parties to the merger agreement. These representations and warranties:

were made only for purposes of the merger agreement and as of specific dates and may be subject to more recent developments;

may not be intended as statements of fact, but rather as a way of allocating the risk between the parties in the event the statements therein prove to be inaccurate;

have been qualified by certain disclosures that were made between the parties in connection with the negotiation of the merger agreement, which disclosures are not reflected in the merger agreement itself; and

may apply standards of materiality in a way that is different from what may be viewed as material by you or other investors.

Accordingly, the representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read together with the information provided elsewhere in this joint proxy statement/prospectus and in the documents incorporated by reference into this joint proxy statement/prospectus. See **Where You Can Find More Information** beginning on page 188.

This summary is qualified in its entirety by reference to the merger agreement.

Terms of the Merger; Merger Consideration

The merger agreement provides that, on the terms and subject to the conditions set forth in the merger agreement and in accordance with the DGCL, at the effective time of the merger, Merger Sub, a Delaware limited liability company and wholly-owned subsidiary of Allied World, will merge with and into Transatlantic. Transatlantic will be the surviving corporation in the merger and will become a wholly-owned subsidiary of Allied World. At the effective time of the merger, each outstanding share of Transatlantic common stock (other than shares owned by Transatlantic, Allied World or Merger Sub, which will be canceled and cease to exist) will be converted into the right to receive 0.88 (the ratio of such number to one, referred to herein as the exchange ratio) Allied World shares.

Allied World will not issue fractional Allied World shares pursuant to the merger agreement. Instead, each Transatlantic stockholder that otherwise would have been entitled to receive a fraction of an Allied World share will

receive, in lieu thereof and, upon surrender of his or her shares of Transatlantic common stock, an amount in cash for such fraction calculated by multiplying the fractional share interest to which such holder would otherwise be entitled by the last reported sale price of the Allied World shares listed on the NYSE (as reported in The Wall Street Journal (Northeast edition) or if not reported there, in another authoritative source mutually selected by Allied World and Transatlantic) at the effective time of the merger, on the first trading day immediately following the date on which the merger is effective.

The merger consideration will be adjusted appropriately and proportionately to fully reflect the effect of any stock dividend, subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split,

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combination, exchange of shares or other similar event with respect to Allied World shares or Transatlantic common stock prior to the effective time of the merger.

Completion of the Merger

Unless the parties agree otherwise, the closing of the merger will take place no later than the second business day after all conditions to the completion of the merger have been satisfied or waived. The merger will be effective when the parties duly file (i) the certificate of merger with the Secretary of State of the State of Delaware and (ii) the TransAllied Articles with the appropriate Swiss governmental entity. The TransAllied Articles will be filed immediately prior to the filing of the certificate of merger, at which time the merger will become effective.

Allied World and Transatlantic currently expect the closing of the merger to occur in the fourth quarter of 2011. However, as the merger is subject to various regulatory clearances and the satisfaction or waiver of other conditions described in the merger agreement, 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.

Exchange of Shares in the Merger

Prior to the effective time of the merger, Allied World and Transatlantic will appoint an exchange agent to handle the exchange of shares of Transatlantic common stock for Allied World shares. At the effective time of the merger, shares of Transatlantic common stock will be converted into the right to receive 0.88 Allied World shares, together with cash in lieu of fractional Allied World shares, without the need for any action by the holders of Transatlantic common stock.

As soon as reasonably practicable after the effective time of the merger, Allied World will cause the exchange agent to mail each holder of certificates or book-entry shares a letter of transmittal specifying, among other things, that delivery will be effected, and risk of loss and title in respect of the certificates or book-entry shares will pass, only upon proper delivery of such certificates to the exchange agent, or in the case of book-entry shares, upon adherence to the procedures set forth in the letter of transmittal. The letter will also include instructions explaining the procedure for surrendering Transatlantic certificates and book-entry shares in exchange for the applicable merger consideration and any dividends or other distributions. Upon proper surrender of a certificate or book-entry share to the exchange agent, together with the letter of transmittal, the holder of such certificate or book-entry share will be entitled to receive in exchange therefor Allied World shares representing that number of whole Allied World shares that such holder has the right to receive and a check representing cash in lieu of fractional shares.

After the effective time of the merger, shares of Transatlantic common stock will no longer be outstanding, will be automatically canceled and will cease to exist, and each certificate and book-entry share that previously represented shares of Transatlantic common stock will represent only the right to receive the merger consideration as described above, any cash in lieu of fractional Allied World shares and any dividends or other distributions to which the holders of the certificates become entitled upon surrender of such certificates and book-entry shares. With respect to such Allied World shares deliverable upon the surrender of Transatlantic stock certificates, until holders of such Transatlantic certificates and book-entry shares have surrendered such certificates and book-entry shares to the exchange agent for exchange, those holders will not receive dividends or distributions with respect to such Allied World shares with a record date after the effective time of the merger.

Representations and Warranties

The merger agreement contains reciprocal representations and warranties. Each of Allied World and Transatlantic has made representations and warranties regarding, among other things:

organization and corporate power;

ownership of subsidiaries;

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capital structure;

authority with respect to the execution and delivery of the merger agreement, and the due and valid execution and delivery and enforceability of the merger agreement;

required regulatory filings and consents and approvals of governmental entities;

absence of conflicts with, or violations of, organizational documents, other contracts and applicable laws;

SEC documents and financial statements;

accuracy of information supplied, or to be supplied, for use in this joint proxy statement/prospectus;

absence of certain changes and events from December 31, 2010 to the date of execution of the merger agreement;

absence of undisclosed material liabilities;

compliance with applicable laws and permits;

absence of certain litigation;

title to properties and the absence of liens;

opinions of financial advisors;

tax matters;

benefits matters and ERISA compliance;

collective bargaining agreements and other labor matters;

environmental matters;

intellectual property;

material contracts;

brokers and finders fees payable in connection with the merger;

inapplicability of takeover statutes;

absence of transactions, contracts or arrangements with affiliates requiring disclosure under the securities laws;

licensing and authorization of insurance subsidiaries;

statutory statements and examination reports of any insurance regulatory authorities;

absence of certain agreements with regulators;

reinsurance and retrocession treaties or agreements;

rating agency actions;

insurance policy reserves;

risk-based capital reports;

insurance issued by its respective subsidiaries; and

absence of performance of duties of insurance producer or reinsurance intermediary.

The merger agreement also contains certain representations and warranties of Allied World with respect to (i) its compliance with applicable laws in its redomestication from Bermuda to Switzerland in November 2010 and (ii) its wholly-owned subsidiary, Merger Sub, including, without limitation, corporate organization,

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lack of prior business activities, capitalization, absence of material assets or liabilities and authority with respect to the execution and delivery of the merger agreement.

Many of the representations and warranties in the merger agreement are qualified by a materiality or material adverse effect standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, would, as the case may be, be material or have a material adverse effect). For purposes of the merger agreement, a material adverse effect means, with respect to a party, any change, state of facts, circumstance, event or effect that, individually or in the aggregate, is materially adverse to either (i) the ability of such party to perform its obligations under the merger agreement, or (ii) the financial condition, properties, assets, liabilities, obligations, business or results of operations of such party and its subsidiaries, taken as a whole, except that clause (ii) of the definition of material adverse effect excludes any effect that results from or arises in connection with:

entering into or complying with the merger agreement or the public announcement or pendency of the merger or any of the other transactions contemplated by the merger agreement, including the impact of so entering into the merger agreement on the relationships of such party or any of its subsidiaries with employees, customers, brokers, agents, financing sources, suppliers or partners, and regulators;

changes in law following the date of the merger agreement;

changes in GAAP or SAP following the date of the merger agreement (or local equivalents in the applicable jurisdiction) prescribed by the applicable insurance regulatory authority, including accounting and financial reporting pronouncements by the SEC, the National Association of Insurance Commissioners and the Financial Accounting Standards Board;

any change or announcement of a potential change in such party's or such party's subsidiaries' credit or claims paying rating or A.M. Best Company rating or the ratings of such party or such party's subsidiaries' businesses or securities (however, the facts or occurrences giving rise to such a change may be deemed to constitute or be taken into account in determining whether there has been or will be a material adverse effect);

a suspension of trading or a change in the trading prices of such party's common stock (however, the facts or occurrences giving rise to such failure may be deemed to constitute or be taken into account in determining whether there has been or will be a material adverse effect);

the failure to meet any revenue, earnings or other projections, forecasts or predictions for any period ending after the date of the merger agreement (however, the facts or occurrences giving rise to such failure may be deemed to constitute or be taken into account in determining whether there has been or will be a material adverse effect);

any action or failure to act expressly required to be taken by a party pursuant to the terms of the merger agreement;

to the extent the following changes, state of facts, circumstances, events or effects do not have a materially disproportionate effect on such party and its subsidiaries, taken as a whole, relative to other companies of similar size operating in the property and casualty insurance and/or reinsurance industry, as applicable:

changes in economic, market, business regulatory or political conditions generally in the United States or any other jurisdiction in which such party or its subsidiaries operate or in the United States or global financial markets;

changes, circumstances or events generally affecting the property and casualty insurance and/or reinsurance industry in the geographic areas in which such party and its subsidiaries operate;

changes, circumstances or events resulting in liabilities under property catastrophe insurance and/or reinsurance agreements, including any effects resulting from any hurricane, tornado, flood, earthquake, windstorm, terrorist act, act of war or other natural or man-made disaster; or

the commencement, occurrence or continuation of any war or armed hostilities.

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Conduct of Business

Each of Allied World and Transatlantic has agreed to certain covenants in the merger agreement restricting the conduct of its business between the date of the merger agreement and the effective time of the merger. In general, each of Allied World, Transatlantic and each of their respective subsidiaries has agreed to (i) conduct its business in the ordinary course consistent with past practice in all material respects, (ii) use commercially reasonable efforts to maintain and preserve intact its business organization and advantageous business relationships and retain the services of its officers and key employees and (iii) take no action that would prohibit or materially impair or delay the ability of either party to obtain any necessary regulatory or other governmental approvals or consummate the transactions contemplated by the merger agreement.

In addition, each of Allied World and Transatlantic has agreed that (subject to exceptions specified below and in the merger agreement or previously disclosed in writing to the other party as provided in the merger agreement), between the date of the merger agreement and the effective time of the merger, it will not, and will not permit any of its subsidiaries to:

amend its organizational documents;

(i) split, combine or reclassify any of its capital stock, (ii) declare, set aside or pay dividends or other distributions on any of its capital stock (other than Allied World and Transatlantic dividends declared and paid in the ordinary course of business), or (iii) redeem, repurchase or otherwise acquire its own capital stock or other voting securities or equity interests;

issue, deliver, pledge or sell, or authorize the issuance, delivery or sale of, any of its or its subsidiaries' shares, equity equivalents or capital stock, other than the issuance of any shares upon the exercise of stock-based awards that were outstanding on the date of the merger agreement and the issuance of any capital stock of its subsidiary to any other subsidiary;

incur any unbudgeted capital expenditure in excess of \$1,000,000 individually or \$2,500,000 in the aggregate;

acquire any assets, securities, properties, interests or businesses, other than (i) arm's-length acquisitions of supplies, equipment, investment securities or other assets in the ordinary course of business consistent with past practice or (ii) acquisitions with a net purchase price not in excess of \$5,000,000 individually or \$10,000,000 in the aggregate;

sell, lease, sublease, exchange or otherwise transfer or create a lien on any of its assets, securities, properties, interests or businesses or grant an option to do any of the foregoing, other than in the ordinary course of business consistent with past practice or other sales with a value that does not exceed \$5,000,000 individually or \$10,000,000 in the aggregate;

make any loans, advances or capital contributions to, or investments in, any person or entity, other than in the ordinary course of business or to a wholly-owned subsidiary;

create, incur, assume, suffer to exist or otherwise be liable with respect to any indebtedness for borrowed money or guarantees thereof (including reimbursement obligations with respect to letters of credit), other than (i) in replacement of existing or maturing debt, (ii) guarantees relating to business written by any wholly-owned subsidiary (whether directly or indirectly) in the ordinary course of its insurance or reinsurance

business consistent with past practice and (iii) draw-downs pursuant to existing credit facilities and letters of credit in support of its insurance or reinsurance business consistent with past practice;

make material changes to its benefit plans or increase compensation and benefits paid to employees;

make any change in financial or tax accounting methods, except as required by a change in GAAP or SAP;

settle any litigation, actions or proceedings, except settlements in the ordinary course of business and settlements subject to (and not materially in excess of) reserves;

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make any material change with respect to taxes, tax returns or the accounting thereof;

amend or modify in any material respect or terminate any material contract or waive, release or assign any material rights, claims or benefits of it or its subsidiaries under any material contract or enter into any material contract except in the ordinary course of business consistent with past practice;

adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization; and

agree, resolve or commit to doing any of the foregoing.

No Solicitation of Alternative Proposals

Each of Allied World and Transatlantic has agreed that, from the time of the execution of the merger agreement until the earlier of the termination of the merger agreement or the completion of the merger, it will not and it will cause its subsidiaries and its and their directors and officers, and will use its reasonable best efforts to cause its controlled affiliates, employees, agents, consultants and representatives, not to, directly or indirectly, (i) solicit, initiate or knowingly encourage or facilitate (including by way of furnishing information) or take any other action designed to facilitate any inquiries or proposals regarding, or that would reasonably be expected to lead to, any merger, share exchange, amalgamation, consolidation, sale of assets, sale of shares of capital stock (including by way of a tender offer or exchange offer) or similar transactions that, if consummated, would constitute a competing proposal (as defined below), (ii) solicit, initiate, knowingly encourage or participate in any discussions or negotiations regarding, or furnish to any person any information in connection with, or otherwise cooperate in any way with, or knowingly facilitate in any way any effort by any person in connection with any acquisition proposal (as defined below) or (iii) enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other agreement regarding, or that is intended to result in, or would be reasonably expected to lead to, an acquisition proposal.

An acquisition proposal with respect to a party means any inquiry or proposal regarding, or that would reasonably be expected to lead to, any merger, share exchange, amalgamation, consolidation, sale of assets, sale of shares of capital stock (including by way of a tender offer or exchange offer) or similar transaction involving such party or any of its subsidiaries that, if consummated, would constitute a competing transaction. A competing transaction with respect to a party means (i) any transaction, including a tender offer, exchange offer or share exchange, pursuant to which any third-party or group, directly or indirectly, acquires or would acquire beneficial ownership of 10% or more of the outstanding shares of such party's common stock or outstanding voting power (or options, rights or warrants to purchase, or securities convertible into or exchangeable for, such common stock or ordinary shares or other securities representing such voting power), (ii) a merger, amalgamation, consolidation or business combination pursuant to which any third-party or group would beneficially own 10% or more of such party's outstanding common stock or outstanding voting power or (iii) a recapitalization or any other transaction pursuant to which a third-party or group beneficially owns or would beneficially own 10% or more of such party's outstanding common stock or outstanding voting power or (iv) any transaction pursuant to which any third-party or group, directly or indirectly, acquires or would acquire control of assets of such party or its subsidiaries representing 10% or more of consolidated revenues, net income, EBITDA for the last 12 months or the fair market value of all of such party's assets and its subsidiaries, taken as a whole.

Notwithstanding the restrictions described above, prior to obtaining the relevant stockholder approvals, the board of directors of each of Allied World and Transatlantic is permitted to furnish information with respect to Allied World or Transatlantic, as applicable, and enter into discussions with, and only with, a person who has made an unsolicited

bona fide written acquisition proposal if the board of directors of such party (i) determines in good faith (after consultation with its outside legal counsel and financial advisors) that such acquisition proposal constitutes or is reasonably likely to lead to a superior proposal (as defined below) and the failure to enter into discussions regarding such proposal would result in a breach of such board's fiduciary duties, (ii) provides at least three business days' notice to the other party of its intent to furnish information to, or enter into discussions with, such person and (iii) obtains from such person an executed confidentiality

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agreement. A superior proposal with respect to a party means a bona fide written acquisition proposal made by a third-party or group (and not obtained in breach of the merger agreement) for a merger, amalgamation, consolidation, business combination or other similar transaction involving such party pursuant to which the Allied World shareholders or Transatlantic stockholders, as applicable, immediately preceding the transaction would hold less than 50% of the outstanding common stock or voting power of such party or the surviving or parent entity following the consummation of such transaction that the board of directors of such party (after consultation with its outside legal counsel and financial advisors) determines in good faith to be more favorable to such party's stockholders than the merger. In making such determination, the board of directors of such party will take into account all relevant factors, including value and other financial considerations, legal and regulatory considerations, and any conditions to, and expected timing and risks of, completion, as well as any changes to the terms of the merger proposed by the other party in response to such superior proposal.

The merger agreement requires that the parties notify each other within 24 hours of, among other things, the receipt of any acquisition proposal or inquiry or request for non-public information that is reasonably likely to lead to an acquisition proposal. Any such notification will include the identity of the person making the inquiry and the material terms and conditions of any acquisition proposal. In addition, the merger agreement requires the parties to continue to update each other of material changes to any acquisition proposal and provide to each other, within 24 hours of receipt, all correspondence and other written material received from any third party in connection with an acquisition proposal. The merger agreement also requires both Allied World and Transatlantic to cease, and cause to be terminated, all discussions or negotiations with any person conducted prior to the execution of the merger agreement with respect to any acquisition proposal and request the prompt return or destruction of all confidential information previously furnished in connection therewith.

Changes in Board Recommendations

The board of directors of each of Allied World and Transatlantic has agreed that it will not (A) (i) withdraw (or modify in a manner adverse to the other party) the approval, recommendation or declaration of advisability by such board of the merger agreement or the transactions contemplated by the merger agreement, (ii) adopt, approve, recommend, endorse or otherwise declare advisable the adoption of any acquisition proposal or (iii) resolve, agree or publicly propose to take any such actions (any such action set forth in clause (A), an adverse recommendation change) or (B) cause or permit such party to enter into, or resolve, agree or propose publicly to do so with respect to, any agreement regarding an acquisition proposal.

Notwithstanding the restrictions described above, at any time prior to obtaining the relevant stockholder approvals, the board of directors of Allied World or Transatlantic, as applicable, may make an adverse recommendation change if such board determines in good faith that the failure to do so would result in a breach of the board's fiduciary duties under applicable law, taking into account all adjustments to the terms of the merger agreement that may be offered by the other party. Prior to taking any such action, such board of directors must (x) inform the other party in writing of its decision at least three business days prior to changing its recommendation and specify the reasons therefor, including the terms and conditions of, and the identity of any person making, any acquisition proposal and (y) in the event the other party adjusts the terms of the merger agreement, the board of directors must determine that the adverse recommendation change is still required in the exercise of its fiduciary duties after giving effect to all relevant factors, including the payment of any applicable termination fees.

If the board of directors of Allied World or Transatlantic withdraws or modifies its recommendation, such board of directors will nonetheless continue to be obligated to hold its stockholders meeting and submit the proposals described in this joint proxy statement/prospectus to its stockholders for their vote, as applicable.

Efforts to Obtain Required Stockholder Votes

Allied World has agreed to hold the Allied World Special Shareholder Meeting and to use its reasonable best efforts to obtain shareholder approval for the share capital increase proposals, the NYSE share issuance proposal, the name change proposal and the election of directors proposal. The merger agreement requires

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Allied World to submit these proposals to a shareholder vote even if its board of directors no longer recommends the proposals. The Allied World board of directors has approved the issuance of Allied World shares to Transatlantic stockholders pursuant to the merger and the amendment to the Allied World Articles and has adopted resolutions directing that the proposals herein be submitted to Allied World shareholders for their consideration.

Transatlantic has also agreed to hold the Transatlantic Special Shareholder Meeting and to use its reasonable best efforts to obtain stockholder approval for the adoption of the merger agreement proposal. The merger agreement requires Transatlantic to submit the merger agreement to a stockholder vote even if its board of directors no longer recommends the adoption of the merger agreement proposal. The board of directors of Transatlantic has approved the merger agreement and declared the merger agreement and the transactions contemplated thereby, including the merger, advisable and in the best interests of Transatlantic and its stockholders and adopted resolutions directing that the merger agreement be submitted to the Transatlantic stockholders for their consideration.

Efforts to Complete the Merger

Allied World and Transatlantic have each agreed to:

take, or cause to be taken, all actions, and do, or cause to be done, and assist and cooperate with the other parties in doing, all things necessary to consummate and make effective, as soon as reasonably possible, the merger and the other transactions contemplated by the merger agreement; and

take, or cause to be taken, all actions, to file, or cause to be filed, all documents and to do, or cause to be done, all things necessary, proper or advisable to consummate the transactions contemplated by the merger agreement, including preparing and filing as promptly as practicable all documentation to effect all necessary filings, consents, waivers, approvals, authorizations, permits or orders from all third parties and governmental entities, so as to enable the completion of the merger as soon as reasonably practicable.

Additionally, Allied World and Transatlantic have each agreed to:

make and cause to be made all necessary registrations, filings and notices relating to the merger with governmental entities under certain applicable antitrust laws;

respond, as promptly as practicable under the circumstances, to any inquiries received from any governmental entity for additional information or documentation in connection with antitrust, competition, trade regulation or similar matters;

use reasonable best efforts to achieve substantial compliance as promptly as practicable with any second request received by the Antitrust Division or FTC;

certify substantial compliance with any second request as promptly as practicable after the date of such second request (but no later than December 15, 2011) and take all actions necessary to assert, defend and support such certification; and

not extend any waiting period under any antitrust law or enter into any agreement with a governmental entity or other authority to delay, or otherwise not consummate as soon as practicable, any of the transactions contemplated by the merger agreement.

In furtherance of these obligations, if necessary and sufficient to consummate the merger, Allied World and Transatlantic have agreed to jointly propose, negotiate, commit to and effect the holding separate, sale divestiture or

other disposition of, or prohibition or limitation on, (i) the ownership or operation by either party of any of their respective subsidiaries, (ii) the ability of Allied World to acquire or hold, or exercise full right of ownership of, any shares of capital stock of any of its subsidiaries, Transatlantic, or Transatlantic's subsidiaries, or (iii) Allied World or any of its subsidiaries effectively controlling the business and operations of Allied World and its subsidiaries or Transatlantic and its subsidiaries.

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Governance Matters After the Merger

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 for the election of directors as described herein, the board of directors of the combined company will consist of 11 members including (i) four independent Transatlantic directors: Stephen P. Bradley, Ian H. Chippendale, John G. Foos and John L. McCarthy; (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 of the current independent Allied World directors, who will be identified to shareholders at or prior to the Allied World Special Shareholder Meeting: Barbara T. Alexander, James F. Duffy, Bart Friedman, Scott Hunter, Mark R. Patterson, Patrick de Saint-Aignan and Samuel J. Weinhoff; and (v) Scott A. Carmilani (the current 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 or until their successors are duly elected and qualified or their offices are otherwise vacated): Ian H. Chippendale, John L. McCarthy and one current 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 or until their successors are duly elected and qualified or their offices are otherwise vacated): Stephen P. Bradley, John G. Foos and two current 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 or until their successors are duly elected and qualified or their offices are otherwise vacated): Scott A. Carmilani, Richard S. Press, Michael C. Sapnar, and one current 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 TransAllied board. Effective 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.

With respect to the election of the four current independent Allied World directors to the combined company's board of directors, shareholders are being asked to vote for, against or to abstain from voting on, each of the seven Allied World director nominees who are currently Allied World independent directors: Barbara T. Alexander, James F. Duffy, Bart Friedman, Scott Hunter, Mark R. Patterson, Patrick de Saint-Aignan and Samuel J. Weinhoff. At or prior to the Allied World Special Shareholder Meeting, three of these seven director nominees will withdraw as nominees and the four remaining director nominees will be identified to shareholders. If any such remaining director nominee receives a majority of the votes cast voting in favor of their election, 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, such director nominee will be elected to serve as a member of the TransAllied board, to serve in the Class as designated by the Allied World board of directors at or prior to the Allied World Special Shareholder Meeting. If any such

remaining director nominee does not receive the requisite shareholder votes, such nominee will not be elected to the TransAllied board and the election of directors proposal (which is a condition to the closing of the merger, subject to waiver by the parties) will fail.

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Pursuant to the terms of the merger agreement, (i) in connection with TransAllied's Annual Shareholder Meeting in 2012, the TransAllied board will propose to increase the size of the TransAllied board by one member and will nominate for election at such meeting, a new director to fill the resulting vacancy, who will become the non-executive chairman of the TransAllied board effective as of the first anniversary of the closing of the merger; (ii) such person nominated for election at such meeting shall (A) have been approved by the TransAllied board, (B) have been recommended by the nominating and corporate governance committee of the TransAllied board, (C) have substantial insurance industry expertise, and (D) not have been a member of the Transatlantic board of directors or the Allied World board of directors immediately prior to the date of the merger agreement; and (iii) TransAllied shall duly call, give notice of, convene and hold its Annual Shareholder Meeting in 2012 no later than June 30, 2012.

Upon completion of the merger, the TransAllied board will have six board committees: the Audit Committee, the Compensation Committee, the Enterprise Risk Committee, the Executive Committee, the Investment Committee and the Nominating & Corporate Governance Committee.

For a period of one year from the closing date of the merger, the Executive Committee is to be comprised of Mr. Carmilani, one former independent Allied World director and two former independent Transatlantic directors, and to be chaired by Mr. Carmilani;

For a period of one year from the closing date of the merger, each of the Investment Committee and Nominating & Corporate Governance Committee are to be comprised of two former independent Allied World directors and two former independent Transatlantic directors, and to be chaired by one of the former independent Allied World directors;

For a period of one year from the closing date of the merger, each of the Audit Committee, Compensation Committee and Enterprise Risk Committee are to be comprised of two former independent Allied World directors and two former independent Transatlantic directors, and to be chaired by one of the former independent Transatlantic directors.

Upon completion of the merger, TransAllied's corporate headquarters and related corporate functions will be located in Zug, Switzerland.

The appointments of Messrs. Carmilani, Press and Sapnar, the provisions regarding the selection of a replacement non-executive chairman, and the board committee composition, will be reflected in the amended and restated organizational regulations of TransAllied, which will only become effective at the 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.

Transatlantic Common Stock Purchase

Pursuant to the merger agreement, Allied World entered into a binding contract with a third-party broker, Deutsche Bank, on June 24, 2011, to purchase a total of 45,000 shares of Transatlantic common stock in the open market for Allied World's account. This stock purchase will begin following the receipt of the approvals required in connection with the merger of both the Allied World shareholders and the Transatlantic stockholders (as described herein).

Cantonal Tax Ruling

On June 14, 2011, Allied World obtained a tax ruling from the Cantonal Tax Administration of the Canton of Zug, providing that the merger does not result in income taxes for Allied World (and, in particular, the recording of the newly issued Allied World shares in the merger is not subject to income taxes).

Swiss Commercial Register Ruling

On June 20, 2011, Allied World obtained a ruling from the Swiss Commercial Register of the Canton of Zug confirming that the Swiss Commercial Register will register a capital increase of Allied World.

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Retention Program and Employee Waivers

Prior to the merger becoming effective, Allied World will use its reasonable best efforts to deliver to Transatlantic, agreements executed by certain persons, provided that (i) any change in status or reduction of duties directly resulting from the merger will not constitute good reason for purposes of determining such person's entitlement to severance benefits or the acceleration of any vesting or other rights and (ii) the merger, standing alone, will not result in the acceleration of any vesting or other rights for such person.

Treatment of Transatlantic Stock Options and Other Stock-Based Awards and Programs

Prior to the effective time of the merger, the board of directors of Allied World (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 acquire Allied World shares on the same terms and conditions as were in effect immediately prior to the completion of the merger. The number of Allied World shares underlying each converted Transatlantic stock option will be determined by multiplying the number of shares of Transatlantic common stock subject to such stock option immediately prior to the completion of the merger by the exchange ratio, and rounding down to the nearest whole share. The exercise price per share of each converted Transatlantic stock option will be determined by dividing the per share exercise price of such stock option by the exchange ratio, and rounding up to the nearest whole cent.

Stock-Based Awards. Transatlantic stock-based awards outstanding immediately prior to the effective time of the merger 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 (including any vesting or forfeiture provisions or repurchase rights, but taking into account any acceleration thereof provided for in the relevant Transatlantic stock plan or in the related award document by reason of the transactions contemplated in the merger agreement), and each holder of Transatlantic stock-based awards will 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 immediately prior to the effective time of the merger and the exchange ratio.

Any Transatlantic stock-based awards that vest based on the achievement of performance criteria will be adjusted (subject to the approval of Allied World) to appropriately reflect the merger with respect to performance periods that have not ended prior to the effective time of the merger. Each of Allied World and Transatlantic will use the existing performance goals to determine performance awards through fiscal year 2011. Thereafter, following the closing of the merger, TransAllied's Compensation Committee will make a decision regarding the performance awards for the 2012 fiscal year and thereafter.

Other Covenants and Agreements

The merger agreement contains certain other covenants and agreements, including covenants relating to:

cooperation between Allied World and Transatlantic in the preparation of this joint proxy statement/prospectus;

confidentiality and access by each party to certain information about the other party during the period prior to the effective time of the merger;

cooperation between Allied World and Transatlantic in the defense or settlement of any shareholder litigation relating to the merger;

causing any dispositions of Transatlantic common stock resulting from the merger and any acquisitions of Allied World shares resulting from the merger by each individual who may become subject to reporting requirements under the securities laws to be exempt from Section 16(b) of the Exchange Act;

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on or before the effective date of the merger, either (i) the termination of the Allied World secured credit facility and the Allied World unsecured credit facility or (ii) the use of Allied World's reasonable best efforts to obtain the necessary consents of lenders party to the Allied World secured credit facility and the Allied World unsecured credit facility, in each case, to allow the credit facilities to remain in effect after the completion of the merger with no default or event of default thereunder resulting from the merger or the consummation of other transactions contemplated thereby;

cooperation between Allied World and Transatlantic to enter into a supplemental indenture with respect to Transatlantic's outstanding unsecured notes; and

cooperation between Allied World and Transatlantic in connection with public announcements.

In addition, Allied World has agreed to assume all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the effective time of the merger existing in favor of the current or former directors and officers of Transatlantic. Allied World has also agreed to purchase a tail directors' and officers' liability insurance policy for Transatlantic and its current and former directors and officers and employees who are currently covered by the liability insurance coverage currently maintained by Transatlantic.

Conditions to Completion of the Merger

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;

obtain 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 entities 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 or 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 consummation 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 discussed herein, of 45,000 shares of Transatlantic common stock having been completed.

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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 (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.

Termination of the Merger Agreement

The merger agreement may be terminated at any time prior to the effective time of the merger, even after the receipt of the required shareholder approvals, under the following circumstances:

by mutual written consent of Allied World and Transatlantic;

by either the Allied World or Transatlantic board of directors:

if any governmental entity issues a final and nonappealable order permanently enjoining or otherwise prohibiting the completion of the merger, except that no party may terminate the merger agreement if such party's breach of its obligations proximately contributed to the issuance of such order;

if the Allied World shareholders fail to approve the article 3 share capital increase proposal, the NYSE share issuance approval or the name change proposal at an Allied World Special Shareholder Meeting;

if the Transatlantic stockholders fail to approve the adoption of the merger agreement proposal at a Transatlantic Special Shareholder Meeting; or

if the merger is not consummated by January 31, 2012, subject to extension by mutual agreement of the parties, provided that no party may terminate the merger agreement if such party's breach of its obligations proximately contributed to the failure to close by the merger end date;

by the Allied World board of directors upon a breach of any covenant or agreement on the part of Transatlantic, or if any representation or warranty of Transatlantic fails to be true, in either case such that the conditions to Allied World's obligations to complete the merger would not then be satisfied and such failure is not reasonably capable of being cured or Transatlantic is not using its reasonable best efforts to cure such failure;

by the Transatlantic board of directors upon a breach of any covenant or agreement on the part of Allied World, or if any representation or warranty of Allied World fails to be true, in either case such that the conditions to Transatlantic's obligations to complete the merger would not then be satisfied and

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such failure is not reasonably capable of being cured or Allied World is not using its reasonable best efforts to cure such failure;

by the Allied World board of directors if, prior to obtaining the approval of the Transatlantic stockholders, the Transatlantic board of directors makes an adverse recommendation change; or

by the Transatlantic board of directors if, prior to obtaining the approval of the Allied World shareholders, the Allied World board of directors makes an adverse recommendation change.

Expenses and Termination Fees; Liability for Breach

Each party will pay all fees and expenses incurred by it in connection with the merger and the other transactions contemplated by the merger agreement, provided, however, that 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 and any filing fees in connection with the merger pursuant to any antitrust or competition law except, in each case for attorneys and accountants fees and expenses.

If the merger agreement is validly terminated, the merger agreement will become void and have no effect, without any liability or obligation on the part of any party, except as expressly set forth therein, provided that the parties will remain liable for any willful breaches of their representations, warranties or covenants.

Except as set forth below, if the merger agreement is terminated by Allied World or Transatlantic pursuant to a breach by the other party of any of the covenants or agreements or any inaccuracy of any of the representations or warranties set forth in the merger agreement, then the non-terminating party will reimburse the terminating party for all of their reasonable out-of-pocket fees and expenses incurred in connection with or related to the authorization, preparation, investigation, negotiation, execution and performance of the merger agreement or any of the transactions contemplated thereby, up to a maximum amount of \$35 million (the expense reimbursement), provided that if the breach is of either party's covenant not to solicit alternative offers or to hold its special stockholder meeting, the non-terminating party will also pay the alternate termination fee (defined below).

Except as set forth below, if the merger agreement is terminated as a result of the stockholders of either Allied World or Transatlantic failing to approve the transaction, Allied World will pay to Transatlantic, or Transatlantic will pay to Allied World, a termination fee of \$35 million (the alternate termination fee), plus the expense reimbursement.

Allied World will be obligated to pay a termination fee equal to \$115 million (less any previously paid alternate termination fee and/or expense reimbursement) to Transatlantic if:

- (1) Transatlantic terminates the merger agreement because, prior to obtaining the approval of the Allied World shareholders, the Allied World board of directors makes an adverse recommendation change;
- (2) the merger agreement is terminated due to the failure of the Allied World shareholders to approve the share capital increase proposals, the NYSE share issuance proposal or the name change proposal and (x) after the date of the merger agreement and prior to the Allied World Special Shareholder Meeting, a third party makes a proposal to Allied World or publicly announces its intent to make a proposal to Allied World for a competing transaction, and (y) within 12 months after such termination Allied World or any of its subsidiaries enters into an agreement providing for a competing transaction or recommends or submits a competing transaction to its shareholders for adoption, or a transaction in respect of a competing transaction is consummated, whether or not such competing transaction was made, publicly announced or publicly made known prior to termination of the merger agreement; provided, however, unless the competing transaction referred to in clauses (x) and (y) above were made and consummated by the same

person, any reference to 10% in the definition of competing transaction will be deemed to be a reference to 50%;

(3) the merger agreement is terminated following the failure to consummate the merger on or before January 31, 2012 and (x) after the date of the merger agreement and prior to the Allied World Special

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Shareholder Meeting, a third party makes a proposal to Allied World or publicly announces its intent to make a proposal to Allied World for a competing transaction, (y) the Allied World Special Shareholder Meeting does not occur at least five business days prior to January 31, 2012, and (z) within 12 months after such termination Allied World or any of its subsidiaries enters into an agreement providing for a competing transaction or recommends or submits a competing transaction to its shareholders for adoption, or a transaction in respect of a competing transaction is consummated, whether or not such competing transaction was made, publicly announced or publicly made known prior to termination of the merger agreement; provided, however, any reference to 10% in the definition of competing transaction will be deemed to be a reference to 50%; or

(4) Transatlantic terminates the merger agreement following the breach by Allied World of any covenant or agreement or any inaccuracy of any of the representations or warranties set forth in the merger agreement and (x) after the date of the merger agreement and prior to the termination of the merger agreement, a third party makes a proposal for a competing transaction to Allied World or an intention to make such a proposal has been publicly announced or otherwise become publicly known (except in the case of a breach of Allied World's covenant not to solicit alternative acquisition proposals or to hold its shareholder meeting, in which case a proposal for a competing transaction may be made or the intention to make such a proposal may be publicly announced or otherwise publicly known before or after termination of the merger agreement), and (y) within 12 months after such termination Allied World or any of its subsidiaries enters into an agreement providing for a competing transaction or recommends or submits a competing transaction to its shareholders for adoption, or a transaction in respect of a competing transaction is consummated, whether or not such competing transaction was made, publicly announced or publicly made known prior to termination of the merger agreement; provided, however, any reference to 10% in the definition of competing transaction will be deemed to be a reference to 50%.

Transatlantic will be obligated to pay a termination fee equal to \$115 million (less any previously paid alternate termination fee and/or expense reimbursement) to Allied World if:

(1) Allied World terminates the merger agreement because, prior to obtaining the approval of the Transatlantic stockholders, the Transatlantic board of directors makes an adverse recommendation change;

(2) the merger agreement is terminated due to the failure of the Transatlantic stockholders to approve the adoption of the merger agreement proposal and (x) after the date of the merger agreement and prior to the Transatlantic Special Shareholder Meeting, a third party makes a proposal to Transatlantic or publicly announces its intent to make a proposal to Transatlantic for a competing transaction, and (y) within 12 months after such termination Transatlantic or any of its subsidiaries enters into an agreement providing for a competing transaction or recommends or submits a competing transaction to its shareholders for adoption, or a transaction in respect of a competing transaction is consummated, whether or not such competing transaction was made, publicly announced or publicly made known prior to termination of the merger agreement; provided, however, unless the competing transaction referred to in clauses (x) and (y) above were made and consummated by the same person, any reference to 10% in the definition of competing transaction will be deemed to be a reference to 50%;

(3) the merger agreement is terminated following the failure to consummate the merger on or before January 31, 2012 and (x) after the date of the merger agreement and prior to the Transatlantic Special Shareholder Meeting, a third party makes a proposal to Transatlantic or publicly announces its intent to make a proposal to Transatlantic for a competing transaction, (y) the Transatlantic Special Shareholder Meeting does not occur at least five business days prior to January 31, 2012, and (z) within 12 months after such termination Transatlantic or any of its subsidiaries enters into an agreement providing for a competing transaction or recommends or submits a competing transaction to its shareholders for adoption, or a transaction in respect of a competing transaction is consummated, whether or not such competing transaction was made, publicly announced or publicly made known prior to termination of the merger agreement; provided, however, any reference to 10% in the definition of competing transaction will be deemed to be a

reference to 50%; or

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(4) Allied World terminates the merger agreement following the breach by Transatlantic of any covenant or agreement or any inaccuracy of any of the representations or warranties set forth in the merger agreement and (x) after the date of the merger agreement and prior to the termination of the merger agreement, a third party makes a proposal for a competing transaction to Transatlantic or an intention to make such a proposal has been publicly announced or otherwise become publicly known (except in the case of a breach of Transatlantic's covenant not to solicit alternative acquisition proposals or to hold its shareholder meeting, in which case a proposal for a competing transaction may be made or the intention to make such a proposal may be publicly announced or otherwise publicly known before or after termination of the merger agreement), and (y) within 12 months after such termination Transatlantic or any of its subsidiaries enters into an agreement providing for a competing transaction or recommends or submits a competing transaction to its shareholders for adoption, or a transaction in respect of a competing transaction is consummated, whether or not such competing transaction was made, publicly announced or publicly made known prior to termination of the merger agreement; provided, however, any reference to 10% in the definition of competing transaction will be deemed to be a reference to 50%.

Amendments, Extensions and Waivers

The merger agreement may be amended by the parties at any time before or after the receipt of the approvals of the Allied World shareholders or Transatlantic stockholders required to consummate the merger. However, after any such stockholder approval, there may not be, without further approval of Allied World shareholders and Transatlantic stockholders, any amendment of the merger agreement that changes the amount or form of the consideration to be delivered or for which applicable law requires further stockholder approval.

At any time prior to the effective time of the merger, any party may (i) extend the time for performance of any obligations or other acts of the other party, (ii) waive any inaccuracies in the representations and warranties of the other party contained in the merger agreement and (iii) waive compliance by the other party with any of the agreements or conditions contained in the merger agreement.

No Third Party Beneficiaries

The merger agreement is not intended to, and does not, confer upon you or any person other than Allied World, Transatlantic and Merger Sub any rights or remedies, except that Transatlantic's directors and officers will have the right to enforce Allied World's covenant to continue to provide indemnification and liability insurance coverage after the completion of the merger.

Specific Performance

The parties are entitled to an injunction, specific performance and other equitable relief to prevent breaches of the merger agreement and to enforce specifically the terms of the merger agreement in addition to any other remedy to which they are entitled at law or in equity.

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CAPITAL INCREASES

The Allied World board of directors proposes approval of an increase of the ordinary share capital as set forth in Article 3 (Share Capital) of the Allied World Articles where the contributions for the new registered shares are paid by converting existing reserves (*Kapitaleinlagen*) into share capital, an increase of the conditional share capital as set forth in Article 5(a) (Conditional Share Capital for Employee Benefit Plans) and an increase of the authorized share capital as set forth in Article 6(a) (Authorized Share Capital for General Purposes) allowing for the grant to employees, consultants, directors or other person providing services to Allied World or a subsidiary of Allied World and to authorize the board of directors to increase Allied World's share capital to issue common shares for general matters.

The proposal to increase the ordinary share capital, also referred to herein as the article 3 share capital increase proposal, would provide for an increase in Allied World's ordinary share capital, with the increase in an amount up to CHF 887,860,538, to permit the issuance of Allied World shares (*Namenaktien*) to Transatlantic stockholders pursuant to the merger agreement between Allied World and Transatlantic. The increase of the ordinary share capital will occur by converting existing reserves (*Kapitaleinlagen*) and the new shares will be fully paid-in. Upon resolution of the general meeting of shareholders in accordance with the Allied World Articles, registered shares may be converted into bearer shares and bearer shares may be converted into registered shares, at any time. In connection therewith, the proposal would limit or withdraw the shareholders' pre-emptive rights.

The proposal to increase the conditional share capital, also referred to herein as the article 5 share capital increase proposal, would provide for a conditional share capital increase, with the increase in an amount up to CHF 76,894,774, through the issue from time to time of Allied World shares in connection with the exercise of option rights granted to any employee of Allied World or any subsidiary thereof, and any consultant, director or other person providing services to Allied World or any subsidiary, thereof. These shares will be issued on account of the Transatlantic stock options that will be converted to Allied World options pursuant to the merger agreement or shares reserved for issuance under Transatlantic stock-based award plans that may be issued in the form of TransAllied stock options following the merger. With regard to the issuance of the shares under article 5, shareholders' pre-emptive rights will be excluded. The new registered shares may be issued at a price below the current market price. The Allied World board of directors will specify the precise conditions of issue, including the issuance price of the shares.

The proposal to increase the authorized share capital, also referred to herein as the article 6 share capital increase proposal, would allow the board of directors to increase the share capital from time to time and at any time until [two years from Special Shareholder Meeting date] by an amount not exceeding 20% of Allied World's ordinary share capital following the merger, after giving effect to the ordinary share capital increase referred to above, or up to a maximum of CHF 294,587,935.5. The article 6 share capital increase will provide for share increases to account for outstanding Transatlantic stock-based awards (other than Transatlantic stock options) that are converted to Allied World stock-based awards pursuant to the merger agreement or shares reserved for issuance under Transatlantic stock-based award plans that may be issued in the form of TransAllied stock-based awards (other than stock options) following the merger. The Allied World board of directors is authorized to exclude the preemptive rights of shareholders and to allocate them to third parties in the event of the use of shares.

The authorized share capital approved pursuant to the article 6 share capital increase, or which has otherwise been approved by shareholders, will also be available for issuance at such times and for such purposes as the Allied World board of directors may deem advisable without further action by Allied World's shareholders, except as may be required by applicable laws or regulations. For example, the additional authorized share capital pursuant to the article 6 share capital increase would, in addition to the purposes described above, be available for issuance by the

Allied World board of directors in connection with mergers, acquisitions of enterprises or participants, financing and/or refinancing of such mergers and acquisitions and of other investment projects, improving the regulatory capital position of Allied World or its subsidiaries, broadening the shareholder constituency, the participation of employees or an exchange of participation certificates, as well as a buy back of participation certificates in exchange of registered shares. Allied World

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does not intend to issue any stock except on terms or for reasons which the Allied World board of directors deems to be in the best interests of Allied World.

If the share capital increase proposals are approved by the shareholders of Allied World, the Allied World board of directors will have the authority to implement each of the share capital increases up to the maximum amounts provided in the respective proposals. The maximum CHF amount set forth in each proposal assumes a par value of Allied World registered shares equal to CHF 14.70, which is the par value of Allied World shares as of the date of this joint proxy statement/prospectus. Depending on the closing date of the merger, it is possible that the par value of Allied World shares may decrease in connection with the payment of dividends by virtue of a par value reduction, as previously approved by Allied World's shareholders, in which case the Allied World board of directors will implement each of the share capital increase proposals in an amount that appropriately reflects the adjusted par value amount.

The amount of the article 3 share capital increase implemented by the Allied World board of directors will be based upon the number of shares of Transatlantic common stock that are outstanding as of the closing date of the merger. As of August 11, 2011, there were 62,488,896 shares of Transatlantic common stock outstanding. If this number of shares of Transatlantic common stock were outstanding as of the closing date of the merger, the CHF amount of the article 3 share capital increase implemented by the Allied World board of directors, assuming the receipt of shareholder approval for this proposal, would equal 54,990,229 (i.e., 62,488,896 multiplied by the 0.88 exchange ratio) multiplied by the par value of Allied World shares as of the closing of the merger. The number of shares of Transatlantic common stock outstanding may increase between the date of this joint proxy statement/prospectus and the closing of the merger pursuant to, for example, the exercise of outstanding Transatlantic stock options or the vesting of Transatlantic stock-based awards. As of August 11, 2011, there were a total of 6,145,962 shares of Transatlantic common stock subject to outstanding Transatlantic stock-based awards or reserved for issuance under Transatlantic's stock-based award plans; most of these shares, however, are not expected to be issued pursuant to stock option exercises or the vesting of stock-based awards prior to the closing of the merger.

The amount of the article 5 share capital increase implemented by the Allied World board of directors will be based upon the number of Transatlantic stock options that are outstanding or reserved for issuance as of the closing date of the merger. Prior to the closing of the merger, Allied World and Transatlantic may determine that certain Transatlantic stock-based awards reserved for issuance as either options or other stock-based awards will be issuable following the closing of the merger only in the form of TransAllied stock-based awards (other than stock options), in which case the amount of the article 5 share capital increase proposal implemented by the Allied World board of directors may be less than the maximum amount approved by shareholders.

The amount of the article 6 share capital increase implemented by the Allied World board of directors will equal an amount such that Allied World's authorized share capital equals 20% of Allied World's ordinary share capital, after giving effect to the ordinary share capital increase referred to above.

Approval of the share capital increase proposals, as discussed above, are a condition to the completion of the merger and will be effected only immediately prior to the closing of the merger. In addition, the article 3 share capital increase is necessary to effect the merger. If such proposal is not approved, the merger will not be completed even if the NYSE share issuance proposal approving the issuance of Allied World shares in the merger is approved by Allied World shareholders and the proposal to approve the merger agreement is approved by Transatlantic stockholders. In addition, if the issuance of Allied World shares in the merger is not approved by Allied World shareholders, or the proposal to approve the merger agreement is not approved by Transatlantic stockholders, but any of the share capital increase proposals are approved, such capital increases will not be effected.

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Approval of each of the share capital increase proposal requires the affirmative vote of at least 66 $\frac{2}{3}$ % of the votes represented at the Allied World Special Shareholder Meeting and a majority of the nominal value of the Allied World shares, as represented 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. Abstentions will be considered votes represented at the meeting and will thus have the same effect as votes AGAINST these proposals. Broker non-votes will not be considered shares represented at the meeting and will have no effect on these proposals.

The Allied World board of directors unanimously recommends a vote FOR the ordinary share capital increase, including the limitation of the pre-emptive rights of the Allied World shareholders, the article 5 share capital increase proposal and the article 6 share capital increase proposal, as described above.

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NYSE SHARE ISSUANCE

The Allied World board of directors proposes the Allied World shareholders approve the issuance of the Allied World shares to Transatlantic stockholders pursuant to the merger and as contemplated by the merger agreement as required by NYSE rules, also referred to herein as the NYSE share issuance proposal. The merger agreement provides that as a condition to the closing of the merger that the Allied World shares to be issued to Transatlantic stockholders are authorized for listing on the NYSE, subject to official notice of issuance. NYSE listing policies require prior stockholder approval of issuances of common stock which would constitute more than 20% of the outstanding shares of common stock on a post transaction basis. Former Transatlantic stockholders are expected to hold approximately 58% of the outstanding Allied World shares, on a fully diluted basis, after giving effect to the merger. In order to issue the Allied World shares pursuant to the merger, the article 3 share capital increase proposal will need to be approved at the Allied World Special Shareholder Meeting. In addition, in the event that the Allied World shareholders approve the NYSE share issuance proposal, but any of the election of directors proposal, the share capital increase proposals or the name change proposal are not approved by Allied World shareholders (and are not otherwise waived by each of Allied World and Transatlantic), or the proposal to approve the merger agreement is not approved by Transatlantic stockholders, the shares will not be issued.

The approval of the NYSE share issuance 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. Votes for, votes against and abstentions count as votes cast, while broker non-votes do not count as votes cast for this purpose. 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.

The Allied World board of directors unanimously recommends a vote FOR the proposal to issue the Allied World shares to Transatlantic stockholders pursuant to the merger and as contemplated by the merger agreement as required by NYSE rules.

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AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF ALLIED WORLD

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 amended Articles of Association, which is also referred to as the TransAllied Articles herein, is included in this joint proxy statement/prospectus as Annex D. The adoption of the amended Articles of Association 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.

Approval of the amendment to the Articles to change Allied World's name to TransAllied Group Holdings, AG 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. Abstentions and broker non-votes will not be considered votes cast and will have no effect on these proposals, assuming a quorum is present.

The Allied World board of directors unanimously recommends a vote FOR the proposal to approve the amendment to the Allied World Articles to change Allied World's name to TransAllied Group Holdings, AG.

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CAPITAL REDUCTION

Allied World seeks approval of a proposal to effect a capital reduction to allow for the payment of a dividend to the combined company's shareholders. Swiss law requires that dividends and distributions through a reduction in par value be approved by shareholders. At Allied World's Annual Shareholder Meeting on May 5, 2011, Allied World's shareholders approved the proposal that, in lieu of an ordinary dividend, a distribution in the aggregate amount of \$1.50 per Allied World share be paid through a reduction in par value because payments of amounts in reduction of share capital are not subject to the normal Swiss withholding tax on dividends. Swiss law also requires par value reductions to be in CHF, and accordingly the par value of Allied World shares and Allied World non-voting shares are expressed in CHF in the Allied World Articles. Further, the Allied World Articles and Swiss law require that a reduction in capital is approved by the shareholders holding a majority of the votes cast at the Allied World Special Shareholder Meeting.

General Explanation of the Dividend/Capital Reduction

At Allied World's Annual Shareholder Meeting on May 5, 2011, the Allied World shareholders approved a proposal to pay dividends in the form of a distribution by way of par value reductions. The aggregate reduction amount will be paid to Allied World shareholders in four quarterly installments of \$0.375 per share (the May 2011 Resolutions). Allied World distributed the first of these dividends on August 5, 2011 to shareholders of record on July 27, 2011. Prior to the closing of the merger, which the parties expect to occur in the fourth quarter of 2011, Allied World expects to pay the second of these quarterly dividends in October 2011.

Under Swiss law, a corporation is under the duty to treat all shareholders equally. Hence, following the expected closing of the merger, Allied World (re-named TransAllied following the closing of the merger) will seek to pay the third and fourth installments of its quarterly dividend to the combined company's shareholders. Because the merger will result in the issuance of a significant number of new shares to the former shareholders of Transatlantic, the aggregate reduction amount necessary to pay a \$0.375 per share quarterly dividend will increase significantly. The purpose of this proposal is to approve an aggregate reduction amount such that TransAllied will be able to pay the remaining two installments of a \$0.375 per share dividend to the combined company's shareholders. TransAllied would expect to make these payments in January 2012 and April 2012.

Any declaration and payment of dividends by Allied World (or TransAllied following the merger) will depend upon Allied World's (or TransAllied's) results of operations, financial condition and cash requirements, and will be subject to Swiss law and other related factors described in Allied World's proxy statement for its Annual Shareholder Meeting in 2011.

For purposes of Swiss corporate law, the May 2011 Resolutions regarding the capital reduction need to be cancelled after the payment of the second installment scheduled for October 2011 and replaced by new resolutions that will ensure that the combined company's shareholders are treated equally with respect to the payment of the dividend through a reduction in par value. The resolutions below assume that the combined company's shareholders will be entitled to receive the third and the fourth installment of the quarterly dividend, provided that if at the time of the Allied World Special Shareholder Meeting more or less than two partial par value reductions based on the May 2011 Resolutions have already been effected, the resolutions described below will be amended in order to take into account these changed circumstances.

Agenda Item

It is proposed that the May 2011 Resolutions be cancelled insofar as they have not already been completed as of the day immediately following the payment of the second installment provided therein.

Based on a report in accordance with Article 732 paragraph 2 of the Swiss Code of Obligations to be provided by Deloitte AG, as an auditor supervised by the Swiss authorities, it is proposed that the Allied World shareholders voting (in person or by proxy) at the Allied World Special Shareholder Meeting approve the following dividend in the form of a distribution by way of a par value reduction. Such resolutions shall become effective on the day immediately following the payment of the second installment provided in the

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May 2011 Resolutions. For purposes of the amendments below, references to Allied World shall be deemed to be references to TransAllied following the merger. Pursuant to Swiss law, Allied World is required to submit to the Allied World shareholders for approval both the English and the (authoritative) German versions of the proposed amendments to the Allied World Articles:

1. The capital of Allied World in the aggregate amount of CHF [*(number of Allied World voting shares and Allied World non-voting shares as registered in the Commercial Register on the date of the Allied World Special Shareholder Meeting (the Total Shares)) x (par value per share on the Allied World Special Shareholder Meeting Date (the Par Value))*] (after giving effect to the first and second partial par value reductions pursuant to the May 2011 Resolutions) shall be reduced by an amount of CHF [*(number of Total Shares) (Aggregate Reduction Amount as determined in paragraph 3(i))*] (the Aggregate Distribution Amount) to CHF [*completed at the date of the Allied World Special Shareholder Meeting (the Allied World Special Shareholder Meeting Date)*] (i.e., the share capital of CHF [*completed on the Allied World Special Shareholder Meeting Date*] (after giving effect to the first and second partial par value reductions pursuant to the May 2011 Resolutions) shall be reduced by an amount of CHF [*completed on the Allied World Special Shareholder Meeting Date*] to CHF [*completed on the Allied World Special Shareholder Meeting Date*] and the participation capital of CHF [*completed on the Allied World Special Shareholder Meeting Date*] (after giving effect to the first and second partial par value reductions pursuant to the May 2011 Resolutions) shall be reduced by the amount of CHF [*completed on the Allied World Special Shareholder Meeting Date*] to CHF [*completed on Allied World Special Shareholder Meeting Date*]).

2. Based on the report of the auditor dated [*date of auditor report*], it is recorded that the claims of the creditors of Allied World are fully covered even after taking into account the Partial Par Value Reductions (as defined below).

3. The capital reduction shall be executed as follows:

i. The capital reduction shall occur by reducing the par value per Allied World share and Allied World non-voting share from CHF [*par value*] (i.e., after giving effect to the first and second partial par value reductions pursuant to the May 2011 Resolutions) by CHF [*(USD 0.75 × the Foreign Exchange Rate)*] (Aggregate Reduction Amount) to CHF [] in two steps (each, a Partial Par Value Reduction): (1) for the first partial par value reduction from CHF [*completed on the Allied World Special Shareholder Meeting Date*] by CHF [*Aggregate Reduction Amount divided by two*] to CHF [*completed on the Allied World Special Shareholder Meeting Date*] by the end of December 2011 (first Partial Par Value Reduction); and (2) for the second partial par value reduction from CHF [*completed on Allied World Special Shareholder Meeting Date*] by CHF [*Aggregate Reduction Amount divided by two*] to CHF [*completed on the Allied World Special Shareholder Meeting Date*] by the end of April 2012 (second Partial Par Value Reduction).

ii. The Aggregate Reduction Amount shall be repaid to Allied World shareholders in installments of CHF [*(completed on the Allied World Special Shareholder Meeting Date)*] in January 2012 and CHF [*(completed on the Allied World Special Shareholder Meeting Date)*] in April 2012 per Allied World share and Allied World non-voting shares.

iii. At each Partial Par Value Reduction an updated report in accordance with Article 732 paragraph 2 of the Swiss Code of Obligations by Deloitte AG, an auditor supervised by the Swiss authorities, shall be prepared (an Updated Report).

iv. The Allied World board of directors is only authorized to repay a Partial Par Value Reduction amount in the event the Updated Report confirms that the claims of creditors are fully covered in spite of the Partial Par Value Reduction.

v. In addition, under Swiss law, upon satisfaction of all legal requirements (including shareholder approval of a par value reduction as described in this proposal), Allied World will be required to submit an application to the Commercial Register in the Canton of Zug to register each applicable par value reduction. Without effective registration of the applicable par value reduction with the Commercial Register in the Canton of Zug, Allied World will not be able to proceed with the payment of any installment of the dividend as described in this proposal. Allied World cannot assure

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you that the Commercial Register in the Canton of Zug will approve the registration of any applicable par value reduction.

4. The Partial Par Value Reduction amount of CHF [*completed on the Allied World Special Shareholder Meeting Date*] per Allied World share and Allied World non-voting share (the Distribution Amount) pursuant to paragraph 3(i) and (ii) equals USD 0.375 (the U.S. Dollar Amount) based on a USD/CHF exchange ratio of CHF [*completed on the Allied World Special Shareholder Meeting Date*] (rounded down to the next whole cent) per \$1 (being the Foreign Exchange Rate). The Distribution Amount and the Aggregate Distribution Amount pursuant to paragraph 1 are subject to the following adjustments as a result of USD/CHF currency fluctuations:

i. The Distribution Amount is to be adjusted as a result of currency fluctuations such that each Allied World share and Allied World non-voting share Partial Par Value Reduction amount shall equal an amount calculated as follows (rounded down to the next whole cent):

Distribution Amount = U.S. Dollar Amount x USD/CHF currency exchange ratio as published in The Wall Street Journal on December 19, 2011 for the first Partial Par Value Reduction and on March 19, 2012, for the second Partial Par Value Reduction.

If as a result of one or several adjustments the Aggregate Distribution Amount would otherwise be increased by more than CHF [*(number of Total Shares) multiplied by the Aggregate Reduction Amount divided by two*] (corresponding to 50% of the Aggregate Distribution Amount set forth in paragraph 1, rounded to the nearest cent), the adjustment is limited such that the aggregate increase to the Aggregate Distribution Amount rounded to the nearest cent equals CHF [*completed on the Allied World Special Shareholder Meeting Date*] (being CHF [*50% of the Aggregate Distribution Amount*] divided by the number of Total Shares, rounded up or down to the next cent] per Allied World voting share and Allied World non-voting share.

ii. The Aggregate Distribution Amount pursuant to paragraph 1 shall be adjusted as follows:

Sum of the two Distribution Amounts (adjusted pursuant to Section 4(i)) x number of Allied World shares and Allied World non-voting shares registered in the Commercial Register of the Canton of Zug as issued and outstanding on the date of the registration of the respective Partial Par Value Reduction).

5. The Aggregate Distribution Amount pursuant to paragraph 1 (as adjusted pursuant to paragraph 4 (ii)) shall be increased by par value reductions on Allied World shares that are issued (i) in the course of ordinary capital increases, particularly in relation to the merger, (ii) from authorized share capital and (iii) from conditional share capital after the Allied World Special Shareholder Meeting but before the date of the registration in the Commercial Register of the respective Partial Par Value Reductions (this applies also to shares issued from conditional share capital that have not been registered in the Commercial Register of the Canton of Zug at such date). In the case of such capital increases the maximum amount set forth in paragraph 4 (i) shall also be increased so that it corresponds to 50% of the increased Aggregate Distribution Amount but shall not be higher than CHF [*completed on the Allied World Special Shareholder Meeting Date*].

6. The general meeting acknowledges that the report of the auditor dated [], has been prepared on the basis of (i) the maximum possible increase provided under paragraphs 4 and 5, particularly taking into account the maximum possible increase due to the increase of the ordinary share capital pursuant to article 3a(a) of the Allied World Articles in relation to the merger, and that (ii) all Allied World shares and Allied World non-voting shares have been issued out of conditional share capital and the authorized share capital post merger and therefore refers to a maximum amount of CHF [*completed on the Allied World Special Shareholder Meeting Date*].

7. The Allied World board of directors is instructed to determine the procedure for the payment of the Distribution Amounts.

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8. Effective with the registrations of the respective Partial Par Value Reductions in the Commercial Register, the following amendments are resolved to Article 3a subparagraph a), of the Allied World Articles:

Artikel 3a	Aktienkapital	Article 3a	Share Capital
a)	Das Aktienkapital der Gesellschaft beträgt CHF [1] */ [1] ** und ist eingeteilt in [1] auf den Namen lautende Aktien im Nennwert von CHF [1] */ [1] ** je Aktie. Das Aktienkapital ist vollständig liberiert.	a)	The share capital of the Company amounts to CHF [1] */ [1] ** and is divided into [1] registered shares with a par value of CHF [1] */ [1] ** per share. The share capital is fully paid-in.
*	nach der ersten Teilnennwertherabsetzung gemäss Ziffer 3 bis Ende Januar 2012 mit konkreter Zahl aufgrund Anpassung gemäss Ziffer 4 und 5 und mit Statutendatum [<i>Allied World Special Shareholder Meeting Date</i>]	*	Upon completion of the first Partial Par Value Reduction until the end of January 2012 with specific numbers based on adjustments pursuant to paragraph 4 and 5 above and the Articles of Association being dated [<i>Allied World Special Shareholder Meeting Date</i>]
**	nach der zweiten Teilnennwertherabsetzung gemäss Ziffer 3 bis Ende April 2012 mit konkreter Zahl aufgrund Anpassung gemäss Ziffer 4 und 5 und mit Statutendatum [<i>Allied World Special Shareholder Meeting Date</i>]	**	Upon completion of the second Partial Par Value Reduction until the end of April 2012 with specific numbers based on adjustments pursuant to paragraph 4 and 5 above and the Articles of Association being dated [<i>Allied World Special Shareholder Meeting Date</i>]

Please note that the asterisks above also apply to Articles 3b, 4, 5, 5a and 6 below.

9. Effective with the registrations of the respective quarterly Partial Par Value Reductions in the Commercial Register, the following amendments are resolved to Article 3b subparagraph a), of the Allied World Articles:

Artikel 3b	Partizipationskapital	Article 3b	Participation Capital
a)	Das Partizipationskapital der Gesellschaft beträgt CHF [1] */ [1] ** und ist eingeteilt in [1] Partizipationsscheine lautend auf den Namen im Nennwert von CHF [1] */ [1] ** je Partizipationsschein. Das Partizipationskapital ist vollständig liberiert.	a)	The participation capital of the Company amounts to CHF [1] */ [1] ** and is divided into [1] registered participation certificates with a par value of CHF [1] */ [1] ** / per participation certificate. The participation capital is fully paid-in.

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10. Effective with the registrations of the respective quarterly Partial Par Value Reductions in the Commercial Register, the following amendments are resolved to Article 4 subparagraph a), 5 subparagraph a), 5a subparagraph a) and 6 subparagraph a) of the Allied World Articles:

Artikel 4	Bedingtes Aktienkapital für Anleiheobligationen und ähnliche Instrumente der Fremdfinanzierung	Article 4	Conditional Share Capital for Bonds and Similar Debt Instruments
a)	Das Aktienkapital der Gesellschaft wird im Maximalbetrag von CHF [1]*/[1]** durch Ausgabe von höchstens 1,000,000 vollständig zu liberierenden Namenaktien mit einem Nennwert von CHF [1]*/[1]** je Aktie erhöht, bei und im Umfang der Ausübung von Wandel- und/oder Optionsrechten, welche im Zusammenhang mit von der Gesellschaft oder ihren Tochtergesellschaften emittierten oder noch zu emittierenden Anleiheobligationen, Notes oder ähnlichen Obligationen oder Schuldverpflichtungen eingeräumt wurden/werden, einschliesslich Wandelanleihen.	a)	The share capital of the Company shall be increased by an amount not exceeding CHF [1]*/[1]** through the issue of a maximum of 1,000,000 registered shares, payable in full, each with a par value of CHF [1]*/[1]** through the exercise of conversion and/or option or warrant rights granted in connection with bonds, notes or similar instruments, issued or to be issued by the Company or by subsidiaries of the Company, including convertible debt instruments.
Artikel 5	Bedingtes Aktienkapital für Mitarbeiterbeteiligungen	Article 5	Conditional Share Capital for Employee Benefit Plans
a)	Das Aktienkapital der Gesellschaft wird im Maximalbetrag von CHF [1]*/[1]** durch Ausgabe von höchstens [1] vollständig zu liberierenden Namenaktien mit einem Nennwert von CHF [1]*/[1]** je Aktie erhöht bei und im Umfang der Ausübung von Optionen, welche Mitarbeitern der Gesellschaft oder Tochtergesellschaften sowie Beratern, Direktoren oder anderen Personen, welche Dienstleistungen für die Gesellschaft oder ihre Tochtergesellschaften erbringen, eingeräumt wurden/werden.	a)	The share capital of the Company shall be increased by an amount not exceeding CHF [1]*/[1]** through the issue from time to time of a maximum of [1] registered shares, payable in full, each with a par value of CHF [1]*/[1]**, in connection with the exercise of option rights granted to any employee of the Company or a subsidiary, and any consultant, director or other person providing services to the Company or a subsidiary.
Artikel 5a	Bedingtes Kapital für bestehende Aktionärsoptionen	Article 5a	Conditional Capital for Existing Shareholder Warrants
a)	Das Aktienkapital der Gesellschaft wird im Maximalbetrag von CHF [1]*/[1]	a)	The share capital of the Company shall be increased by an amount not exceeding

** durch Ausgabe von höchstens 2,000,000 vollständig zu liberierenden Namenaktien mit einem Nennwert von CHF [1]*/[1] ** je Aktie erhöht bei und im Umfang der Ausübung von Optionen, welche American International Group, Inc. eingeräumt wurden.

CHF [1] */ [1] **, through the issue from time to time of a maximum of 2,000,000 registered shares payable in full, each with a par value of CHF [1] */ [1] **, in connection with the exercise of shareholder warrants granted to American International Group, Inc.

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Artikel 6	Genehmigtes Kapital zu allgemeinen Zwecken	Article 6	Authorized Share Capital for General Purposes
a)	Der Verwaltungsrat ist ermächtigt, das Aktienkapital jederzeit bis (<i>zwei Jahre nach dem Datum der Generalversammlung</i>) im Maximalbetrag von CHF [1] */ [1] ** durch Ausgabe von höchstens [1] vollständig zu liberierenden Namenaktien mit einem Nennwert von CHF [1] */ [1]** je Aktie zu erhöhen.	a)	The Board of Directors is authorized to increase the share capital from time to time and at any time (<i>two years after the Allied World Special Shareholder Meeting</i>) by an amount not exceeding CHF [1] */ [1]** through the issue of up to [1] fully paid up registered shares with a par value of CHF [1] */ [1] ** each.

The Allied World board of directors unanimously recommends a vote FOR the proposal to increase the aggregate reduction amount, in connection with the previously-approved Allied World dividend, to allow for the payment of the dividend to all TransAllied s shareholders after the effective time of the merger.

Table of Contents**ELECTION OF DIRECTORS**

The TransAllied board of directors will be divided into three classes of directors, Class I, Class II and Class III, each of approximately equal size. Three director nominees, Ian H. Chippendale, John L. McCarthy, and one current independent Allied World director, are being presented for election at the Allied World Special Shareholder Meeting to serve as Class II directors, with a term commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2012. Four director nominees Stephen P. Bradley, John G. Foos and two current independent Allied World directors, are being presented for election at the Allied World Special Shareholder Meeting to serve as Class III directors, with a term commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2013. Four director nominees Scott A. Carmilani, Richard S. Press, Michael C. Sapnar, and one current independent Allied World director, are being presented for election at the Allied World Special Shareholder Meeting to serve as Class I directors, with a term commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2014. The foregoing director elections are conditioned upon completion of the merger. In the event that the merger is not completed, the foregoing director elections will not take effect. The following sets forth the age, position and class of the director nominees who are being presented for election the Allied World Special Shareholder Meeting:

Name	Age	Class	Position at TransAllied
Scott A. Carmilani	47	I	Director, President and Chief Executive Officer
Richard S. Press	72	I	Director and Non-Executive Chairman
Michael C. Sapnar	45	I	Director, President and Chief Executive Officer, Global Reinsurance
Ian H. Chippendale	62	II	Independent Director
John L. McCarthy	63	II	Independent Director
Stephen P. Bradley	70	III	Independent Director
John G. Foos	61	III	Independent Director

In addition, the Allied World director nominees consist of the following seven current Allied World directors listed below. At or prior to the Allied World Special Shareholder Meeting, three of these seven director nominees will withdraw as nominees and the four remaining director nominees, and the classes in which they will serve, will be identified to shareholders.

Name	Age	Current Position at Allied World
Barbara T. Alexander	62	Independent Director
James F. Duffy	67	Independent Director
Bart Friedman	66	Independent Director
Scott Hunter	59	Independent Director
Mark R. Patterson	59	Independent Director
Patrick de Saint-Aignan	62	Independent Director
Samuel J. Weinhoff	61	Independent Director

The biography of each nominee below contains information regarding the person's service as a director on either the Allied World board or Transatlantic board, his or her business experience, director positions at other companies held

currently or at any time during the last five years, and their applicable experiences, qualifications, attributes and skills.

Scott A. Carmilani was elected Allied World's President and Chief Executive Officer in January 2004, became a director in September 2003 and was appointed Chairman of the Board in January 2008. Mr. Carmilani was, prior to joining Allied World as Executive Vice President in February 2002, the President of the Mergers & Acquisition Insurance Division of subsidiaries of American International Group, Inc. and responsible for the management, marketing and underwriting of transactional insurance products for clients engaged in mergers, acquisitions or divestitures. Mr. Carmilani was previously the Regional Vice-President overseeing the New York general insurance operations of AIG. Before that he was the Divisional President of

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the Middle Market Division of National Union Fire Insurance Company of Pittsburgh, PA, which underwrites directors and officers liability, employment practice liability and fidelity insurance for middle-market-sized companies. Prior to joining Allied World, he held a succession of underwriting and management positions with subsidiaries of AIG since 1987. Among other qualifications, Mr. Carmilani's extensive expertise and experience in the insurance and reinsurance industry give him the skills to serve as a director.

Richard S. Press has served as director of Transatlantic since 2006 and as non-executive chairman of the Transatlantic board of directors since 2009. Mr. Press has also served as a director of TRC and of Putnam since 2006. Mr. Press is the retired Senior Vice President and Director of Insurance Asset Management Group Wellington Management Company, LLP, where he worked from 1994 to 2006. From 1982 to 1984, Mr. Press served as Senior Vice President and Director, Insurance Asset Management at Stein, Roe & Farnham where he managed equity and fixed income securities. From 1964 to 1982, Mr. Press served as Vice President-Investments at Scudder Stevens & Clark where he managed equity and taxable and tax exempt fixed income investments for insurance companies, institutional clients, eleemosynary funds, retirement plans, and individual clients. Mr. Press is also the current Vice Chairman of the Equity Securities Bankruptcy Committee for HearUSA. Among other qualifications, Mr. Press's significant experience in asset management, which includes service as the Senior Vice President and Director of the Insurance Asset Management Group of Wellington Management Company, as well as his extensive board service and experience with both public and non-public entities give him the skills to serve as director.

Michael C. Sapnar was appointed Transatlantic's Executive Vice President and Chief Operating Officer on May 19, 2011. On May 20, 2011, at a meeting of the Transatlantic board of directors following the annual meeting of shareholders, the board of directors elected Mr. Sapnar to the Transatlantic board of directors. From May 2006 until May 2011, Mr. Sapnar served as Executive Vice President and Chief Underwriting Officer, Domestic Operations of Transatlantic, TRC and Putnam by election of the Transatlantic board of directors in May 2006. From December 2005 to May 2006, Mr. Sapnar was Senior Vice President and Chief Underwriting Officer, Domestic Operations of Transatlantic. From December 2004 to the present, Mr. Sapnar has served as a Director of TRC and Putnam, but not of Transatlantic. From March 2002 to May 2006, Mr. Sapnar was Senior Vice President and Chief Underwriting Officer, Domestic Operations of TRC and Putnam. Among other qualifications, Mr. Sapnar's broad experience in the industry as well as his understanding of the business give him the skills to serve as director.

Ian H. Chippendale has served as a director of Transatlantic since 2007. Mr. Chippendale has also served as a director of TRC and of Putnam since 2007. Mr. Chippendale is a retired Chairman of RBS Insurance Group, Ltd. (Insurance), where he worked from February 1993 to December 2006. From September 1971 to January 1993, Mr. Chippendale held various positions at Provident Financial PLC, including, most recently, executive director. Mr. Chippendale also serves a Director of HomeServe plc. Among other qualifications, Mr. Chippendale's insurance industry knowledge and his international experience, including his service as the Chairman of RBS Insurance Group, Ltd. give him the skills to serve as director.

John L. McCarthy has served as a director of Transatlantic since 2008. Mr. McCarthy has also served as a director of TRC and of Putnam since 2008. Mr. McCarthy is the President of the Risk Management Foundation of the Harvard Medical Institutions, Inc. (risk management), which insures 12,000 physicians and 23 hospitals for professional liability and insures over 100,000 nurses, physician assistants, and clinical support staff. Mr. McCarthy is also the current chair of the Hospital Insurance Forum, a group of 20 professional liability insurance programs in the U.S. and Canada. Among other qualifications, Mr. McCarthy's expertise in risk management as well as his experience as a Chief Executive Officer of an insurance industry-related company give him the skills to serve as director.

Stephen P. Bradley has served as a director of Transatlantic since 2010. Mr. Bradley has also served as a director of TRC and of Putnam since 2010. Mr. Bradley is the William Ziegler Professor of Business Administration, Emeritus at Harvard Business School, where he served as Senior Associate Dean for Faculty Development, Associate Director of

Research, Unit Chair of Managerial Economics, and Unit Chair of Competition and Strategy. Mr. Bradley also serves as a Director of CIENA Corp. and as a Director of the Risk Management Foundation of the Harvard Medical Institutions, Inc. Mr. Bradley previously served as a Director

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of i2 Technologies, Inc., XcelleNet, Inc., and Roadmaster Industries, Inc. Among other qualifications, Mr. Bradley's academic experience at the Harvard Business School relating to his work as a professor of competitive and corporate strategy and his considerable experience as a director of public companies give him the skills to serve as director.

John G. Foos has served as director of Transatlantic since 2007. Mr. Foos has also served as a director of TRC and of Putnam since 2007. Mr. Foos is a retired Chief Financial Officer, Independence Blue Cross (health insurance), where he worked from June 1989 to November 2008. From July 1971 to June 1989, Mr. Foos was a partner at KPMG Peat Marwick, an internationally recognized accounting firm. Mr. Foos also serves as a Director of Blue Cross Blue Shield of South Carolina and as a Director and Chairman of the Board of the Plan Investment Fund. Among other qualifications, Mr. Foos' extensive experience in and knowledge of accounting and finance, which includes service as the Chief Financial Officer of Independence Blue Cross in addition to his experience as a Partner with KPMG give him the skills to serve as director.

The biographies of the seven current independent Allied World directors who are director nominees are included below.

Barbara T. Alexander was appointed to the Allied World board of directors in August 2009. Ms. Alexander has been an independent consultant since January 2004. Prior to that, she was a Senior Advisor to UBS Warburg LLC and predecessor firms from October 1999 to January 2004, and Managing Director of the North American Construction and Furnishings Group in the Corporate Finance Department of UBS from 1992 to October 1999. From 1987 to 1992, Ms. Alexander was a Managing Director in the Corporate Finance Department of Salomon Brothers Inc. From 1972 to 1987, she held various positions at Salomon Brothers, Smith Barney, Investors Diversified Services, and Wachovia Bank and Trust Company. Ms. Alexander is currently a member of the Board of Directors of QUALCOMM Incorporated, where she is a member of both the Audit Committee and Compensation Committee, and KB Home, where she is a member of the Audit and Compliance Committee. Ms. Alexander previously served on the board of directors of Federal Home Loan Mortgage Corporation (Freddie Mac) from November 2004 to March 2010, Centex Corporation from July 1999 to August 2009, Burlington Resources Inc. from January 2004 to March 2006 and Harrah's Entertainment Inc. from February 2002 to April 2007. Ms. Alexander was selected as one of seven Outstanding Directors in Corporate America in 2003 by Board Alert magazine and was one of five Director of the Year honorees in 2008 by the Forum for Corporate Directors. She has also served on the board of directors of HomeAid America, Habitat for Humanity International and Covenant House. Having been a member of numerous public company boards of directors, Ms. Alexander is familiar with a full range of corporate and board functions. She also has extensive experience in corporate finance, investment and strategic planning matters. Among other qualifications, Ms. Alexander's extensive experience in corporate finance, investment and strategic planning matters give her the skills to serve as a director.

James F. Duffy was appointed to the Allied World board of directors in July 2006. Mr. Duffy retired in 2002 as Chairman and Chief Executive Officer of The St. Paul Reinsurance Group, where he originally served from 1993 until 2000 as President and Chief Operating Officer of global reinsurance operations. Prior to this, Mr. Duffy served as an executive vice president of The St. Paul Companies from 1984 to 1993, and as President and Chief Operating Officer of St. Paul Surplus Lines Insurance Company from 1980 until 1984. Mr. Duffy had 15 years prior experience in insurance underwriting with Employers Surplus Lines Insurance Company, First State Insurance Company and New England Re. Among other qualifications, Mr. Duffy's extensive expertise and experience in the insurance and reinsurance industry give him the skills to serve as a director.

Bart Friedman was appointed to the Allied World board of directors in March 2006, was elected Deputy Chairman of the Board in July 2006 and was appointed Lead Independent Director of the Board in January 2008. Mr. Friedman has been a partner at Cahill Gordon & Reindel LLP, a New York law firm, since 1980. Mr. Friedman specializes in corporate governance, special committees and director representation. Mr. Friedman worked early in his career at the

SEC. Mr. Friedman is currently a member of the board of directors of Sanford Bernstein Mutual Funds, where he is a member of the Audit Committee and chairman of the Nominating and Governance Committee. He is also the chairman of the Public Responsibility and Ethics

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Committee of The Brookings Institution. Among other qualifications, Mr. Friedman's extensive expertise and experience in corporate finance and corporate governance matters give him the skills to serve as a director.

Scott Hunter was appointed to the Allied World board of directors in March 2006. Mr. Hunter has served as an independent consultant to Bermuda's financial services industry since 2002. From 1986 until 2002, Mr. Hunter was a partner at Arthur Andersen Bermuda, whose clients included numerous insurance and reinsurance companies. Among other qualifications, Mr. Hunter's broad insurance and reinsurance industry experience and expertise specifically with regard to insurance and reinsurance corporate finance and accounting matters give him the skills to serve as a director.

Mark R. Patterson was appointed to the Allied World board of directors in March 2006. Since 2002, Mr. Patterson has served as Chairman of MatlinPatterson Asset Management, which manages distressed investment funds. From 1994 until 2002, Mr. Patterson was a Managing Director of Credit Suisse First Boston Corporation, where he served as Vice Chairman from 2000 to 2002. Mr. Patterson had 35 years prior experience in commercial and investment banking at Bankers Trust, Salomon Brothers and Scully Brothers & Foss. Mr. Patterson currently serves on behalf of MatlinPatterson's funds as a member of the board of directors of Gleacher & Company, Inc. (formerly known as Broadpoint Securities Group, Inc.) and Flagstar Bancorp, Inc. Mr. Patterson has served on behalf of MatlinPatterson's funds as a member of the board of directors of Polymer Group, Inc. from May 2008 to December 2010 and Thornburg Mortgage Inc. from April 2008 to March 2009. Having been a member of numerous company boards of directors, Mr. Patterson is familiar with a full range of corporate and board functions. Among other qualifications, Mr. Patterson's extensive experience in corporate finance, risk management, investment and strategic planning matters give him the skills to serve as a director.

Patrick de Saint-Aignan was appointed to the Allied World board of directors in August 2008. Mr. de Saint-Aignan has held multiple positions at Morgan Stanley internationally from 1974 to 2007, where he was a Managing Director and, most recently, an Advisory Director. He held responsibilities in corporate finance and capital markets and headed successively Morgan Stanley's global fixed income derivatives and debt capital markets activities, its office in Paris, France, and the firm-wide risk management function. He was also a Founder, Director and Chairman of the International Swaps and Derivatives Association (1985-1992), Censeur on the Supervisory Board of IXIS Corporate and Investment Bank (2005-2007) and a member of the board of directors of Bank of China Limited (2006-2008), where he was Chairman of the Audit Committee and a member of the Risk Policy Committee and the Personnel and Remuneration Committee. Mr. de Saint-Aignan is currently a member of the board of directors of State Street Corporation, where he is a member of its Risk and Capital Committee. Among other qualifications, Mr. de Saint-Aignan's broad experience and expertise in corporate finance, risk management and investment matters as well as his international business background give him the skills to serve as a director.

Samuel J. Weinhoff was appointed to the Allied World board of directors in July 2006. Mr. Weinhoff has served as a consultant to the insurance industry since 2000. Prior to this, Mr. Weinhoff was head of the Financial Institutions Group for Schroder & Co. from 1997 until 2000. He was also a Managing Director at Lehman Brothers, where he worked from 1985 to 1997. Mr. Weinhoff had ten years prior experience at the Home Insurance Company and the Reliance Insurance Company in a variety of positions, including excess casualty reinsurance treaty underwriter, investment department analyst, and head of corporate planning and reporting. Mr. Weinhoff is currently a member of the board of directors of Infinity Property and Casualty Corporation where he is a member of the Executive Committee, the Nominating and Governance Committee and the Audit Committee. Mr. Weinhoff served on the board of directors of Inter-Atlantic Financial, Inc. from July 2007 to October 2009. Among other qualifications, Mr. Weinhoff's extensive insurance and reinsurance industry experience as well as expertise in corporate finance, investment and strategic planning matters give him the skills to serve as a director.

It is not expected that any of the nominees will become unavailable for election as a director but, if any nominee should become unavailable prior to the meeting, proxies will be voted for such persons as the Allied World board of

directors shall recommend.

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Allied World requires that a majority of its directors meet the criteria for independence under applicable law and the rules of the NYSE. The Allied World board of directors has adopted a policy to assist it and the Nominating & Corporate Governance Committee in their determination as to whether a nominee or director qualifies as independent. This policy contains categorical standards for determining independence and includes the independence standards required by the SEC and the NYSE as well as standards published by institutional investor groups and other corporate governance experts. A copy of the Allied World board policy on director independence was attached as an appendix to Allied World's Proxy Statement filed with the SEC on March 20, 2009.

Approval of the proposal to elect each of the directors 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. Abstentions and broker non-votes will not be considered votes cast and will have no effect on these proposals, assuming a quorum is present.

Shareholders are being asked to vote for, against or to abstain from voting on, each of the seven Allied World director nominees who are current Allied World independent directors: Barbara T. Alexander, James F. Duffy, Bart Friedman, Scott Hunter, Mark R. Patterson, Patrick de Saint-Aignan and Samuel J. Weinhoff. At or prior to the Allied World Special Shareholder Meeting, three of these seven director nominees will withdraw as nominees and the four remaining director nominees will be identified to shareholders. If any such remaining director nominee receives a majority of the votes cast voting in favor of their election, 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, such director nominee will be elected to serve as a member of the TransAllied board, to serve in the Class as designated by the Allied World board at or prior to the Allied World Special Shareholder Meeting. If any such remaining director nominee does not receive the requisite shareholder votes, such nominee will not be elected to the TransAllied board and the election of directors proposal (which is a condition to the closing of the merger, subject to waiver by the parties) will fail.

The determination of which three of the seven Allied World director nominees will withdraw as nominees at or prior to the Allied World Special Shareholder Meeting will be made by the Allied World board of directors. The Allied World board of directors, upon deliberation in accordance with its fiduciary duties, will determine, prior to the Allied World Special Shareholder Meeting, which four of the seven Allied World director nominees will best complement the Transatlantic nominees on the post-closing TransAllied board. At this time, the Allied World board of directors is still completing its review and selection process. In the event the Allied World board of directors makes its determination prior to the Allied World Special Shareholder Meeting, it will file supplemental proxy disclosure with the SEC identifying the three withdrawing nominees and the four remaining director nominees, including the board classes of such remaining nominees.

The Allied World board of directors unanimously recommends a vote FOR the election of Ian H. Chippendale, John L. McCarthy, and one current independent Allied World director to serve as Class II directors to hold office commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2012; Stephen P. Bradley, John G. Foos, and two current independent Allied World directors to serve as Class III directors to hold office commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2013; and Scott A. Carmilani, Richard S. Press, Michael C. Sapnar, and one current independent Allied World director to serve as Class I directors to hold office commencing upon the completion of the merger and ending upon TransAllied's Annual Shareholder Meeting in 2014.

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**TRANSALLIED GROUP HOLDINGS, AG
FOURTH AMENDED AND RESTATED 2004 STOCK INCENTIVE PLAN**

The Allied World board of directors proposes approval of a fourth amendment to and restatement of the Allied World Assurance Company Holdings, AG Third Amended and Restated 2004 Stock Incentive Plan. Allied World's board of directors unanimously approved the Fourth Amended and Restated 2004 Stock Incentive Plan (which is referred to as the Amended Plan for purposes of this proposal only) on June 30, 2011, and recommends that Allied World's shareholders approve and adopt the Amended Plan. If approved by the Allied World's shareholders, the Amended Plan will become effective upon, and subject to, the closing of the merger.

On December 1, 2010, in connection with and pursuant to Allied World's redomestication, Allied World assumed the Allied World Assurance Company Holdings, Ltd Second Amended and Restated 2004 Stock Incentive Plan from Allied World Assurance Company Holdings, Ltd, the former publicly-traded Bermuda holding company, and amended and restated the Second Amended and Restated 2004 Stock Incentive Plan and renamed it the Allied World Assurance Company Holdings, AG Third Amended and Restated 2004 Stock Incentive Plan (which is referred to as the Current Plan for purposes of this proposal only) to reflect such assumption.

Allied World's board of directors recommends approval of the Amended Plan to:

Increase by 2,000,000 shares (from 2,000,000 to 4,000,000) the total number of registered shares that may be issued under the Current Plan;

Extend the termination date from May 8, 2018 to June 30, 2021, after which date no awards may be granted;

Replace references to Allied World Assurance Company Holdings, AG with references to TransAllied Group Holdings, AG and references to Allied World registered shares with references to TransAllied Group Holdings, AG registered shares; and

Permit the grant of performance-based awards that qualify as qualified performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (Section 162(m)). Section 162(m) generally disallows a tax deduction to public companies for compensation in excess of \$1,000,000 paid to the chief executive officer and to certain other executive officers whose compensation is required to be reported to the Exchange Act by reason of being among the four most highly paid executive officers. The Amended Plan is designed to qualify performance-based awards as qualified performance-based compensation to ensure that the tax deduction is available to the combined company and its subsidiaries.

The Allied World board of directors adopted this amendment in order to ensure that the combined company can continue to grant equity-based awards following the completion of the proposed merger at levels determined appropriate by the combined company's board of directors or a committee thereof (the committee). As of July 31, 2011, awards covering an aggregate of 699,787 registered shares were outstanding under the Current Plan, and only 280,183 Allied World shares remained available for grant under the Current Plan. Subject to Allied World's shareholders approving this proposal, an aggregate of 2,979,970 Allied World shares will be reserved for issuance under the Amended Plan, which will consist of the 2,000,000 new shares being requested for approval and the aggregate number of outstanding shares and shares available for issuance under the Current Plan.

The following summary of the Amended Plan is qualified in its entirety by express reference to the text of the Amended Plan, a copy of which is attached as Annex E to this joint proxy statement/prospectus. For more information about Allied World's Current Plan, please see Item 15 of Allied World's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and Note 12 to Allied World's Consolidated Financial Statements included in Allied World's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

The changes discussed above are the only changes being proposed to the Current Plan.

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General

The purposes of the Amended Plan are to attract, retain, and motivate officers, directors, employees (including prospective employees), consultants, and others who may perform services for the combined company, to compensate them for their contributions to the long-term growth and profits of the combined company and to encourage them to acquire a proprietary interest in the success of the combined company. Allied World's board of directors believes that the Amended Plan furthers these purposes by making available sufficient shares to permit future awards by the committee as a part of the combined company's compensation program and believes that the Amended Plan is important to the success of the combined company.

As of July 31, 2011, approximately 690 individuals would be eligible to participate in the Amended Plan. The closing price of Allied World's shares on the NYSE on the last trading day prior to July 31, 2011, was \$54.45 per share.

Administration

As with the Current Plan, the Amended Plan will be administered by the committee, which, pursuant to the proposed amendment, will be composed of not less than two outside directors (within the meaning of Section 162(m)) and will have the authority to establish rules and regulations for the administration of the Amended Plan; to take any action in connection with the Amended Plan that it deems necessary or advisable; to determine who shall receive awards and the terms, conditions, restrictions, and performance goals relating to any award; to amend any outstanding awards; to determine whether, to what extent, and under what circumstances and methods awards may be settled, cancelled, forfeited or suspended; to determine whether awards may be settled in Allied World shares or cash or other property; to determine performance goals no later than such time as is required to ensure that an underlying award which is intended to comply with the requirements of Section 162(m), so complies, and to determine whether amounts payable under an award may be deferred. The determination of the committee on all matters relating to the Amended Plan will be final and binding.

Awards; Adjustments

As with the Current Plan, the Amended Plan provides for the grant of restricted registered shares, restricted share units, dividend equivalent rights, and other equity-based or equity-related awards. The terms and conditions of any such awards granted under the Amended Plan are set out in award agreements between the combined company and the individuals receiving such awards. No options to purchase Allied World shares may be granted under the Amended Plan.

Restricted Allied World Shares. The committee may grant or offer for sale restricted registered shares, which shall be subject to a minimum vesting period of one year from the date of grant or purchase, except in the case of an earlier termination of employment due to death, disability, retirement at or after age 65, or a change in control of the combined company, or, pursuant to the proposed amendment, with respect to an award that the committee determines is performance-based.

Restricted Share Units. A restricted share unit entitles the holder to one Allied World share (or cash or other property having the same value as one Allied World share) on the applicable date of settlement, subject to a minimum vesting period of one year from the date of grant or purchase, except in the case of an earlier termination of employment due to death, disability, or retirement at or after age 65, or a change in control of the combined company, or, pursuant to the proposed amendment, with respect to an award that the committee determines is performance-based. Holders of restricted share units are general unsecured creditors of the combined company until settlement of such units.

Dividend Equivalent Rights. The committee may include with any award under the Amended Plan a dividend equivalent right entitling the grantee to receive amounts equal to all or a portion of the dividends that would be paid on the Allied World shares covered by such award if such shares had been held by the award-holder at the time of such dividend. Dividend equivalents may be paid to a grantee in cash, registered shares, or such other form as determined by the committee at the time of grant. Holders of dividend equivalent units are general unsecured creditors of the combined company until settlement of such units.

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Performance Awards. Pursuant to the proposed amendment, the committee may determine that the grant, vesting, or settlement of an award granted under the Amended Plan may be subject to the attainment of one or more performance goals. The performance metrics that may be applied to an award intended to qualify as performance-based compensation for purposes of Section 162(m) granted under the Amended Plan include: (i) consolidated earnings before or after taxes (including earnings before interest, taxes, depreciation and amortization); (ii) net income; (iii) operating income; (iv) earnings per share; (v) book value per share; (vi) return on shareholders' equity; (vii) return on investment; (viii) stock price; (ix) improvements in capital structure; (x) revenue or sales; and (xi) total return to shareholders.

Other Equity-Based Awards. The committee may grant other types of equity-based or equity-related awards (including the grant or offer for sale of unrestricted Allied World shares), subject to the terms and conditions as the committee shall determine.

As with the Current Plan, under the Amended Plan, the committee will have the authority to make appropriate adjustments to the number of Allied World shares authorized for issuance under the Amended Plan, the number of Allied World shares covered by each outstanding award and the type of property to which an award is subject, and, pursuant to the proposed amendment, the committee will also have the authority to adjust any applicable performance measures under any award, in each case in such manner as it deems appropriate to preserve the benefits intended to be made available to grantees of awards for any changes to the Allied World shares by reason of capital adjustments, such as stock splits and recapitalizations. In the event of a merger, amalgamation, consolidation, reorganization, liquidation or sale of a majority of the combined company's securities, the committee will have the discretion to provide, as an alternative to the adjustment described above, for the accelerated vesting of awards prior to such an event or the cancellation of awards in exchange for a payment based on the per-share consideration being paid in connection with the event. The Amended Plan provides that adjustments to awards that qualify as qualified performance-based compensation under Section 162(m) may not be made in a manner that would cause the modified award to result in a loss of deduction under Section 162(m), unless the committee specifically determines otherwise.

Shares Subject to the Amended Plan

Subject to Allied World's shareholders approving this proposal, the total number of registered shares reserved for issuance under the Amended Plan will be 4,000,000. During any time that the combined company is subject to Section 162(m) of the Code, the maximum number of Allied World shares with respect to which awards may be granted to any individual in any one year shall not exceed the maximum number of registered shares available for issue under the Amended Plan. Allied World shares granted pursuant to the Amended Plan may be authorized but unissued Allied World shares or authorized and issued Allied World shares acquired by the combined company for the purposes of the Amended Plan.

Amendment and Termination

Except as otherwise provided in an award agreement, the combined company's board of directors retains the right to suspend, discontinue, revise, or amend the Amended Plan without any grantee's consent, including in any manner that may adversely affect a grantee's rights with respect to an outstanding award. While the combined company's board of directors retains the right to terminate the Amended Plan at any time as described above, in any case, the Amended Plan will, subject to Allied World's shareholders approving this proposal, terminate on June 30, 2021.

Nonassignability; No Hedging

As with the Current Plan, no award to any person under the Amended Plan may be assigned, transferred, or hedged in any manner (except as expressly approved by the committee), other than by will or by the laws of descent and

distribution, and all such awards shall be exercisable during the life of the grantee only by the grantee or the grantee's legal representative. Any assignment or transfer in violation of the applicable provisions of the Amended Plan shall be null and void, and any award that is hedged in any manner shall immediately be forfeited.

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The grant of awards under the Amended Plan is entirely within the discretion of the committee, and Allied World cannot forecast the extent to which such grants will be made in the future. Therefore, Allied World has omitted the tabular disclosure of the benefits or amounts allocated under the Amended Plan.

Allied World Equity Compensation Plan Information

The following table presents information concerning Allied World's equity compensation plans as of December 31, 2010.

Plan Category	Number of Securities to be Issued	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
	Upon Exercise of Outstanding Options, Warrants and Rights		
Equity compensation plans approved by Shareholders	2,123,817(1)	\$ 38.77	3,196,202(3)
Equity compensation plans not approved by Shareholders	773,411(2)		0(4)
Total	2,897,228	\$ 38.77	3,196,202

- (1) Represents 1,272,739 stock options granted under Allied World's Third Amended and Restated 2001 Employee Stock Option Plan, which have a weighted average remaining contractual life of 6.8 years and 851,078 Allied World shares granted pursuant to restricted share units awarded under the Current Plan. The weighted average exercise price reported in column (b) does not take the restricted share units into account.
- (2) Represents 773,411 performance shares granted under Allied World's Third Amended and Restated Long-Term Incentive Plan (the LTIP). The LTIP provides for performance-based equity awards representing the right to receive a number of Allied World shares in the future, based upon the achievement of established performance criteria during the applicable three-year performance period. The performance-based equity awards granted under the LTIP do not have an exercise price.
- (3) Represents 1,810,557 Allied World shares available for future grants in the form of options under Allied World's Third Amended and Restated 2001 Employee Stock Option Plan, 443,644 Allied World shares available for future grants in the form of restricted share units under the Current Plan and 942,001 Allied World shares available for future purchases under Allied World's Amended and Restated 2008 Employee Share Purchase Plan.
- (4) As of December 31, 2010, there were no Allied World shares remaining for issuance under the LTIP. For more information about the LTIP, please see Note 12 to Allied World's Consolidated Financial Statements included in

Allied World's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

Allied World and Transatlantic Equity Compensation Plan Information

The following table presents information concerning Allied World's plans, as reflected in the prior table, and Transatlantic's equity compensation plans as of July 31, 2011.

The information in the following table assumes that the merger was consummated on July 31, 2011 and immediately prior to the population of the table, such that (x) the number of Transatlantic securities underlying outstanding awards, (y) the number of Transatlantic securities available for future issuance, and (z) the weighted average exercise prices of outstanding Transatlantic awards, have been adjusted or converted in

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accordance with the merger agreement (as described in more detail under the caption **The Merger Treatment of Transatlantic Stock Options and Other Long-Term Incentive Awards**).

Plan Category	Number of Securities to be Issued	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
	Upon Exercise of Outstanding Options, Warrants and Rights		
Equity compensation plans approved by Allied World Shareholders	2,298,217(1)	\$ 45.65	2,560,782(3)
Equity compensation plans not approved by Allied World Shareholders	4,582,840(2)	\$ 71.58	1,287,621(4)
Total	6,881,057	\$ 59.32	3,848,403

- (1) Represents 1,598,430 stock options granted under Allied World's Third Amended and Restated 2001 Employee Stock Option Plan, which have a weighted average remaining contractual life of 7.28 years and 699,787 Allied World shares granted pursuant to restricted share units awarded under Allied World's Current Plan. The weighted average exercise price reported in column (b) does not take the restricted share units into account.
- (2) Represents 462,015 performance shares granted under the LTIP, 1,781,872 stock options granted under the Transatlantic Holdings, Inc. 2000 Stock Option Plan, which have a weighted average remaining contractual life of 3.09 years, and 2,338,953 service and performance restricted stock units granted under the Transatlantic Holdings, Inc. 2003 Stock Incentive Plan, Transatlantic Holdings, Inc. 2008 Non-Employee Directors' Stock Plan, and the Transatlantic Holdings, Inc. 2009 Long Term Equity Incentive Plan. Transatlantic's 2000 Stock Option Plan, 2003 Stock Incentive Plan, 2008 Non-Employee Directors' Stock Plan, and 2009 Long Term Equity Incentive Plan were previously approved by Transatlantic's shareholders, and future grants under these plans will only be made to persons who were employees of Transatlantic prior to the merger. The LTIP provides for performance-based equity awards representing the right to receive a number of Allied World shares in the future, based upon the achievement of established performance criteria during the applicable three-year performance period. The weighted average exercise price reported in column (b) does not take the performance-based equity awards granted under the LTIP, the Transatlantic service restricted stock units, or the Transatlantic performance restricted stock units into account.
- (3) Represents 1,351,168 registered shares available for future grants in the form of options under Allied World's Third Amended and Restated 2001 Employee Stock Option Plan, 280,183 Allied World shares available for future grants in the form of restricted share units under the Current Plan and 929,431 Allied World shares available for future purchases under Allied World's Amended and Restated 2008 Employee Share Purchase Plan.

- (4) Represents 56,818 shares available for future grants in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards and share awards under the Transatlantic Holdings, Inc. 2009 Long Term Equity Incentive Plan, 39,541 shares available for future grants in the form of equity-based or equity-related awards granted to non-employee directors under the Transatlantic Holdings, Inc. 2008 Non-Employee Directors Stock Plan, 1,103,262 shares available for future purchases under the Transatlantic Holdings, Inc. 1990 Employee Stock Purchase Plan, as amended (to which there were 23,476 shares subject to purchase as of July 31, 2011), and 88,000 shares available for future purchases under the Transatlantic Holdings, Inc. 2010 U.K. Sharesave Plan (to which there were 3,960 shares subject to purchase as of July 31, 2011). As of July 31, 2011, there were no shares remaining for issuance under the LTIP. Transatlantic's 1990 Employee Stock Purchase Plan and 2010 U.K. Sharesave Plan were previously approved by Transatlantic's shareholders, and future grants under these plans will only be made to persons who were employees of Transatlantic prior to the merger. For more information about the LTIP, please see Note 12 to Allied World's Consolidated Financial Statements included in Allied World's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

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Pursuant to NYSE guidelines, the approval of the Stock Incentive Plan proposal, specifically the increase of 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 this proposal represent over 50% of the outstanding Allied World shares entitled to vote on this proposal. Votes for, votes against and abstentions count as votes cast, while broker non-votes do not count as votes cast for this purpose. All outstanding Allied World shares, including broker non-votes, 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.

The Allied World board of directors unanimously recommends a vote FOR the proposal to approve the adoption of the Amended Plan effective upon completion of the merger.

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material U.S. federal income tax consequences of the merger. This discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), Treasury regulations, judicial authorities, published positions of the Internal Revenue Service (the IRS), and other applicable authorities, all as currently in effect and all of which are subject to change or differing interpretations, possibly with retroactive effect. This discussion is limited to U.S. holders (as defined below) that hold their shares of Transatlantic common stock as capital assets within the meaning of Section 1221 of the Code (generally, assets held for investment). This discussion does not address the tax consequences applicable to Transatlantic stockholders that are not U.S. holders, nor does it address all of the tax consequences that may be relevant to any particular U.S. holder or U.S. holders that are subject to special treatment under U.S. federal income tax laws, including, without limitation:

banks, insurance companies or other financial institutions;

broker-dealers;

traders;

certain U.S. expatriates;

tax-exempt organizations;

pass-through entities and persons that are investors in a pass-through entity;

persons that are subject to alternative minimum tax;

persons that hold their shares of common stock as a position in a straddle or as part of a hedging or conversion transaction;

persons deemed to sell their shares of Transatlantic common stock under the constructive sale provisions of the Code;

persons that have a functional currency other than the U.S. dollar; or

persons that acquired their shares of Transatlantic common stock upon the exercise of stock options or otherwise as compensation.

If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds shares of Transatlantic common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partnerships holding shares of Transatlantic common stock and partners in such partnerships should consult their tax advisors about the tax consequences of the merger to them.

This discussion does not address the tax consequences of the merger under state, local or foreign tax laws. This discussion also does not address the tax consequences of any transaction other than the merger, nor does it address the tax consequences of the ownership or disposition of Allied World shares acquired in the merger.

TRANSATLANTIC STOCKHOLDERS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE MERGER IN THEIR PARTICULAR CIRCUMSTANCES, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL (INCLUDING THE ALTERNATIVE MINIMUM TAX), STATE, LOCAL OR FOREIGN AND OTHER TAX LAWS AND OF CHANGES IN THOSE LAWS.

For purposes of this discussion, a U.S. holder means a holder of Transatlantic common stock that is, for U.S. federal income tax purposes:

an individual that is a citizen or resident of the United States;

a corporation or an entity treated as a corporation created or organized in, or under the laws of, the United States, any state thereof or the District of Columbia;

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an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust (i) the administration over which a United States court can exercise primary supervision and the substantial decisions of which one or more United States persons have the authority to control or (ii) that has a valid election in effect to be treated as a United States person.

Consequences of the Merger

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 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 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. Any gain or loss would be long-term capital gain or loss if the holder's holding period in the shares of Transatlantic common stock exceeds one year at the effective time of the merger. Long-term capital gains of noncorporate U.S. holders (including individuals) generally are eligible for preferential rates of U.S. federal income tax. There are limitations on the deductibility of capital losses under the Code. No gain or loss will be recognized by Allied World shareholders as a consequence of the merger.

A U.S. holder's tax basis in Allied World shares received in the merger will equal the fair market value of the shares as of the effective time of the merger. A U.S. holder's holding period in the Allied World shares received in the merger will begin on the day after the completion of the merger.

Backup Withholding

Backup withholding, currently at a rate of 28%, may apply to payments made in connection with the merger. Backup withholding will not apply, however, to a holder of Transatlantic common stock that (1) furnishes a correct taxpayer identification number and certifies that it is not subject to backup withholding on the substitute IRS Form W-9 included in the letter of transmittal to be delivered to holders of Transatlantic common stock prior to completion of the merger, (2) provides a certification of non-U.S. status on the applicable IRS Form W-8 (typically IRS Form W-8BEN) or appropriate successor form or (3) is otherwise exempt from backup withholding. Any amounts withheld under the backup withholding rules may be allowed as a credit against the holder's U.S. federal income tax liability and may entitle such holder to a refund, provided the required information is timely furnished to the IRS. Please consult your own tax advisor to see if you qualify for exemption from backup withholding and, if so, to understand the procedure for obtaining that exemption.

THE FOREGOING DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OF THE POTENTIAL TAX CONSIDERATIONS RELATING TO THE MERGER, AND IS NOT TAX ADVICE. THEREFORE, TRANSATLANTIC STOCKHOLDERS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES OF THE MERGER IN THEIR PARTICULAR SITUATION, INCLUDING THE APPLICABILITY OF U.S. FEDERAL (INCLUDING THE ALTERNATIVE MINIMUM TAX), STATE, OR LOCAL, FOREIGN AND OTHER TAX LAWS AND OF CHANGES IN THOSE LAWS.

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ACCOUNTING TREATMENT

Each of Transatlantic and Allied World prepares its financial statements in accordance with GAAP. The merger will be accounted for using the acquisition method of accounting with Transatlantic treated as the accounting acquirer of Allied World. Accordingly, the assets, liabilities and commitments of Allied World, the accounting acquiree, are adjusted to their estimated fair value. Under the acquisition method of accounting, intangible assets are amortized over their remaining useful lives and tested for impairment at least annually.

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited pro forma condensed consolidated financial information (pro forma financial information) that follows combines the historical accounts of Transatlantic and Allied World. The Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2011 shows the consolidated financial position of Transatlantic and Allied World as if the merger of the two companies had occurred on that date. The Pro Forma Condensed Consolidated Statements of Operations for the year ended December 31, 2010 and for the six months ended June 30, 2011 reflect the companies consolidated results as if the merger had occurred as of January 1, 2010. The historical consolidated financial information has been adjusted to reflect factually supportable events that are directly attributable to the merger, and with respect to the statement of operations only, expected to have a continuing impact on consolidated results of operations. These pro forma financial statements should be read in conjunction with:

The accompanying notes to the pro forma financial statements;

Transatlantic s and Allied World s separate unaudited historical condensed consolidated financial statements and notes as of and for the three and six months ended June 30, 2011 included in their respective June 30, 2011 Quarterly Reports on Form 10-Q;

Transatlantic s and Allied World s separate unaudited historical condensed consolidated financial statements and notes as of and for the three months ended March 31, 2011 included in their respective March 31, 2011 Quarterly Reports on Form 10-Q; and

Transatlantic s and Allied World s separate audited historical consolidated financial statements and notes as of and for the year ended December 31, 2010 included in their respective 2010 Annual Reports on Form 10-K.

The pro forma financial information has been prepared for illustrative purposes only. The pro forma adjustments are based on estimates using information available at this time. The pro forma financial information is not necessarily indicative of what the financial position or results of operations actually would have been had the merger been completed at the dates indicated, and include pro forma adjustments which are preliminary and may be revised. There can be no assurance that such revisions will not result in material changes. The financial position and results of operations shown therein are not necessarily indicative of what the past financial position and results of operations of the combined companies would have been nor indicative of the financial position and results of operations of the post-merger periods. The pro forma financial information does not give consideration to the impact of possible revenue enhancements, expense efficiencies, synergies, strategy modifications, asset dispositions or other actions that may result from the merger.

The pro forma financial information has been prepared using the acquisition method of accounting with Transatlantic treated as the accounting acquirer. Accordingly, the assets, liabilities and commitments of Allied World, the accounting acquiree, are adjusted to their estimated June 30, 2011 fair values. The estimates of fair value are preliminary and are dependent upon certain valuations and other studies that have not progressed to a stage where there is sufficient information to make a definitive valuation. Accordingly, actual adjustments to the Consolidated Balance Sheet and Statements of Operations will differ, perhaps materially, from those reflected in the pro forma financial information because the assets and liabilities of Allied World will be recorded at their respective fair values on the date the merger is consummated, and the preliminary assumptions used to estimate these fair values may change between now and the completion of the merger.

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