

Annex 3: Public version

Konkurransetilsynet
Postboks 439 Sentrum
5805 Bergen

Via e-mail post@kt.no

Contains business secrets

Our reference 50560804/1
Lawyer in charge Eivind J Vesterkjær

Oslo, 9 September 2011

STANDARDIZED NOTIFICATION OF A CONCENTRATION – VALIDUS HOLDINGS LTD. / TRANSATLANTIC HOLDINGS INC. – AND REQUEST FOR PARTLY EASE OF THE FORMAL INFORMATION REQUIREMENTS

1 Notifying party

Name: Validus Holdings Ltd.
Reg. number: 98-0501001
Address: 29 Richmond Road, Pembroke
Bermuda HM 08

Contact: Advokat Kristin Hjelmaas Valla / Advokat Svein Terje Tveit
Advokatfirmaet Thommessen AS
Postboks 1484 Vika, 0116 Oslo
khv@thommessen.no / stt@thommessen.no

Tel: 23 11 13 36 / 23 11 14 97

2 Other undertakings concerned

Name: Transatlantic Holdings Inc.
Reg. number: 13-3355897 (I.R.S. Employer Identification No.)
Address: 80 Pine Street, New York
NY 10005 USA

3 Nature of the concentration

Validus Holdings, Ltd. ("**Validus**"), a company incorporated under the laws of Bermuda, is seeking to acquire all the outstanding shares of common stock of Transatlantic Holdings Inc. ("**Transatlantic**").

This would result in the acquisition of sole control of Transatlantic by Validus and thereby constitute a notifiable concentration for the purposes of the Norwegian merger control rules.

Validus intends to acquire sole control of Transatlantic through an unsolicited bid.

On June 12, 2011, Transatlantic and Allied World Assurance Company Holdings, AG ("Allied World"), a global insurance and reinsurance provider, entered into an Agreement and Plan of Merger providing for the combination of their respective businesses (the "Allied World Merger").

Validus is seeking, as an alternative to the Allied World Merger, to acquire all the outstanding shares of common stock of Transatlantic (the "Transatlantic Shares"), resulting in the acquisition of sole control of Transatlantic by Validus. On July 12, 2011, Validus submitted written offer to Transatlantic's board of directors pursuant to which Validus would acquire Transatlantic in a merger transaction (the "Merger Transaction") pursuant to which Transatlantic stockholders would receive 1.5564 Validus voting common shares ("Validus Shares") and US\$8.00 per share in cash in the merger for each Transatlantic Share they own. On July 25, 2011, Validus commenced an unsolicited exchange offer (the "Exchange Offer") pursuant to United States securities laws and the rules of the United States Securities and Exchange Commission (the "SEC") for all the outstanding Transatlantic Shares on the same economic terms as the Merger Transaction. The Merger Transaction and the Exchange Offer are alternative methods for Validus to acquire all of the outstanding Transatlantic Shares. Ultimately, only one of these transaction structures will be pursued to completion. Each of the Merger Transaction and the Exchange Offer are hereinafter referred to as the "Transaction."

Due to the unsolicited nature of the Transaction, Validus does not have access to the necessary Transatlantic turnover information in order to determine whether the turnover thresholds set out in the Norwegian Merger Regulation 2004-04-28-673 Section 2 are met. We therefore respectfully seek the assistance of the Competition Authority in order to verify whether the Transaction is subject to a Norwegian merger filing requirement.

Validus expects that the closing of the Transaction will occur in the fourth quarter of 2011, subject to certain conditions, including the approval of relevant competition authorities. Given the uncertainty arising from Validus' inability to access Transatlantic turnover information due to the unsolicited nature of the Transaction, Validus is simultaneously seeking the assistance of the European Commission ("Commission") by filing a Short Form CO. In addition, Validus is also notifying the Transaction in those jurisdictions where it believes, based on publicly available information, that the applicable filing requirements are met. These jurisdictions are Germany, Italy, Norway, Turkey and the UK.

4 The structure and business areas of the undertakings concerned

4.1 Validus Group

Validus, a company incorporated under the laws of Bermuda, is the parent company of the Validus group of companies ("Validus Group"), a provider of global reinsurance and insurance. The Validus Group conducts its operations worldwide through two wholly-owned operating subsidiaries, Validus Reinsurance, Ltd. ("Validus Re") and Talbot Holdings Ltd. ("Talbot").

Validus Re operates as a Bermuda-based provider of short-tail reinsurance products on a global basis. Validus Re concentrates on first-party risks, which are property risks and other reinsurance lines commonly referred to as short-tail in nature due to the relatively brief period between the occurrence

and payment of a claim. Validus Re provides reinsurance coverage in three main types of reinsurance lines: (i) property; (ii) marine; and (iii) specialty.:

- a) Property** - Validus Re underwrites property catastrophe reinsurance, property per risk reinsurance and property pro rata reinsurance.
- (i) *Property catastrophe* provides reinsurance for insurance companies' exposures to an accumulation of property and related losses from separate policies, typically relating to natural disasters or other catastrophic events. Property catastrophe reinsurance contracts are typically "all risk" in nature, providing protection against losses from earthquakes and hurricanes, as well as other natural and man-made catastrophes such as floods, tornadoes, fires and storms. The predominant exposures covered are losses stemming from property damage and business interruption coverage resulting from a covered peril.
 - (ii) *Property per risk* provides reinsurance for insurance companies' excess retention on individual property and related risks, such as highly-valued buildings. A "risk" in this context might mean the insurance coverage on one building or a group of buildings or the insurance coverage under a single policy which the reinsured treats as a single risk.
 - (iii) *Property pro rata* reinsurance requires that the reinsurer shares the premiums as well as the losses and expenses in an agreed proportion with the cedant.
- b) Marine** - Validus Re underwrites reinsurance on marine risks covering damage to or losses of marine vessels and cargo, third-party liability for marine accidents and physical loss and liability from principally offshore energy properties.
- c) Specialty** - Validus Re underwrites other lines of business depending on an evaluation of pricing and market conditions, which include aerospace and aviation, agriculture, terrorism, life and accident & health, financial lines, nuclear, workers' compensation catastrophe and crisis management.

Talbot is the Bermuda parent of a specialty insurance group primarily operating within the Lloyd's of London ("Lloyd's") insurance market. Similar to Validus Re, Talbot writes primarily short-tail lines of business but, as a complement to Validus Re, focuses mostly on insurance, as opposed to reinsurance risks, and on specialty lines where Validus Re currently has limited or no presence (e.g., war, financial institutions, contingency, accident and health). In addition, Talbot provides Validus with access to the Lloyd's marketplace where Validus Re does not operate. As a London-based insurer, Talbot also writes the majority of its premiums on risks outside the United States.

The Validus Group realized a worldwide turnover in terms of Gross Written Premium ("GWP") of approximately US\$ 1.99 billion in FY2010.

In Norway, the Validus Group realized a turnover of approximately US\$ [REDACTED] (approximately NOK [REDACTED]).

The Validus Group does not have any subsidiary, affiliate or branch office in Norway.

Further information regarding Validus is available at <http://www.validusre.bm/home>

4.2 Transatlantic

Transatlantic 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. Transatlantic operates through its wholly-owned subsidiaries, Transatlantic Reinsurance Company, Trans Re Zurich Reinsurance Company Ltd., and Putnam Reinsurance Company. Transatlantic or one of its subsidiaries is licensed, accredited, authorized or can serve as a reinsurer in the United States and in several international locations including inter alia in Europe, Central and South America, Canada, China, Japan, Australia and Africa. Based on the most recent Annual Report (Form 10-K) filed by Transatlantic with the SEC, it appears that Transatlantic has no subsidiaries incorporated in Norway, cf. Exhibit 21.1, nor any offices in Norway (cf. the last page of the Annual Report). The Annual Report is available at http://www.transre.com/pdfs/TransatlanticRe_2010_AnnualReview.pdf

Transatlantic offers two types of reinsurance based on the underlying insurance coverage:

- a) **Casualty** – Casualty insurance protects the insured against financial loss arising out of its obligation to others for loss or damage to their person or property. Transatlantic’s main lines of casualty reinsurance include other liability (including directors’ and officers’ liability, errors and omissions liability and general casualty), medical malpractice, ocean marine and aviation, auto liability (including non-standard risks), accident and health and surety and credit.
- b) **Property** – Property insurance protects the insured against financial loss arising out of the loss of property or its use caused by an insured peril. Transatlantic’s principal lines of property reinsurance include fire, allied lines, auto physical damage and homeowners multiple peril.

Transatlantic realized total GWPs of approximately US\$ 4.1 billion (approximately NOK 24,7 billion) in FY2010 worldwide.

Validus has no access to information relating to the value of total GWPs collected by Transatlantic in Norway in FY2010.

Further information regarding Transatlantic is available at <http://www.transre.com/>

Due to the unsolicited nature of the Transaction, Validus is unable to access any non-public information of Transatlantic. In this respect, we kindly request the assistance of the Norwegian Competition Authority to ask Transatlantic for any additional information as concerns Transatlantic which is deemed necessary to review this notification.

5 Turnover in Norway for 2010

	Company	Turnover
The acquirer	Validus Holding Ltd.	██████ US\$
Target business	Transatlantic Holdings Inc.	Not available to the acquirer

6 AFFECTED MARKETS

6.1 Overview

The Transaction is global in scope, and primarily realized outside of Norway. The Transaction will not lead to any significant restriction of competition on any market.

Both the Validus Group and Transatlantic provide reinsurance capacity for a full range of risks to insurance and reinsurance companies worldwide. Reinsurance consists of providing insurance coverage to an insurer for part or all of the liability assumed by the insurer under a policy or policies of insurance which has been issued by the insurer to a third party. Accordingly, reinsurance is a means of risk management which transfers risk from an insurer to a reinsurer.

No overlap exists between the Parties' businesses with respect to insurance because only the Validus Group (through Talbot), but not Transatlantic, is active in this segment worldwide. Validus, through Talbot, is active in certain insurance segments that are vertically related to the reinsurance segments in which Transatlantic is active, i.e. property insurance, marine insurance, accident & health insurance and aviation insurance.

Reinsurance. In its previous decisional practice involving the insurance/reinsurance sector the European Commission ("Commission") has considered the reinsurance market as a market separate from direct insurance because of its purpose of spreading risks between insurers and due to a different regulatory framework.^{1 2}

For the purposes of the present notification, Validus believes that the correctly defined market includes the entire reinsurance market, given that reinsurance suppliers can easily expand into other reinsurance segments. Specifically, Validus notes that a reinsurer covering risks of a particular class may readily and quickly switch capital and resources from that class of coverage to a different class of coverage. In addition there are a large number of reinsurers active in the market, supplying reinsurance in respect of a wide range of classes of risk.

With respect to the geographic scope of the reinsurance market, in line with previous decisions of the Commission involving reinsurance, Validus submits that the scope of the relevant geographic market is global due to the need to pool risks on a worldwide basis,³ and considering that most of the largest reinsurers write risks across a range of geographical regions.

Insurance. Within the insurance market, the Commission has in the past distinguished between (i) life insurance, and (ii) non-life insurance.⁴ The Validus Group is not active in the life insurance segment.

¹ See e.g., *CVC/ Apollo / Brit Insurance*, Commission Decision of 19 January 2011 (COMP/M.6053), *Metlife/Alico/Delam*, Commission decision of 24 August 2010 (COMP/M.5925); *AXA/Winterhur*, Commission Decision of 28 August 2006 (COMP/M.4284); *Swiss Re / GE Insurance Solutions*, Commission decision of 24 April 2006 (COMP/M.4059); *Berkshire Hathaway / General Re*, Commission decision of 18 September 1998 (IV/M.1306).

² The Commission has also considered a possible further segmentation of the reinsurance market into life reinsurance and non-life reinsurance, and within each of these sub-segments, a distinction based on the class of risks covered. However, the Commission has in this regard left the precise market definition open because the transactions under assessment did not raise any competition concerns, see e.g., *CVC/ Apollo / Brit Insurance* (COMP/M.6053); *MetLife / Alico / Delam* (COMP/M.5925); *Swiss Re / GE Insurance Solutions* (COMP/M.4059); *Berkshire Hathaway / General Re* (IV/M.1306).

³ See e.g., case COMP/M.6053 - *CVC/ Apollo / Brit Insurance*; case COMP/M.5925, *MetLife / Alico / Delam*; case No COMP/M.4059 - *Swiss Re / GE Insurance Solutions*; case IV/M.1306, *Berkshire Hathaway / General Re*.

⁴ See e.g. case COMP/M.5925 - *Metlife/Alico/Delam*; case COMP/M.4284 - *AXA/Winterhur*.

The Commission noted that on the demand side both life and non-life insurance may theoretically be divided into as many individual product markets as there are different kinds of risks covered, given that their characteristics, premiums and purposes are distinct and that there is no substitutability from the consumers' perspective between different risks insured.⁵ For example, the Commission has established a separate market for aviation insurance.⁶ However, the Commission has also found that, from a supply-side perspective, the conditions for insurance of different risk types are quite similar and most large insurance companies are active in several risk types. Therefore Validus submits that there is a single market for all types of non-life insurance.⁷

For the purposes of the present notification Validus believes that the correctly defined market is the non-life insurance market. However a precise definition can be left open because the Transaction will not raise any competition concerns on this market regardless of how the market is defined.

With respect to the geographic scope of the insurance market, the Commission in prior decisions considered the markets for life insurance and non-life insurance to be national in scope,⁸ with a possible exception for aviation insurance which was found to be at least EEA-wide.⁹ In any event, the precise geographic market definition can also be left open in this case because, under any hypothetical definition, the Transaction does not give rise to any competition concerns.

6.2 Competitive assessment

Reinsurance

As shown in the table below, the Parties' combined share out of the total Net Written Premiums ("NWPs") of the top 40 global reinsurance groups would be below 4%.¹⁰ Even though Validus does not have additional relevant share information, it can reasonably be concluded that the combined firm share would be even lower in a total reinsurance market that would include all reinsurers, and not just the top 40 reinsurers worldwide.

The global reinsurance market is highly fragmented and characterized by robust competition by strong global insurance and reinsurance providers including Munich Re, Swiss Reinsurance, Hannover Rueckversicherung, Berkshire Hathaway, and SCOR, among others.

There are no readily available shares for the reinsurance sector. The table below contains share estimates from Standard & Poor's ("S&P") 2010 reinsurance report, which provides a ranking of the top 40 reinsurance companies based on NWPs. Validus understands that this report includes all of the NWPs of the top reinsurance companies, including not only reinsurance NWPs but also insurance NWPs. As a result, depending on the degree of the insurance activities of some of Validus' and Transatlantic's competitors, some of their shares might be overstated (as they also include insurance premiums).

⁵ See e.g., case COMP/M.5384 - *BNP Paribas/Fortis*, decision of 3 December 2008, para. 69.

⁶ See case COMP/M.3035 - *Berkshire / Hathaway / Converium / Gaum / JV*, decision 28 February 2003, paras. 26-28.

⁷ See case COMP/M.3035 - *Berkshire / Hathaway / Converium / Gaum / JV*, para. 25.

⁸ *Berkshire / Hathaway / Converium / Gaum / JV* (COMP/M.3035), para 29. ; *Sampo / Varma Sampo / IF Holding / JV*, Commission Decision 12 December 2001 (COMP/M.2676), paras 17-18.

⁹ *Berkshire / Hathaway / Converium / Gaum / JV* (COMP/M.3035), para 32.

¹⁰ The major industry analysis like the third-party report Standard & Poor's Global Reinsurance Highlights 2010 rank the reinsurance providers based on NWPs (and not GWPs). The S&P annual rankings (the source for Table 1 below) are widely used for the reinsurance marketplace by companies and news sources. As a result of general industry practices, Validus believes that the share percentages set forth in the table should not be materially different from those based on GWPs. A copy of the S&P report is provided as **Annex 1**.

However, the shares attributed to Validus and Transatlantic by S&P (see table) are not materially different from Validus' own estimates in a reinsurance-only market. According to Aon Benfield's consulting arm, Inpoint, the reinsurance industry GWP worldwide is approximately US\$ [REDACTED]. In 2011, Validus is projected to write approximately US\$ [REDACTED] of reinsurance GWPs in 2011 while Transatlantic wrote US\$3.88 billion in 2010. Based on these figures, the combined- firm share would be approximately [REDACTED]%, out of which Validus has a [REDACTED]% and Transatlantic a [REDACTED]% share. These estimates are not materially different than the [REDACTED]% combined-firm share estimated in the S&P share estimates for 2009 that are reproduced in the table below.

Validus has been unable to obtain information regarding the shares of its competitors in the reinsurance market other than as set forth in the S&P estimates described herein. We have used such estimates herein as a proxy for the shares of the Parties' competitors in the reinsurance market, but note that such shares could be overstated since several competitors also have non-de minimis insurance activities and the report is limited to the top 40 (and not all) reinsurance players.

<i>NWPs and shares of NWPs for reinsurance worldwide</i>		
Total Reinsurance Worldwide (2009)¹¹		
Company	NWPs (US\$mm)	% Top 40
Munich Re	[REDACTED]	[REDACTED]
Swiss Reinsurance	[REDACTED]	[REDACTED]
Hannover Rueckversicherung	[REDACTED]	[REDACTED]
Berkshire Hathaway	[REDACTED]	[REDACTED]
SCOR	[REDACTED]	[REDACTED]
<i>Validus</i>	[REDACTED]	[REDACTED]
<i>Transatlantic</i>	[REDACTED]	[REDACTED]
<i>Validus + Transatlantic</i>	[REDACTED]	[REDACTED]
Total Top 40¹	[REDACTED]	[REDACTED]

Source: Standard & Poor's Global Reinsurance Highlights 2010

¹ On July 8, 2009, Validus signed a definitive agreement to combine with IPC Holdings, Ltd. The data presented is combined pro forma for Validus and IPC Re.

Validus estimates that even in the narrower overlap reinsurance segments for property, marine, aerospace and accident and health, the combined firm share would be below [REDACTED]% in terms of GWPs both on a global and EEA-wide basis.

Even though Validus does not have information about shares in the reinsurance sector or the narrower overlap reinsurance segments in Norway, Validus believes that the combined-firm share in Norway would not be materially different from the combined-firm share on a global basis, both for reinsurance and the narrower hypothetical reinsurance segments where the Parties' activities overlap.

In conclusion, post-transaction the combined entity will continue to have a very modest market position in the global reinsurance market, even on the narrowest hypothetical sub-segments based on the classes

¹¹ Since total market size estimates for the year 2010 are not yet available, premiums and NWP-based shares are based on 2009 figures.

of risks covered. In addition, it will continue to be competitively constrained by numerous and well-established global reinsurance players. As a result, it is clear that the Transaction does not give rise to any significant impediment to effective competition worldwide and in Norway.

Insurance

Validus, through Talbot, is active in certain insurance segments that are vertically related to the reinsurance segments in which Transatlantic is active, *i.e.* property insurance, marine insurance, accident & health insurance and aviation insurance. In 2010, Talbot wrote approximately € [REDACTED] of insurance premiums in terms of GWPs in Norway.

Talbot's non-life insurance activities give rise to a potential buy-sell relationship, given that insurers like Talbot purchase reinsurance to reduce their exposure to risk.

However, the Transaction does not give rise to any vertical foreclosure concerns in Norway or elsewhere, given that (i) Talbot's demand for reinsurance premiums represents less than [REDACTED]% of the total demand for reinsurance premiums on a worldwide basis, and (ii) the combined Validus/Transatlantic share of supply of reinsurance will be well below [REDACTED]% both on a worldwide basis and in Norway. As a result, even if Talbot purchased all of its reinsurance requirements from a combined Validus/Transatlantic, this would not give rise to vertical foreclosure, given that (i) insurers would continue to have a vast range of alternative reinsurance suppliers other than Validus/Transatlantic, and (ii) reinsurers would continue to have a vast range of insurance customers, other than Talbot.

7 Most important competitors, customers and suppliers

7.1 Reinsurance

7.1.1 Five most important competitors

Munich Re; Swiss Reinsurance; Hannover Rueckversicherung; Berkshire Hathaway and SCOR.

7.1.2 Five most important customers

Worldwide: [REDACTED]

Norway: [REDACTED]

7.1.3 Five most important suppliers

Validus does not have suppliers in traditional terms. For the sake of good order Validus has listed the names of the most important brokers who source the vast majority of Validus' business: March Inc./Guy Carpenter & Co, Aon Benfield Group Ltd. and Willis Group Holdings Ltd., see page 12 of Validus' Form 10-K report.

7.2 Insurance market:

As described above in Section 6, the parties do not have any overlapping activities in the insurance market. Pursuant to Section 18 (e) of the Norwegian Competition Act, it is therefore not considered necessary to name the most important competitors, customers and suppliers of the parties.

8 ANNUAL REPORTS AND ANNUAL ACCOUNTS

The annual report and accounts of 2010 for Validus Group is enclosed as annex 2 and is also available at <http://investorrelations.validusholdings.com/phoenix.zhtml?c=207971&p=irol-reportsannual>

The annual report and accounts of 2010 for Transatlantic is available at the home page of the company at http://www.transre.com/pdfs/TransatlanticRe_2010_AnnualReview.pdf

9 BUSINESS SECRETS

The notification contains business secrets. A public version of the notification where business secrets are highlighted in yellow is attached as Annex 3 to the notification.

10 REQUEST TO EASE PARTS OF THE FORMAL INFORMATION REQUIREMENTS

As mentioned in section 3 and 4.2, Validus is, due to the unsolicited nature of the Transaction, not in a position to provide any non-public information of Transatlantic.

In the opinion of Validus the present notification comply with the formal requirements of a standardized notification with the exception of the requirement in Section 18, 2nd paragraph, letter e), i.e. the names of the five most important customers and possibly suppliers of Transatlantic within reinsurance.

Accordingly, we respectfully ask the Competition Authority to ease the above-mentioned requirement(s) in accordance with the last paragraph of Section 18.

11 CONCLUDING REMARKS

The Transaction will not have any significant impact on competition as the increase in concentration will be marginal and parties market share after the transaction will in any case be below ■% regardless of how the relevant product and geographic markets are defined.

Med vennlig hilsen
Advokatfirmaet Thommessen AS



Kristin Hjelmaas Valla

Advokat

Annexes