

TRANSATLANTIC HOLDINGS INC
Form 425
August 19, 2011

FILED BY VALIDUS HOLDINGS, LTD.

PURSUANT TO RULE 425 UNDER THE SECURITIES ACT OF 1933

AND DEEMED FILED PURSUANT TO RULE 14a-12

UNDER THE SECURITIES EXCHANGE ACT OF 1934

SUBJECT COMPANY: TRANSATLANTIC HOLDINGS, INC.

COMMISSION FILE NO. 001-10545

The prospectus / offer to exchange filed on August 19, 2011 by Validus Holdings, Ltd. as part of Amendment No. 3 to its Registration Statement on Form S-4 is incorporated by reference into this filing.

Cautionary Note Regarding Forward-Looking Statements

This prospectus / offer to exchange may include forward-looking statements, both with respect to Validus and its industry, that reflect Validus current views with respect to future events and financial performance. Statements that include the words expect, intend, plan, believe, project, anticipate, will, may, would and similar statements of a future or forward-looking nature are often used to identify forward-looking statements. All forward-looking statements address matters that involve risks and uncertainties, many of which are beyond Validus control. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in such statements and, therefore, you should not place undue reliance on any such statements. Validus believes that these factors include, but are not limited to, the following: 1) uncertainty as to whether Validus will be able to enter into or consummate the proposed transaction on the terms set forth in Validus proposal; 2) uncertainty as to the actual premium that will be realized by Transatlantic stockholders in connection with the proposed transaction; 3) failure to realize the anticipated benefits (including combination synergies) of the proposed transaction, including as a result of delay in completing the transaction or integrating the businesses of Validus and Transatlantic; 4) uncertainty as to the long-term value of Validus voting common shares; 5) unpredictability and severity of catastrophic events; 6) rating agency actions; 7) adequacy of Validus or Transatlantic's risk management and loss limitation methods; 8) cyclicalities of demand and pricing in the insurance and reinsurance markets; 9) Validus ability to implement its business strategy during soft as well as hard markets; 10) adequacy of Validus or Transatlantic's loss reserves; 11) continued availability of capital and financing; 12) retention of key personnel; 13) competition in the insurance and reinsurance markets; 14) potential loss of business from one or more major reinsurance or insurance brokers; 15) the credit risk Validus assumes through its dealings with its reinsurance and insurance brokers; 16) Validus or Transatlantic's ability to implement, successfully and on a timely basis, complex infrastructure, distribution capabilities, systems, procedures and internal controls, and to develop accurate actuarial data to support the business and regulatory and reporting requirements; 17) general economic and market conditions (including inflation, volatility in the credit and capital markets, interest rates and foreign currency exchange rates); 18) the integration of businesses Validus may acquire or new business ventures Validus may start; 19) the legal, regulatory and tax regimes under which Validus operates; 20) the effect on Validus or Transatlantic's investment portfolios of changing financial market conditions, including inflation, interest rates, liquidity, the recent downgrade of U.S. securities by Standard & Poor's and the possible effect on the value of securities in Validus and

Transatlantic's investment portfolios, as well as other factors; 21) acts of terrorism or outbreak of war or hostilities; 22) availability of reinsurance and retrocessional coverage; and 23) the outcome of transaction related litigation, as well as management's response to any of the aforementioned factors.

The foregoing review of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and elsewhere, including the Risk Factors included in Validus' and Transatlantic's most recent reports on Form 10-K and Form 10-Q and other documents of Validus and Transatlantic on file with the Securities and Exchange Commission. Any forward-looking statements made in this prospectus / offer to exchange are qualified in their entirety by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by Validus will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Validus or its business, operations or financial condition. Except to the extent required by applicable law, Validus undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. No rating agency (A.M. Best, Moody's, or Standard & Poor's) has specifically approved or disapproved or otherwise taken definitive action on the potential transaction.

The contents of any websites referenced in this prospectus / offer to exchange are not incorporated by reference into this prospectus / offer to exchange.

Additional Information about the Proposed Transaction and Where to Find It:

This prospectus / offer to exchange relates to the Exchange Offer by Validus to exchange each issued and outstanding share of common stock of Transatlantic for 1.5564 Validus voting common shares and \$8.00 cash. This prospectus / offer to exchange does not constitute an offer to exchange, or a solicitation of an offer to exchange, shares of Transatlantic common stock, nor is it a substitute for the Tender Offer Statement on Schedule TO or the preliminary prospectus/offer to exchange included in the Registration Statement on Form S-4 (including the letter of transmittal and related documents and as amended and supplemented from time to time, the Exchange Offer Documents) and the preliminary proxy statement that Validus has filed with the Securities and Exchange Commission. The Registration Statement has not yet become effective. The Exchange Offer will be made only through the Exchange Offer Documents. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE EXCHANGE OFFER DOCUMENTS AND ALL OTHER RELEVANT DOCUMENTS THAT VALIDUS HAS FILED OR MAY FILE WITH THE SECURITIES AND EXCHANGE COMMISSION IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. All such documents, if filed are or will be available free of charge at the Securities and Exchange Commission's website (<http://www.sec.gov>) or by directing a request to Innisfree M&A Incorporated at (877) 717-3929 (banks and brokers may call collect at (212) 750-5833).

Participants in the Solicitation:

Validus and certain of its directors and officers may be deemed to be participants in any solicitation of shareholders in connection with the proposed transaction. Information about the participants in the solicitation is available in the preliminary proxy statement that Validus filed with the SEC on August 18, 2011 in connection with the special meeting of stockholders of Transatlantic. Other information regarding the participants and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in relevant solicitation materials that Validus may file with the Securities and Exchange Commission in connection with the proposed transaction.

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Buffer Level

2,473.695, 75% of the Initial Index Level

Participation Rate

145%

Valuation Date

August 30, 2021

Calculation Agent

RBC Capital Markets, LLC, a wholly-owned subsidiary of the issuer

Denominations

\$1,000 and any integral multiple of \$1,000

Underwriting

Discount and

Commission

2.91%, of which dealers, including those using the trade name Wells Fargo Advisors (“WFA”), may receive a selling concession of 1.75% and WFA will receive a distribution expense fee of 0.075%

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Investment description

·Linked to the EURO STOXX 50® Index.

·Unlike ordinary debt securities, the securities do not pay interest or repay a fixed amount of principal at maturity.

·Instead, the securities provide for a payment at maturity that may be greater than, equal to or less than the initial public offering price of the securities, depending on the performance of the Index from its Initial Index Level to its

Final Index Level.

The payment at maturity will reflect the following terms:

o If the level of the Index increases:

You will receive the initial public offering price plus 145% participation in the upside performance of the Index

o If the level of the Index stays unchanged or decreases but the decrease is not more than 25%:

You will be repaid the initial public offering price

o If the level of the Index decreases by more than 25%:

You will receive less than the initial public offering price and will have 1-to-1 downside exposure to any decrease in the level of the Index in excess of 25%.

· Investors may lose up to 75% of the initial public offering price

All payments on the securities are subject to the credit risk of Royal Bank of Canada, and you will have no ability to

· pursue the issuer of any securities represented by the Index for payment; if Royal Bank of Canada defaults on its obligations, you could lose some or all of your investment

· No periodic interest payments or dividends

· No exchange listing; designed to be held to maturity

The issuer's initial estimated value of the securities as of the date of the accompanying pricing supplement is \$967.17 per \$1,000 in principal amount, which is less than the public offering price. The market value of the securities at any time will reflect many factors, cannot be predicted with accuracy, and may be less than this amount. See "Risk Factors" and "Supplemental Plan of Distribution – Structuring the Securities" in the accompanying pricing supplement for further information.

The securities are not subject to conversion into our common shares under subsection 39.2(2.3) of the Canada Deposit Insurance Corporation Act.

The securities have complex features and investing in the securities involves risks not associated with an investment in conventional debt securities. See "Selected Risk Considerations" in this term sheet and "Risk Factors" in the accompanying pricing supplement and prospectus supplement.

This final term sheet should be read in conjunction with the accompanying pricing supplement, prospectus supplement and prospectus.

NOT A BANK DEPOSIT AND NOT INSURED OR GUARANTEED BY THE FDIC OR ANY OTHER GOVERNMENTAL AGENCY

Hypothetical payout profile

The profile to the right is based on the Participation Rate of 145% and a Buffer Level equal to 75% of the Initial Index Level.

This graph has been prepared for purposes of illustration only. Your actual return will depend on the actual Final Index Level, and whether you hold your securities to maturity.

Hypothetical returns

Hypothetical Final Index Level	Percentage Change from the Hypothetical Initial Index Level to the Hypothetical Final Index Level	Hypothetical Maturity Payment Amount per Security	Hypothetical Pre-Tax Total Rate of Return on the Securities
0.00	-100.00%	\$250.00	-75.00%
300.00	-90.00%	\$350.00	-65.00%
600.00	-80.00%	\$450.00	-55.00%
900.00	-70.00%	\$550.00	-45.00%
1,200.00	-60.00%	\$650.00	-35.00%
1,350.00	-55.00%	\$700.00	-30.00%
1,500.00	-50.00%	\$750.00	-25.00%
1,650.00	-45.00%	\$800.00	-20.00%
1,800.00	-40.00%	\$850.00	-15.00%
2,100.00	-30.00%	\$950.00	-5.00%
2,250.00 (1)	-25.00%	\$1,000.00	0.00%
2,400.00	-20.00%	\$1,000.00	0.00%
2,700.00	-10.00%	\$1,000.00	0.00%
3,000.00 (2)	0.00%	\$1,000.00	0.00%
3,300.00	10.00%	\$1,145.00	14.50%
3,600.00	20.00%	\$1,290.00	29.00%
3,900.00	30.00%	\$1,435.00	43.50%
4,200.00	40.00%	\$1,580.00	58.00%
4,500.00	50.00%	\$1,725.00	72.50%
4,800.00	60.00%	\$1,870.00	87.00%

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5,100.00	70.00%	\$2,015.00	101.50%
5,400.00	80.00%	\$2,160.00	116.00%
5,700.00	90.00%	\$2,305.00	130.50%
6,000.00	100.00%	\$2,450.00	145.00%

(1) This is the hypothetical Buffer Level.

(2) This is the hypothetical Initial Index Level.

How the maturity payment amount is calculated

The maturity payment amount will be determined as follows:

· If the Final Index Level is greater than the Initial Index Level, the maturity payment amount per security will equal: \$1,000 plus

· If the Final Index Level is equal to or less than the Initial Index Level but greater than or equal to the Buffer Level, the maturity payment amount per security will equal the issue price of \$1,000.00

· If the Final Index Level is less than the Buffer Level, the maturity payment amount per security will equal: \$1,000 -

In such a case, you will lose up to 75% of your principal.

EURO STOXX 50[®] Index daily closing levels*

*The graph above sets forth the daily closing levels of the Index for the period from January 1, 2014 to February 28, 2019. The closing level on February 28, 2019 was 3,298.26. The historical performance of the Index is not an indication of its future performance during the term of the securities.

Selected risk considerations

The risks set forth below are discussed in detail in the “Risk Factors” section in the accompanying pricing supplement. Please review those risk disclosures carefully.

- Your investment may result in a loss of up to 75% of your principal
 - You will not receive interest payments on the securities
 - Your yield may be lower than the yield on a standard debt security of comparable maturity
 - Owning the securities is not the same as owning the common stocks represented by the Index
 - There may not be an active trading market for the securities
 - The amount to be paid at maturity is not linked to the level of the Index at any time other than the valuation date
 - Many factors affect the market value of the securities
 - The securities will be debt obligations of Royal Bank of Canada. No other company or entity will be responsible for payments under the securities
 - Changes that affect the Index will affect the market value of the securities and the maturity payment amount
 - We have no affiliation with the sponsor of the Index and will not be responsible for any actions taken by the sponsor
 - Historical levels of the Index should not be taken as an indication of the future levels of the Index during the term of the securities
 - Hedging transactions may affect the return on the securities
 - Our initial estimated value of the securities is less than the initial public offering price
 - The price, if any, at which you may be able to sell your securities prior to maturity may be less than the initial public offering price and our initial estimated value
 - The initial estimated value of the securities is an estimate only, calculated as of the time the terms of the securities were set
 - Potential conflicts of interest could arise
 - The calculation agent may postpone the valuation date and, therefore, determination of the Final Index Level and the maturity date if a market disruption event occurs on the valuation date
 - There are potential conflicts of interest between you and the calculation agent
 - Risks associated with non-U.S. companies
 - The securities will not be adjusted for changes in exchange rates
 - The tax treatment of the securities is uncertain and gain on the securities may be treated as ordinary income under the constructive ownership rules
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Not suitable for all investors

Investment suitability must be determined individually for each investor. The securities described herein are not a suitable investment for all investors. In particular, no investor should purchase the securities unless they understand and are able to bear the associated market, liquidity and yield risks. Unless market conditions and other relevant factors change significantly in your favor, a sale of the securities prior to maturity is likely to result in sale proceeds that are substantially less than the initial public offering price per security. Royal Bank of Canada, Wells Fargo Securities, LLC and their respective affiliates are not obligated to purchase the securities from you at any time prior to maturity.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling your financial advisor or by calling Royal Bank of Canada at 1-877-688-2301.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company.

Consult your tax advisor

Investors should review carefully the accompanying pricing supplement, prospectus supplement and prospectus and consult their tax advisors regarding the application of the U.S. federal income tax laws to their particular circumstances, as well as any tax consequences arising under the laws of any state, local or foreign jurisdiction
