

Allied World Assurance Co Holdings, AG  
Form DEF 14A  
November 09, 2015

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.     )

Filed by the Registrant o

Filed by a Party other than the Registrant o

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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**ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG**

**NOTICE OF SPECIAL SHAREHOLDER MEETING  
TO BE HELD ON December 9, 2015**

November 9, 2015

To Our Shareholders:

An Extraordinary General Meeting of Shareholders (the "Special Shareholder Meeting") of Allied World Assurance Company Holdings, AG will be held at 2:00 p.m., local time, on December 9, 2015 at the company's corporate headquarters, Park Tower, 15<sup>th</sup> Floor, Gubelstrasse 24, 6300 Zug, Switzerland, for the following purposes:

To elect two nominees as directors to hold office until the company's Annual Shareholder Meeting in 2016;

To approve the 2015 compensation for the new directors; and

To transact such other further business, if any, as lawfully may be brought before the meeting.

Only shareholders of record holding common shares, as shown by the transfer books of the company, as of the close of business on November 2, 2015 are entitled to vote at the Special Shareholder Meeting.

**Please promptly sign, date and return the enclosed proxy card in the return envelope furnished for that purpose whether or not you plan to attend the meeting. If you later desire to revoke your proxy for any reason, you may do so in the manner described in the attached Proxy Statement. For further information concerning the individual director nominees, use of the proxy and other related matters, you are urged to read the Proxy Statement on the following pages.**

By Order of the Board of Directors,

Theodore Neos  
Corporate Secretary

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**ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG**

**Park Tower, 15th Floor  
Gubelstrasse 24  
6300 Zug, Switzerland**

**PROXY STATEMENT**

**GENERAL MEETING INFORMATION**

**Q:**

**Why am I receiving these materials?**

**A:**

You are receiving these materials because you are a shareholder of Allied World Assurance Company Holdings, AG as of the Record Date (as defined below). The board of directors (the "Board") of the company is soliciting the enclosed proxy to be voted at the Extraordinary General Meeting of Shareholders to be held at 2:00 p.m., local time, on December 9, 2015 at the company's corporate headquarters, Park Tower, 15<sup>th</sup> Floor, Gubelstrasse 24, 6300 Zug, Switzerland (the "Special Shareholder Meeting"). This Proxy Statement summarizes the information you need to know to vote at the Special Shareholder Meeting.

When the enclosed proxy card is properly executed and returned, the company's registered voting shares (the "common shares") it represents will be voted, subject to any direction to the contrary, at the Special Shareholder Meeting **FOR** the matters specified in the Notice of Special Shareholder Meeting attached hereto and described more fully herein.

This Proxy Statement, the attached Notice of Special Shareholder Meeting and the enclosed proxy card are being first mailed to shareholders on or about November 9, 2015.

Except as the context otherwise requires, references in this Proxy Statement to "we," "us," "our" and the "company" refer to Allied World Assurance Company

Holdings, AG and its direct and indirect subsidiaries on a consolidated basis. Also, in this Proxy Statement, "\$" and "USD" refer to U.S. dollars, "CHF" refers to Swiss francs and "local time" means the time in Switzerland.

**Q:**

**Who is entitled to vote?**

**A:**

The Board has set November 2, 2015, as the record date for the Special Shareholder Meeting (the "Record Date"). Holders of our common shares as of the close of business on the Record Date will be entitled to vote at the Special Shareholder Meeting. As of October 26, 2015, there were outstanding 90,912,887 common shares.

Beneficial owners of our common shares and shareholders registered in our share register with common shares at the close of business on the Record Date are entitled to vote at the Special Shareholder Meeting. Shareholders not registered in our share register as of the Record Date will not be entitled to attend, vote or grant proxies to vote at the Special Shareholder Meeting. No shareholder will be entered in our share register as a shareholder with voting rights between the close of business on the Record Date and the opening of business on the day following the Special Shareholder Meeting. Continental Stock Transfer & Trust Company, as transfer agent, which maintains our share register, will, however, continue to register transfers of our registered shares in the share register in its capacity as transfer agent during this period.

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**Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?**

A: Most of our shareholders hold their shares through a bank, brokerage firm or other nominee rather than directly in their own name. As summarized below, there are some differences between shares held of record and those owned beneficially.

***Shareholder of Record***

If your common shares are registered directly in your name, as registered shares entitled to voting rights, in our share register operated by our transfer agent, Continental Stock Transfer & Trust Company, you are considered, with respect to those shares, the shareholder of record and these proxy materials are being sent to you directly by us. As the shareholder of record, you have the right to grant your voting proxy directly to the independent proxy (see "How do I appoint and vote via an independent proxy if I am a shareholder of record?" below) mentioned in the proxy card, or to grant a written proxy to any person who does not need to be a shareholder or to vote in person at the Special Shareholder Meeting.

***Beneficial Owner***

If your common shares are held by a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your bank, brokerage firm or other nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial

owner, you have the right to direct your bank, broker or other nominee on how to vote your common shares and are also invited to attend the Special Shareholder Meeting. However, since you are not the shareholder of record, you may only vote these common shares in person at the Special Shareholder Meeting if you follow the instructions described below under the heading "How do I vote?" Your bank, brokerage firm or other nominee has enclosed a voting instruction card for you to use in directing your bank, broker or other nominee as to how to vote your common shares, which may contain instructions for voting by telephone or electronically.

**Q: How many votes are required to transact business at the Special Shareholder Meeting?**

A: A quorum is required to transact business at the Special Shareholder Meeting. Without giving effect to the limitation on voting rights described below, the quorum required at the Special Shareholder Meeting is 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 common shares registered in our share register.

**Q: What will I be voting on, what vote is required and how will abstentions and "broker non-votes" be counted?**

A: The following chart describes the proposals to be considered at the meeting, the vote required to adopt each proposal and the manner in which the votes will be counted:

	<b>Proposal</b>	<b>Vote Required</b>	<b>Effect of Abstentions</b>	<b>Effect of "Broker Non-Votes"</b>
<b>1</b>	Election of Directors	Majority of votes cast	Vote not counted	Vote not counted
<b>2</b>	Approve the 2015 Compensation for New Directors	Majority of votes cast	Vote not counted	Vote not counted



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- Abstentions and "broker non-votes" will be counted toward the presence of a quorum at the Special Shareholder Meeting.
- "Broker non-votes" are shares held by banks or brokers for which voting instructions have not been received from the beneficial owners or the persons entitled to vote those shares and for which the bank or broker does not have discretionary voting power under rules applicable to broker-dealers. If you own shares through a bank or brokerage firm and you do not instruct your bank or broker how to vote, your bank or broker will not have discretion to vote on the matters at the Special Shareholder Meeting since they are "non-routine" matters.

**Q: What are the voting recommendations of the Board?**

**A:** Your Board unanimously recommends that you vote **FOR** the election of the nominees as directors and the approval of the 2015 compensation for the new directors elected under Proposal 1.

**Q: How does the voting take place at the Special Shareholder Meeting?**

**A:** A vote will be taken on all matters properly brought before the Special Shareholder Meeting. Each shareholder present who elects to vote in person and each person holding a valid proxy is entitled to one vote for each common share owned or represented.

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

**A:** Holders of our common shares are entitled to one vote per share on each matter to be voted upon by the shareholders at the Special Shareholder Meeting, unless you own Controlled Shares that constituted 10% or more of the issued common shares, 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 our Articles of Association. Our Articles of Association define "Controlled Shares" generally to include all shares of the company directly, indirectly or constructively owned or beneficially owned by any person or group of persons.

**Q: How do I vote?**

**A:** The manner in which your shares may be voted depends on how your shares are held. If you own shares of record, meaning that your common shares are represented by certificates or book entries in your name so that you appear as a shareholder of record in the company's share register maintained by our transfer agent, Continental Stock Transfer & Trust Company, a proxy card for voting those shares will be included with this Proxy Statement. 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 common shares in person at the Special Shareholder Meeting.

If you own shares through a bank, brokerage firm or other nominee you may instead receive from your bank, brokerage firm or nominee a voting instruction form with this Proxy Statement that you may use to instruct them 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, brokerage firms and other nominees 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 shares in person at the meeting, you must obtain a proxy from your bank, broker or nominee giving you the right to vote your common shares at the Special Shareholder Meeting.



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We have requested that bank, brokerage and other nominees forward solicitation materials to the beneficial owners of common shares and will reimburse the banks, brokers and other nominees for their reasonable out-of-pocket expenses for forwarding the materials.

**Q: Who will count the vote?**

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

**Q: What does it mean if I receive more than one set of the Proxy Statement and proxy card?**

A: Generally, it means that you hold shares registered in more than one account. You should complete, sign and return each proxy card you receive to ensure that all of your shares are voted.

**Q: What happens if I sign and return my proxy card but do not indicate how to vote my shares?**

A: If no instructions are provided in an executed proxy card, the common shares represented by the proxy will be voted at the Special Shareholder Meeting in accordance with the Board's recommendation for each proposal. As to any other business that may properly come before the Special Shareholder Meeting, you may provide general instructions, as indicated on the proxy card, as to how such other business is to be voted. If you provide no instruction, the common shares represented by the proxy will be voted in accordance with the Board's recommendation as to such business.

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

A: If you are a shareholder of record as of the Record Date, under Swiss law you may authorize the independent proxy, Buis Buergi AG, Muehlebachstrasse 8, P.O. Box 672, CH-8024 Zurich, Switzerland, e-mail at proxy@bblegal.ch, with full rights of substitution, to vote your common shares on your behalf. If you authorize the independent proxy to vote your shares without giving instructions (or without giving clear instructions), your shares will be voted in accordance with the recommendations of the Board 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 Special Shareholder Meeting, you may provide general instructions, as indicated on the proxy card, as to how such other business is to be voted. If you provide no instruction, the common shares represented by the proxy will be voted in accordance with the Board's recommendation as to such business. Proxy cards authorizing the independent proxy to vote your shares must be sent directly to the independent proxy, arriving no later than 6:00 a.m., local time, on December 9, 2015. If sending by e-mail to the independent proxy, you must attach the executed proxy card in order for your vote to be counted.

**Q: Can I change my vote after I have mailed my signed proxy card or otherwise instructed how my shares are to be voted?**

A: Yes. You may change your vote:

- By providing the Corporate Secretary with written notice of revocation, by voting in person at the Special Shareholder Meeting or by executing a later-dated proxy card; *provided,*

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*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;

- If you have granted your proxy to the independent proxy, by providing Buis Buergi AG with written notice of revocation, by voting in person at the 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 6:00 a.m., local time, on December 9, 2015 either by mail to Buis Buergi AG, Muehlebachstrasse 8, P.O. Box 672, CH-8024 Zurich, Switzerland or by e-mail at proxy@bblegal.ch; or
- If you own shares through a bank, brokerage firm or other nominee, by obtaining a proxy from your bank, broker or nominee giving you the right to vote your common shares at the Special Shareholder Meeting.

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

**Q: Who pays the costs of soliciting proxies?**

**A:** We will bear the cost of the solicitation of proxies. Solicitation will be made by mail, and may be made by our directors, officers and employees, personally or by telephone, facsimile or other electronic means, for which our directors, officers and employees will not receive any additional compensation. Proxy cards and materials also will be distributed to beneficial owners of common shares through banks, brokers, custodians, nominees and other parties, and the company expects to reimburse such parties for their reasonable charges and expenses. We may retain a proxy solicitor to assist in the solicitation of proxies, for which we would pay usual and customary fees.

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**Organizational Matters Required by Swiss Law**

**Admission to the Special Shareholder Meeting**

Shareholders who are registered in our share register on the Record Date will receive the Proxy Statement and proxy card from Continental Stock Transfer & Trust Company, our transfer agent. Beneficial owners of 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 Special Shareholder Meeting must 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 Special Shareholder Meeting an account statement or letter from your bank, brokerage firm or other nominee indicating that you are the owner of the common shares. Shareholders of record registered in our share register are entitled to participate in and vote at the 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 company's Articles of Association, a summary of which is contained in " How many votes do I have?" Please see the questions and answers provided under " General Meeting Information" for further information.

**Granting a Proxy**

If you are a shareholder of record please see " How do I vote?" and " How do I appoint and vote via an independent proxy if I am a shareholder of record?" above in the Proxy Statement for more information on appointing an independent proxy.

*Registered shareholders who have appointed the independent proxy as a proxy may not vote in person at the 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 by no later than 6:00 a.m., local time, on December 9, 2015 either by mail to Buis Buerger AG, Muehlebachstrasse 8, P.O. Box 672, CH-8024 Zurich, Switzerland or by e-mail at proxy@bblegal.ch.*

As indicated on the proxy card, with regard to the items listed on the agenda and without any explicit instructions to the contrary, the independent proxy will vote according to the recommendations of the Board. 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 Special Shareholder Meeting are being put forth before the meeting, the independent proxy will vote in accordance with the position of the Board 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 Special Shareholder Meeting.*

**Admission office**

The admission office opens on the day of the Special Shareholder Meeting at 1:30 p.m. local time. 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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**PROPOSAL 1**  
**ELECTION OF DIRECTORS**

The Board is currently composed of seven directors. The Nominating & Corporate Governance Committee has recommended electing to the Board two additional directors, and the director nominees are being presented for election at the Special Shareholder Meeting to serve as directors until the Annual Shareholder Meeting in 2016. The nominees are not current members of the Board.

**Your Board unanimously recommends a vote FOR each nominee, Ms. Patricia L. Guinn and Ms. Fiona E. Luck, as listed on the enclosed proxy card.** It is not expected that the nominees will become unavailable for election as directors but, if either of the nominees should become unavailable prior to the meeting, proxies will be voted for such other person or persons as your Board shall recommend. Please note that by signing, dating and returning the enclosed proxy card, you also agree that the Special Shareholder Meeting will be chaired by Mr. Wesley D. Dupont, our Executive Vice President & General Counsel, in accordance with Article 13 of the company's Articles of Association.

The biographies of Ms. Guinn and Ms. Luck below contain information regarding their respective 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.

**Patricia L. Guinn, 60**

**Position, Principal Occupation and Business Experience:**

Ms. Guinn retired from Towers Watson in June 2015 where she served as Managing Director of its Risk and Financial Services segment and a member of its Management Committee since 2010. Prior to this, she held a variety of leadership roles at Towers Perrin, one of Towers Watson's predecessor companies, which she joined in 1976. For more than 30 years, Ms. Guinn has consulted on risk management, mergers and acquisitions, financial analysis and performance measurement for insurance companies. Ms. Guinn previously served on the board of directors of Towers Perrin from 2001 to 2005 and again from 2008 to 2010. Ms. Guinn is currently a director of the International Insurance Society. She is a Fellow of the Society of Actuaries, a member of the American Academy of Actuaries and a Chartered Enterprise Risk Analyst.

**Director Since:**

N/A

**Board Committees:**

N/A

**Other Current**

**Public Boards:**

None

**Key Attributes, Experience and Skills:**

The Board believes that, among other qualifications, Ms. Guinn's extensive experience in the insurance and reinsurance industry as well as expertise with risk management matters give her the skills to serve as a director.

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**Fiona E. Luck, 58**

**Director Since:**

N/A

**Board Committees:**

N/A

**Other Current**

**Public Boards:**

None

**Position, Principal Occupation and Business Experience:**

Ms. Luck served as Executive Vice President and Chief of Staff at XL Group plc ("XL") from June 2006 until June 2009 and then Special Advisor to the Chief Executive Officer until January 2010. From 1999 to 2006, she served in various roles at XL, including as Executive Vice President of Group Operations and Interim Chief Financial Officer. From 1997 to 1999, she served as Senior Vice President of Financial Lines and later as Executive Vice President of Joint Ventures and Strategic Alliances at ACE Bermuda Insurance Ltd. From 1983 to 1997, she served in various roles at Marsh and McLennan, Inc., including as Managing Director and Head of the Global Broking operations in Bermuda. She is currently a member of the board of directors of the Bermuda Monetary Authority where she serves on its Audit & Risk Management Committee, Human Capital Committee and Non-Executive Directors Committee; and Gen Life Ltd and Gen Two Ltd. She previously served on the board of directors of Caitlin Group Ltd from August 2012 until its merger with XL in May 2015 where she was Chair of the Compensation Committee and a member of the Audit, Investment and Nomination Committees. She also served on the board of directors of Kenbelle Capital LP from 2012 to 2015, Hardy Underwriting Bermuda Ltd. from 2010 to 2012 and Primus Guaranty Ltd. from 2007 to 2009. Ms. Luck also serves on the board of trustees of the David Shepherd Wildlife Foundation and the board of directors of Knowledge Quest. She is a member of the Institute of Chartered Accountants of Scotland.

**Key Attributes, Experience and Skills:**

The Board believes that, among other qualifications, Ms. Luck's extensive expertise and experience in the insurance and reinsurance industry give her the skills to serve as a director.

If the shareholders do not approve this proposal, the Board may call an extraordinary general meeting of shareholders for reconsideration of this proposal.

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The following individuals are the company's continuing directors:

**Barbara T. Alexander, 66**

**Position, Principal Occupation and Business Experience:**

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 Chairperson of the Finance Committee; and Choice Hotels International, Inc., where she is Chairperson of the Audit Committee and a member of the Diversity Committee. Ms. Alexander previously served on the board of directors of KB Home from October 2010 to April 2014, 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.

**Key Attributes, Experience and Skills:**

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. The Board believes that, 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.

**Director Since:**

August 2009

**Board Committees:**

Audit (Chair),  
Compensation, Enterprise  
Risk and Investment

**Other Current**

**Public Boards:**

QUALCOMM Incorporated  
(NASDAQ: QCOM)  
and  
Choice Hotels  
International (NYSE: CHH)

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**Scott A. Carmilani, 51**

**Position, Principal Occupation and Business Experience:**

Mr. Carmilani was elected our President and Chief Executive Officer in January 2004 and was appointed Chairman of the Board in January 2008. Mr. Carmilani was, prior to joining our company as Executive Vice President in February 2002, the President of the Mergers & Acquisition Insurance Division of subsidiaries of American International Group, Inc. ("AIG") 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 our company, he held a succession of underwriting and management positions with subsidiaries of AIG since 1987. Mr. Carmilani is currently a member of the board of trustees of the Visiting Nurse Association (VNA) Health Group, Inc. of New Jersey.

**Key Attributes, Experience and Skills:**

The Board believes that, 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.

**Director Since:**  
September 2003

**Board Committees:**  
Executive (Chair)

**Other Current  
Public Boards:**  
None

**James F. Duffy, 72**

**Position, Principal Occupation and Business Experience:**

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.

**Key Attributes, Experience and Skills:**

The Board believes that, 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.

**Director Since:**  
July 2006

**Board Committees:**  
Audit, Compensation,  
Executive and Nominating  
& Corporate Governance

**Other Current  
Public Boards:**  
None

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**Bart Friedman, 70**

**Position, Principal Occupation and Business Experience:**

Mr. Friedman was elected Vice 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 chairman of the board of directors of Sanford Bernstein Mutual Funds, where he is a member of the Audit Committee and the Nominating and Governance Committee. He is also the chairman of the Audit Committee of The Brookings Institution and is a member of the board of directors of the Lincoln Center for the Performing Arts, where he is chairman of the Audit Committee and the Compensation Committee.

**Key Attributes, Experience and Skills:**

The Board believes that, among other qualifications, Mr. Friedman's extensive expertise and experience in corporate governance and investment matters give him the skills to serve as a director.

**Director Since:**  
March 2006

**Lead Independent Director**

**Board Committees:**  
Compensation,  
Investment and  
Nominating & Corporate  
Governance (Chair)

**Other Current  
Public Boards:**  
Sanford Bernstein  
Mutual Funds

**Patrick de Saint-Aignan, 66**

**Position, Principal Occupation and Business Experience:**

Mr. de Saint-Aignan 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); 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; and a member of the board of directors and non-executive Chairman of the European Kyoto Fund (2010 - 2011). 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 and its Examining and Audit Committee.

**Key Attributes, Experience and Skills:**

The Board believes that, 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.

**Director Since:**  
August 2008

**Board Committees:**  
Audit, Compensation,  
Enterprise Risk (Chair)  
and Investment

**Other Current  
Public Boards:**  
State Street Corporation  
(NYSE: STT)



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**Eric S. Schwartz, 52**

**Position, Principal Occupation and Business Experience:**

Mr. Schwartz is the founder and has been Chief Executive Officer of 76 West Holdings, a private investment company, since June 2008. In support of the activities of 76 West, he has served as Chairman of Applied Data Finance, LLC, a non-prime consumer finance company since November 2014; as a director of Demica Limited, a trade finance company since July 2014; as Chairman of Jefferson National Financial Corp., an insurance company focused on the variable annuity market, since January 2012; as Chairman of Gold Bullion International LLC, a precious metals dealer, since January 2012; as a director of Indostar Capital Finance, a finance company based in India, since April 2011; and as a director of Binary Event Network, an electronic prediction marketplace, since May 2011. He has served as a director of Atlanta Hawks Basketball & Entertainment, LLC since March 2014. He also served as Chairman-elect of Nikko Asset Management from June 2008 until its sale in June 2009; and as a director of Prosper Marketplace, an internet-based consumer lending company, from March 2012 until January 2013. Mr. Schwartz is a former Co-CEO of Goldman Sachs Asset Management. He joined The Goldman Sachs Group, Inc. ("Goldman Sachs") in 1984 and served in various leadership positions at the firm during his tenure at Goldman Sachs. In 1994, he became a partner in the Equity Capital Markets unit of Goldman Sachs' Investment Banking Division and later served as Co-Head of its Global Equities and Investment Management Divisions. He joined Goldman Sachs' Management Committee in 2001 and was named Co-Head of its Partnership Committee in 2005. In June 2007, he retired from Goldman Sachs. He serves as a director of the Food Bank for New York City and as a director of Securing America's Future Energy.

**Key Attributes, Experience and Skills:**

The Board believes that, among other qualifications, Mr. Schwartz's broad experience and expertise in corporate finance and investment matters as well as his international business background give him the skills to serve as a director.

**Director Since:**  
October 2013

**Board Committees:**  
Compensation and Investment (Chair)

**Other Current Public Boards:**  
None

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**Samuel J. Weinhoff, 65**

**Position, Principal Occupation and Business Experience:**

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 and the Nominating and Governance Committee and Chairman of the Audit Committee. Mr. Weinhoff served on the board of directors of Inter-Atlantic Financial, Inc. from July 2007 to October 2009.

**Key Attributes, Experience and Skills:**

The Board believes that, among other qualifications, Mr. Weinhoff's extensive insurance and reinsurance industry experience as well as expertise in corporate finance and strategic planning matters give him the skills to serve as a director.

**Director Since:**  
July 2006

**Board Committees:**  
Audit, Compensation (Chair), Enterprise Risk, Executive, Investment and Nominating & Corporate Governance

**Other Current Public Boards:**  
Infinity Property and Casualty Corporation (NASDAQ: IPCC)

**Board and Committee Membership<sup>(1)</sup>**

Name	Audit	Compensation	Enterprise Risk	Executive	Investment	Nominating
Barbara T. Alexander*	C	•	•		•	
Scott A. Carmilani				C		
James F. Duffy*	•	•		•		•
Bart Friedman**		•			•	C
Patrick de Saint-Aignan*	•	•	C		•	
Eric S. Schwartz*		•			C	
Samuel J. Weinhoff*	•	C	•	•	•	•
<i>Number of 2014 Meetings</i>	<b>6</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>4</b>	<b>3</b>

• Member      C Chair      \* Independent Director      \*\* Lead Independent Director

(1) All committees, except the Executive Committee, are comprised of independent directors only.

**Director Independence**

The Board has determined that Ms. Alexander and Messrs. Duffy, Friedman, de Saint-Aignan, Schwartz and Weinhoff are, and Ms. Guinn and Ms. Luck would be upon election, independent directors under the listing standards of the New York Stock Exchange (the "NYSE"). We require that a majority of our directors meet the criteria for independence under applicable law and the rules of the NYSE. The Board 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. In making its determination of independence, the Board applied these standards for director independence and determined that no material relationship existed between the company and these directors. A copy of the Board Policy on Director Independence was attached as an appendix to our Proxy Statement filed with the SEC on March 13, 2015.

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**Meetings and Committees of the Board**

During the year ended December 31, 2014, there were six meetings of our Board (including regularly scheduled and special meetings), six meetings of the Audit Committee, four meetings of the Compensation Committee, five meetings of the Enterprise Risk Committee, no meeting of the Executive Committee, four meetings of the Investment Committee and three meetings of the Nominating & Corporate Governance Committee. Each of our directors attended at least 75% of the aggregate number of Board meetings and committee meetings of which he or she was a member during the period he or she served on the Board. Our non-management directors meet separately from the other directors in an executive session at least quarterly. Mr. Friedman, our Vice Chairman of the Board and Lead Independent Director, or his designee, served as the presiding director of the executive sessions of our non-management and independent directors held in 2014. The Lead Independent Director also has the authority to call meetings of the independent directors or full Board.

**Board Leadership Structure**

The Board has chosen a leadership structure that combines the role of the Chief Executive Officer and the Chairman of the Board while also having a Lead Independent Director. The Lead Independent Director assumes many of the responsibilities typically held by a non-executive chairman of the board and a list of his responsibilities is provided in the chart below. The company's rationale for combining the Chief Executive Officer and Chairman of the Board positions relates principally to the Board's belief that at this stage of our development and continued global expansion, the company and its shareholders will be best served if the Chairman is in close proximity to the senior management team on a regular and continual basis.

**Lead Independent Director**

The Lead Independent Director is elected solely by and from the independent directors. Responsibilities include:

•

organizing and presiding over all meetings of the Board at which the Chairman of the Board is not present, including all executive sessions of the non-management and independent directors;

•

serving as the liaison between the Chairman of the Board and the non-management directors;

•

overseeing the information sent to the Board by management;

•

approving meeting agendas and schedules for the Board to assure that there is sufficient time for discussion of all agenda items;

•

facilitating communication between the Board and management;

•

being available to communicate with and respond to certain inquiries of the company's shareholders; and

•

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performing such other duties as requested by the Board.

Our Board has also approved Corporate Governance Guidelines, a Code of Business Conduct and Ethics and a Code of Ethics for Chief Executive Officer and Senior Financial Officers. Printed copies of these documents as well as the committee charters discussed below are available by sending a written request to our Corporate Secretary. The foregoing information is available on our website at [www.awac.com](http://www.awac.com) under "Investor Relations Corporate Information Governance Documents".

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**Audit Committee.** Pursuant to its charter, the Audit Committee is responsible for overseeing our independent auditors, internal auditors, compliance with legal and regulatory standards and the integrity of our financial reporting. Each member of the Audit Committee has been determined by the Board to be "financially literate" within the meaning of the NYSE Listing Standards and each has been designated by the Board as an "audit committee financial expert," as defined by the applicable rules of the SEC, based on either their extensive prior accounting and auditing experience or having a range of experience in varying executive positions in the insurance or financial services industry.

**Compensation Committee.** Pursuant to its charter, the Compensation Committee has the authority to establish compensation policies and recommend compensation programs to the Board, including administering all equity and incentive compensation plans of the company. Pursuant to its charter, the Compensation Committee also has the authority to review the competitiveness of the non-management directors' compensation programs and recommend to the Board these compensation programs and all payouts made thereunder. Additional information on the Compensation Committee's consideration of executive compensation, including a discussion of the roles of the company's Chief Executive Officer and the independent compensation consultant in such executive compensation consideration, is included in "Executive Compensation Compensation Discussion and Analysis."

**Enterprise Risk Committee.** Pursuant to its charter, the Enterprise Risk Committee oversees management's assessment and mitigation of the company's enterprise risks and reviews and recommends to the Board for approval the company's overall firm-wide risk appetite statement and oversees management's compliance therewith.

**Executive Committee.** The Executive Committee has the authority to oversee the general business and affairs of the company to the extent permitted by Swiss law.

**Investment Committee.** Pursuant to its charter, the Investment Committee is responsible for adopting and overseeing compliance with the company's Investment Policy Statement, which contains investment guidelines and other parameters for the investment portfolio. The Investment Committee oversees the company's overall investment strategy and the company's investment risk exposures.

**Nominating & Corporate Governance Committee.** Pursuant to its charter, the Nominating & Corporate Governance Committee is responsible for identifying individuals believed to be qualified to become directors and to recommend such individuals to the Board and to oversee corporate governance matters and practices.

The Nominating & Corporate Governance Committee will consider nominees recommended by shareholders and will evaluate such nominees on the same basis as all other nominees. Shareholders who wish to submit nominees for director for consideration by the Nominating & Corporate Governance Committee for election at the Annual Shareholder Meeting in 2016 may do so by submitting in writing such nominees' names and other information required under SEC rules and our Articles of Association, in compliance with the procedures described under "Shareholder Proposals for 2016 Annual Shareholder Meeting" in this Proxy Statement.

The criteria adopted by the Board for use in evaluating the suitability of all nominees for director include the following:

- high personal and professional ethics, values and integrity;
- education, skill and experience with insurance, reinsurance or other businesses and organizations that the Board deems relevant and useful, including whether such attributes or background would contribute to the diversity of the Board;

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- ability and willingness to serve on any committees of the Board; and
- ability and willingness to commit adequate time to the proper functioning of the Board and its committees.

In addition to considering candidates suggested by shareholders, the Nominating & Corporate Governance Committee considers candidates recommended by current directors, officers and others. The Nominating & Corporate Governance Committee screens all director candidates. The Nominating & Corporate Governance Committee determines whether or not the candidate meets the company's general qualifications and specific qualities for directors and whether or not additional information is appropriate.

The Board and the Nominating & Corporate Governance Committee do not have a specific policy regarding diversity. Instead, in addition to the general qualities that the Board requires of all nominees and directors, such as high personal and professional ethics, values and integrity, the Board and the Nominating & Corporate Governance Committee strive to have a diverse group of directors with differing experiences, qualifications, attributes and skills to further enhance the quality of the Board. As we are an insurance and reinsurance company that (i) sells products that protect other companies and individuals from complex risks, (ii) has a significant investment portfolio and (iii) faces operational risks similar to those at other international companies, the Board and the Nominating & Corporate Governance Committee believe that having a group of directors who have the range of experience and skills to understand and oversee this type of business is critical. The Board and the Nominating & Corporate Governance Committee do not believe that each director must be an expert in every aspect of our business, but instead the Board and committee strive to have well-rounded, collegial directors who contribute to the diversity of ideas and strengthen the Board's capabilities as a whole. Through their professional careers and experiences, the Board and the Nominating & Corporate Governance Committee believe that each director has obtained certain attributes that further the goals discussed above.

**Risk Oversight**

While the assumption of risk is inherent to our business, we believe we have developed a strong risk management culture throughout our organization that is fostered and maintained by our senior management, with oversight by the Board through its committees. The Board primarily delegates its risk management oversight to three of its committees: the Audit Committee, the Enterprise Risk Committee and the Investment Committee, who regularly report to the Board. The Audit Committee primarily oversees those risks that may directly or indirectly impact the company's financial statements, the Enterprise Risk Committee primarily oversees the company's business and operational risks and the Investment Committee primarily oversees the company's investment portfolio risks. The Enterprise Risk Committee also reviews and recommends for approval by the Board our overall firm-wide risk appetite statement, and oversees management's compliance with this statement. Each committee has broad powers to ensure that it has the resources to satisfy its duties under its charter, including the ability to request reports from any officer or employee of the company and the authority to retain special counsel or other experts and consultants as it deems appropriate.

Each of these committees receives regular reports from senior management who have day-to-day risk management responsibilities, including from our Chief Executive Officer. The Audit Committee receives reports from our Chief Executive Officer, Chief Financial Officer, Chief Actuary, General Counsel, Chief Information Officer, Head of Internal Audit and the company's independent auditors. These reports address various aspects of risk assessment and management relating to the company's financial statements. The Enterprise Risk Committee meets regularly with our Chief Executive Officer; President, Underwriting and Global Risk; Chief Risk Officer; and Chief Actuary as part

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of its oversight of the company's underwriting, pricing and claims risks. Throughout the year, the Enterprise Risk Committee will also receive reports from other operational areas. To assist it in its oversight of the company's investment risk exposures, the Investment Committee receives reports from our Chief Investment Officer and external investment managers and advisors.

As open communications and equal access to information can be an important part of the Board's risk oversight, all of the directors receive the information sent to each committee prior to any committee meeting. Board members are also encouraged to, and often do, attend all committee meetings regardless of whether he or she is a member of such committee.

**Director Compensation**

In 2014, compensation for our non-management directors consisted of the following:

**Fees for Non-Management Directors**

Position	Annual Value	
	Annual Cash Retainer <sup>(1)</sup>	RSU Award
Board Member	\$ 85,000 <sup>(1)</sup>	\$ 90,000 <sup>(1)</sup>
Lead Independent Director	\$ 15,000	
Audit Committee and Enterprise Risk Committee Chair	\$ 50,000 <sup>(1)</sup>	
Compensation Committee and Investment Committee Chair	\$ 35,000	
Nominating & Corporate Governance Committee Chair	\$ 8,000	
Audit Committee Member	\$ 25,000	

(1) In May 2014, the Board approved an increase in the annual cash retainer paid to each non-management director from \$80,000 to \$85,000, an increase in the value of the annual equity award of restricted stock units ("RSUs") from \$75,000 to \$90,000, and an increase in the annual retainer for the Chairs of the Audit Committee and the Enterprise Risk Committee from \$35,000 to \$50,000.

Our non-management directors received \$3,000 for each Board meeting attended and \$2,000 for each committee meeting attended. We also provide to all non-management directors reimbursement of expenses incurred in connection with their service on the Board, including the reimbursement of director educational expenses.

As discussed in footnote 2 to the "Stock Awards" column of the "Non-Management Directors Compensation" table below, in February 2014, each non-management director received an annual equity award of RSUs of the company worth approximately \$75,000. Each RSU represents the right to receive one newly-issued, fully paid and non-assessable common share of the company at a future date and fully vests on the first anniversary of the date of grant, subject to continued service as a director through such date. The RSUs were awarded to our non-management directors pursuant to the Allied World Assurance Company Holdings, AG 2012 Omnibus Incentive Compensation Plan (the "2012 Omnibus Plan") and, other than with respect to vesting terms, were granted on similar terms and conditions as those generally granted to our employees. In 2014, these annual equity awards were granted concurrently with the grant of equity awards to members of our senior management following the preparation and completion of the 2014 year-end financial statements. Consistent with past practice, on February 17, 2015, each of our non-management directors (other than Mr. Scott Hunter, who retired from the Board in April 2015) received 2,311 RSUs under the 2012 Omnibus Plan.

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The following table provides information concerning the compensation paid to the company's non-management directors for fiscal year 2014.

**Non-Management Directors Compensation<sup>(1)</sup>**

<b>Name</b>	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards<sup>(2)</sup></b>	<b>Other Compensation<sup>(3)</sup></b>	<b>Total</b>
Barbara T. Alexander	\$ 189,750	\$ 74,503	\$ 10,000	\$ 274,253
James F. Duffy	\$ 152,750	\$ 74,503	\$	\$ 227,253
Bart Friedman	\$ 174,750	\$ 74,503	\$	\$ 249,253
Scott Hunter	\$ 229,097	\$ 74,503	\$	\$ 303,600
Patrick de Saint-Aignan	\$ 214,750	\$ 74,503	\$ 10,000	\$ 299,253
Eric S. Schwartz	\$ 152,750	\$ 74,503	\$	\$ 227,253
Samuel J. Weinhoff	\$ 199,750	\$ 74,503	\$ 10,000	\$ 284,253

(1)

In 2014, our non-management directors did not receive any non-equity incentive plan compensation and did not have any pension or deferred compensation plans compensation that would be required to be included in this table. Accordingly, other columns generally required pursuant to SEC rules are not included in the "Non-Management Directors Compensation" table. In 2014, Mr. Hunter received \$46,347 in additional fees for serving on the board of directors of one of our European subsidiaries. These fees are included in the table above.

(2)

As of December 31, 2014, our non-management directors held an aggregate of 15,540 RSUs under the 2012 Omnibus Plan, with each director holding 2,220 RSUs. In accordance with SEC rules, the amounts shown in the "Stock Awards" column equal the estimate of aggregate compensation costs to be recognized with respect to RSU awards granted in 2014 determined as of the grant date under Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 718, Stock Compensation ("FASB ASC Topic 718"), and excluding the effect of estimated forfeitures. The fair value has been calculated for purposes of the "Stock Awards" column in the table above by using the closing price of our common shares on the date of grant (\$33.56 per common share for the awards issued on February 18, 2014). In determining the fair value of awards for directors and all of our employees, the Board uses the daily volume-weighted average sales price of our common shares for the 20 consecutive trading days up to and including the second trading day prior to the date of grant (\$33.77 per common share, or a \$74,969 aggregate grant to each director on February 18, 2014).

(3)

Reflects matching contributions made under the company's matching gift program, which is available to all employees and directors. Under this program, the company will match contributions to eligible non-profit organizations, up to a maximum of \$10,000 per year.

**Stock Ownership Policy**

In order to promote equity ownership and further align the interests of the Board with our shareholders, the Board adopted a stock ownership policy for all non-management directors. Under this policy, non-management directors are expected to own, within five years after his or her joining the Board, equity interests of the company with a value equal to five times the then-current annual cash retainer for serving on the Board. Non-management directors are expected not to sell any common shares until they are in compliance with this policy. Mr. Carmilani, our President, Chief Executive Officer and Chairman of the Board, is subject to a stock ownership policy for senior employees as described in "Executive Compensation Compensation Discussion and Analysis Stock Ownership Policy."



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**PROPOSAL 2**  
**APPROVE THE 2015 COMPENSATION FOR NEW DIRECTORS**

Pursuant to Swiss law, our Articles of Association require a shareholder vote on director compensation. At the Annual Shareholder Meeting in 2015, shareholders approved the maximum amount of compensation that can be paid to our non-management directors in 2015.

If the shareholders approve Proposal 1 to elect Ms. Patricia L. Guinn and Ms. Fiona E. Luck as directors, the company plans to pay compensation to Ms. Guinn and Ms. Luck in a manner consistent with the general principles of the company's director compensation programs, as described in Article 20b of our Articles of Association, which was filed with the U.S. Securities and Exchange Commission on July 14, 2015. A more detailed description of our director compensation programs currently in effect and the actual amounts paid to our non-management directors for 2014 are described in Proposal 1 "Election of Directors", which begins on page 7 of this Proxy Statement.

**Proposed Amount of 2015 Compensation for New Directors**

The company is proposing that shareholders approve the compensation that can be paid to Ms. Guinn and Ms. Luck as newly elected directors for the remainder of 2015 in an amount not to exceed \$70,000 in the aggregate. The table below provides our estimates for maximum compensation levels for these two new directors for the remainder of 2015.

	<b>2015 Maximum Compensation for Approval</b>	<b>Comments</b>
Retainer Fees	\$15,000	•  Includes the prorated annual cash retainer paid to each new director
Attendance Fees	\$20,000	•  Includes \$3,000 for each Board meeting attended and \$2,000 for each committee meeting attended. Assumes that two board and two committee meetings will be held in 2015 after the election of each new director
Equity Awards	\$15,000	•  Each new director will receive a prorated portion of the annual equity grant valued at \$90,000 in 2015
Other Compensation	\$20,000	•  Other compensation includes charitable matching grant contributions of \$10,000 per year per director
<b>Total Compensation</b>	<b>\$70,000</b>	•  Maximum compensation of \$70,000 in the aggregate for the new directors in 2015

If the shareholders do not approve this proposal, the Board may call an extraordinary general meeting of shareholders for reconsideration of this proposal.

Shareholders will be asked to approve the maximum aggregate compensation for all of our non-management directors for 2016 at the Annual Shareholder Meeting in 2016.

**Your Board unanimously recommends a vote FOR the approval of the aggregate compensation that can be paid, granted or promised to Ms. Guinn and Ms. Luck as newly elected directors for the remainder of 2015 in an amount not to exceed \$70,000.**

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**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The company has no related-party transactions to report.

**Review, Approval or Ratification of Transactions with Related Persons**

Pursuant to our Audit Committee charter, the Audit Committee reviews and approves the related-party transactions we enter into. We do not have formal written standards in connection with the review and approval of related-party transactions as we believe each transaction should be analyzed on its own merits. In making its decision, the Audit Committee will review, among other things, the relevant agreement, analyze the specific facts and circumstances and speak with, or receive a memorandum from, management that outlines the background and terms of the transaction. As insurance and reinsurance companies enter into various transactions in the ordinary course of business, the Audit Committee does not review these types of transactions to the extent they are open-market transactions that happen to involve related parties.

**PRINCIPAL SHAREHOLDERS**

The table below sets forth information as of October 26, 2015 regarding the beneficial ownership of our common shares by:

- each person known by us to beneficially own more than 5% of our outstanding common shares,
- each of our directors and director nominees,
- our Chief Executive Officer ("CEO"), our Chief Financial Officer ("CFO") and our three other most highly compensated officers who were serving as executive officers at the end of our 2014 fiscal year (collectively, our "named executive officers" or "NEOs"), and
- all of our directors and executive officers as a group.

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Name and Address of Beneficial Owner	Beneficial Owner of Common Shares <sup>(1)</sup>	
	Number of Common Shares	Percentage of Common Shares
Artisan Partners Holdings LP(2) 875 East Wisconsin Avenue, Suite 800, Milwaukee, WI 53202	6,147,240	6.8%
FMR LLC(3) 245 Summer Street, Boston, MA 02210	6,722,989	7.4%
The Vanguard Group, Inc.(4) 100 Vanguard Blvd., Malvern, PA 19355	5,983,533	6.6%
Barbara T. Alexander	21,510(5)	*
Scott A. Carmilani	1,477,837(6)	1.6%
James F. Duffy	35,814	*
Bart Friedman	39,690	*
Patricia L. Guinn (director nominee)	0	*
Fiona E. Luck (director nominee)	0	*
Patrick de Saint-Aignan	24,705	*
Eric S. Schwartz	107,155(7)	*
Samuel J. Weinhoff	34,514	*
Thomas A. Bradley	5,633	*
Wesley D. Dupont	220,415(8)	*
Frank N. D'Orazio	219,249(9)	*
Louis P. Iglesias	3,266	*
All directors and executive officers as a group (17 persons)	2,657,288(10)	2.9%

\*  
Less than 1%.

(1) Pursuant to the regulations promulgated by the SEC, our common shares are deemed to be "beneficially owned" by a person if such person directly or indirectly has or shares the power to vote or dispose of our common shares, whether or not such person has any pecuniary interest in our common shares, or the right to acquire the power to vote or dispose of our common shares within 60 days of October 26, 2015, including any right to acquire through the exercise of any option, warrant or right. As of October 26, 2015, we had 90,912,887 common shares issued and outstanding. All amounts listed represent sole voting and dispositive power unless otherwise indicated.

(2) Based on information reported on Schedule 13G/A, as filed with the SEC on January 30, 2015 jointly by Artisan Partners Holdings LP ("Artisan Holdings"), Artisan Partners Limited Partnership ("Artisan Partners"), Artisan Investments GP LLC ("Artisan Investments"), and Artisan Partners Asset Management Inc. ("Artisan Asset Management", which together with Artisan Holdings, Artisan Partners

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and Artisan Investments are referred to herein as the "Artisan Parties"), the Artisan Parties are the beneficial owners of 6,147,240 of our common shares acquired on behalf of discretionary clients of Artisan Holdings and Artisan Partners who have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such securities. To the knowledge of the Artisan Parties, no such client was known to have an economic interest in more than 5% of our common shares. According to this Schedule 13G/A, the Artisan Parties have the following dispositive powers with respect to our common shares: (a) sole voting power: none;

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(b) shared voting power: 5,977,371; (c) sole dispositive power: none; and (d) shared dispositive power: 6,147,240.

- (3) Based on information reported on Schedule 13G/A, as filed by FMR LLC ("FMR"), Edward C. Johnson III and Abigail P. Johnson with the SEC on February 13, 2015, FMR and Mr. and Mrs. Johnson are the beneficial owners of 6,722,989 of our common shares. According to this Schedule 13G/A, FMR has sole voting power over 133,357 common shares and sole dispositive power over 6,722,989 of our common shares and has no shared voting power and no shared dispositive power over any of these shares.
- (4) Based on information reported on Schedule 13G/A, as filed by The Vanguard Group, Inc. ("Vanguard") with the SEC on February 11, 2015, Vanguard has the following powers with respect to the common shares: (a) sole voting power: 64,101; (b) shared voting power: none; (c) sole dispositive power: 5,927,232; and (d) shared dispositive power: 56,301.
- (5) Includes 15,510 common shares held by Ms. Alexander as a co-trustee for the Stiles Family Trust dated November 20, 2007.
- (6) Includes stock options exercisable to purchase 134,415 common shares and 129,000 common shares held by an irrevocable trust for the benefit of Mr. Carmilani's spouse and children.
- (7) Includes 105,000 common shares held by 76 West Holdings LLC, in which Mr. Schwartz has 100% ownership.
- (8) Includes stock options exercisable to purchase 19,530 common shares.
- (9) Includes stock options exercisable to purchase 16,065 common shares.
- (10) Includes stock options exercisable to purchase 229,845 common shares.

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Our executive officers are elected by and serve at the discretion of our Board. The following table identifies the executive officers of the company, including their respective ages and positions as of the date hereof.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Scott A. Carmilani <sup>(1)</sup>	51	President, Chief Executive Officer and Chairman of the Board
John R. Bender	51	Chief Executive Officer, Reinsurance, Allied World Reinsurance Management Company
Thomas A. Bradley	58	Executive Vice President & Chief Financial Officer
Wesley D. Dupont	47	Executive Vice President & General Counsel
Frank N. D'Orazio	47	President, Underwriting and Global Risk
John J. Gauthier	54	Executive Vice President & Chief Investment Officer
Marshall J. Grossack	56	Executive Vice President & Chief Actuary
Louis P. Iglesias	52	President, North America Allied World Assurance Company (U.S.) Inc. and Allied World National Assurance Company
Julian James	52	President, Global Markets Allied World Assurance Company (Europe) Limited
John J. McElroy	50	Chief Operating Officer
Kent W. Ziegler	53	Senior Vice President, Finance and Chief Accounting Officer

(1) Please see Mr. Carmilani's biography under Proposal 1 "Election of Directors" earlier in this Proxy Statement.

**John R. Bender** has been the Chief Executive Officer, Reinsurance of Allied World Reinsurance Management Company since August 2014 and oversees our reinsurance platform on a global basis. From February 2012 to August 2014, he served as the President of Allied World Reinsurance Management Company. From August 2009 to February 2012, he served as the President and Chief Operating Officer of Allied World Reinsurance Company, one of our subsidiaries. He joined us in November 2007 as the Chief Operating Officer of Allied World Reinsurance Company. From November 2007 through November 2011, Mr. Bender was responsible for establishing and expanding the company's U.S. reinsurance platform and for overseeing its day-to-day operations. Since December 2011, Mr. Bender has assumed responsibility for providing strategic leadership and executing business strategies for our global reinsurance operations. Prior to joining us, Mr. Bender held several senior management positions at Platinum Underwriters Holdings, Ltd., including Chief Underwriting Officer, Casualty from November 2005 to October 2007 and Senior Vice President, Commercial Liability Products from October 2002 to November 2005. From 1989 to October 2002, he held numerous claims and underwriting positions with St. Paul Reinsurance Management Company.

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**Thomas A. Bradley** joined the company as Executive Vice President & Chief Financial Officer in September 2012. Prior to joining us, Mr. Bradley had served as the Chief Financial Officer of Dorsey & Whitney LLP, a large international law firm, since August 2011. From April 2009 to April 2011, Mr. Bradley served in various financial positions at the Fair Isaac Corporation, a business services company, including as its Executive Vice President and Chief Financial Officer. From April 2004 to February 2009, Mr. Bradley served in various financial and operational positions at Zurich Financial North America, a financial services company, including as its Executive Vice President and Chief Financial Officer. Prior to that, he held a host of senior financial and operational positions at USF&G Corporation/St. Paul Companies.

**Wesley D. Dupont** has been our Executive Vice President & General Counsel since September 2009 and presently oversees our legal, compliance, claims and human resources functions on a global basis. From December 2005 to September 2009, he served as our Senior Vice President, General Counsel and served as our Corporate Secretary through May 2012. In November 2003, Mr. Dupont began working for American International Company Limited, a subsidiary of AIG, and began providing legal services to us pursuant to an administrative services contract with American International Company Limited. Through that contract, Mr. Dupont served as our 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 our company. 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.

**Frank N. D'Orazio** has been the President, Underwriting and Global Risk since December 31, 2014 and is responsible for the oversight and governance of our underwriting activities, enterprise risk management and ceded reinsurance strategies globally. From September 2009 to December 2014, Mr. D'Orazio served as the President - Bermuda and International Insurance of Allied World Assurance Company, Ltd, one of our subsidiaries, where he was responsible for providing strategic leadership and executing business strategies for the Bermuda, Europe and Asia insurance platforms. Prior to that, he served as the Chief Underwriting Officer of Allied World Assurance Company, Ltd since September 2008. From March 2005 to September 2008, Mr. D'Orazio was the company's Senior Vice President - General Casualty where he was responsible for managing the company's general casualty and healthcare operations in Bermuda, Europe and the United States. Mr. D'Orazio joined the company in June 2003 as Vice President - General Casualty. Prior to joining our company, Mr. D'Orazio worked for the insurance market arm of Munich-American Re-Insurance from August 1994 to May 2003, where he held a succession of underwriting and management positions. Mr. D'Orazio held various underwriting positions in the excess casualty division of Chubb from June 1990 to July 1994.

**John J. Gauthier**, CFA, has been our Executive Vice President & Chief Investment Officer since May 2011 and oversees the management of the company's investment portfolio. In September 2012, he was also named President of Allied World Financial Services, Inc. and Allied World Financial Services, Ltd, subsidiaries of the company. Since March 2010, he has served as the Executive Vice President and Chief Investment Officer of AWAC Services Company, a subsidiary of the company. From October 2008 through February 2010, he served as Senior Vice President and Chief Investment Officer of AWAC Services Company. Previous to joining our company, 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



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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.

**Marshall J. Grossack** has been our Executive Vice President-Chief Actuary since September 2009. He served as our Senior Vice President and Chief Corporate Actuary from July 2004 to September 2009. From June 2002 until July 2004, Mr. Grossack was a Vice President and Actuary for American International Company Limited, a subsidiary of AIG, and provided services to us pursuant to a former administrative services contract with American International Company Limited. From June 1999 until June 2002, Mr. Grossack worked as the Southwest Region Regional Actuary for subsidiaries of AIG in Dallas, Texas.

**Louis P. Iglesias** has been the President, North America for Allied World Assurance Company (U.S.) Inc. and Allied World National Assurance Company, two of our subsidiaries, since January 31, 2014 and is responsible for providing strategic leadership and executing business strategies for our United States and Canada insurance platforms. Since December 31, 2014, he has also been responsible for providing strategic leadership and executing business strategies for our Bermuda insurance platform. From April 2012 through January 2014, he was the President, U.S. Property & Casualty for Allied World Assurance Company (U.S.) Inc. and Allied World National Assurance Company. From 1994 to April 2012, Mr. Iglesias served in various senior management positions at AIG, including Chief Executive Officer for Commercial Casualty, President for the Risk Management Group, President for AIG Environmental and President of AIG Construction. Prior to AIG, Mr. Iglesias worked at Travelers and Reliance insurance companies.

**Julian James** has been the President, Global Markets of Allied World Assurance Company (Europe) Limited since December 31, 2014 and is responsible for providing strategic leadership and executing business strategies for our direct insurance operations in Europe and Asia Pacific, which includes offices in Australia, Hong Kong, Labuan and Singapore. In addition, Mr. James has served as the Chief Executive Officer of Allied World Managing Agency Limited since April 2014. From March 2013 to December 2014, Mr. James served as the President of Allied World Assurance Company (Europe) Limited and was responsible for providing strategic leadership and executing business strategies for the company's European insurance platform. From September 2007 to January 2013, Mr. James served as the Chief Executive Officer at Lockton International. From 1997 to April 2007, Mr. James held senior management positions at Lloyd's, most recently as Director, Worldwide Markets, where he was responsible for all Lloyd's commercial activities outside of the United Kingdom, including the management of its trading licenses as well as oversight of its global branding and communications. Before joining Lloyd's, Mr. James was the Development Director of brokers Sedgwick Energy and Marine Limited and a member of the division's Executive Management Committee. Prior to that, he spent five years working in senior positions with Sedgwick, where he began his career in 1981, in North America.

**John J. McElroy** was appointed our Chief Operating Officer in March 2012. In this role, he oversees the company's operations and administration, information technology, marketing, broker relations and project management on a global basis. From May 2008 through February 2012, Mr. McElroy served as President, Professional Lines, of Allied World Assurance Company (U.S.) Inc. and Allied World National Assurance Company and oversaw the underwriting of all directors and officers liability, errors and omissions liability and medical malpractice liability insurance products by the company's U.S. insurance operations. From June 2004, when he joined us, through April 2008, Mr. McElroy served as our Senior Vice President, Field Operations Officer, during which time he was responsible for expanding our U.S. insurance operations, developing our network of U.S. offices and increasing brand and product visibility. Prior to joining us, Mr. McElroy worked with Gulf Insurance Group for 12 years where he held various underwriting and other senior management positions. He began his career at AIG underwriting directors and officers liability insurance for large commercial risks.

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**Kent W. Ziegler** has been our Senior Vice President, Finance and Chief Accounting Officer since February 2013. Prior to joining us, from January 2010 through January 2013, Mr. Ziegler served as the Senior Vice President and Chief Financial Officer of the Retail Real Estate Division of JPMorgan Chase & Co. From 2005 to 2009, Mr. Ziegler served in JPMorgan Chase's Business Banking Division, most recently as the Senior Vice President and Chief Financial Officer. From 1989 to 2004, Mr. Ziegler served in various financial and operational positions at Gulf Insurance Group, including as the Executive Vice President, Chief Financial Officer and Chief Administrative Officer. He began his career in public accounting at Ernst & Young.

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**EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

**Executive Summary**

In accordance with the rules of the NYSE, a majority of the members of the Board are independent and the Compensation Committee is presently comprised of six independent Board members. The Board has adopted a Compensation Committee Charter discussed earlier in this Proxy Statement. The Compensation Committee oversees our compensation programs and makes recommendations to the Board. Pursuant to Swiss law, the Board is required to make all final compensation decisions regarding the NEOs. We have achieved considerable growth since our inception in November 2001 and our compensation programs have been designed to reward executives who contribute to our continuing success.

The Compensation Committee has selected Farient Advisors, LLC ("Farient") as its independent compensation advisor. At the committee's direction, Farient has conducted an extensive review of our executive compensation strategy and programs to ensure strong alignment between executive compensation, business strategy and long-term shareholder value creation.

**Compensation Philosophy.** The insurance and reinsurance industry is very competitive, cyclical and often volatile, and our success depends in substantial part on our ability to attract and retain successful, high-achieving employees who will remain motivated and committed to the company during all insurance industry cycles. We have a strong pay for performance philosophy. We start with the notion that for our compensation program for our executives as a group, total compensation should be at the median of our market, and we set base salaries with this pay positioning in mind. However, if our performance is high relative to our Peer Group, we pay actual cash bonuses and grant long-term equity incentive awards in line with that performance. Accordingly, the Compensation Committee believes that an effective executive compensation program is one that is designed to:

Reward strong company and individual performance;

Align the interests of the executive officers with the company's shareholders; and

Balance the objectives of pay-for-performance and retention.

The Compensation Committee's objectives for the company's compensation programs include:

Driving and rewarding employee performance that supports the company's business objectives and financial success;

Attracting and retaining talented and highly-skilled employees;

Aligning the interests of the NEOs with the company's shareholders by:

- having a substantial portion of compensation in long-term, performance-based equity awards, a large portion of which is "at risk" with vesting dependent on the company achieving certain performance targets over time, particularly at the senior officer level where such persons can more directly affect the company's financial success;
- regularly evaluating the company's compensation programs to help ensure that they do not encourage excessive risk taking;

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- tying incentive opportunity to a blend of metrics that focus on key company objectives, correlate with the creation of shareholder value and encourage prudent risk taking; and

Remaining competitive with other insurance and reinsurance companies, particularly other insurance and reinsurance companies with which the company competes for talent.

**Net Income Return on Equity**  
(Adjusted for other comprehensive income)

**Diluted Book Value per Share Growth<sup>(1)</sup>**

*Components of Executive Compensation.* The components of our executive compensation program and the terms of each are shown in the table below:

**Components of Executive Compensation**

<b>Element</b>	<b>Type</b>	<b>Terms</b>
<b>Cash</b>	Base Salary	<ul style="list-style-type: none"> <li>• The fixed element of each NEO's annual cash compensation.</li> </ul>
	Annual Cash Bonus	<ul style="list-style-type: none"> <li>• A cash incentive opportunity based upon the achievement of annual goals.</li> <li>• The performance measures used to fund the bonus pool include:                             <ul style="list-style-type: none"> <li>○ Earnings before interest and taxes ("EBIT") (weighted one-third);</li> <li>○</li> </ul> </li> </ul>

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Return on equity ("ROE") relative to our Peer Group (as defined below) (weighted one-third);  
and

○

A corporate scorecard of financial, operational and strategic objectives (weighted one-third).

•

Individual performance is used to determine the allocation of the bonus pool.

For more information, please see "2014 Cash Compensation - How is EBIT Calculated?" and  
"2014 Cash Compensation - How is ROE calculated and defined?"

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<b>Equity-Based Incentive Compensation</b>	Performance-Based Equity Awards	<ul style="list-style-type: none"> <li>• An opportunity to earn shares in the company (or an equivalent value in cash) with vesting dependent upon our achieving certain performance targets over a three-year performance period.</li> <li>•</li> <li>• The performance measures used to determine the actual versus target number of shares earned include: <ul style="list-style-type: none"> <li>○ Book value growth calculated on a compounded annual growth rate ("CAGR") basis (weighted one-half); and</li> <li>○ ROE relative to our Peer Group (weighted one-half). For more information, please see "2014 Equity-Based Compensation – How is Book Value Calculated?" and "2014 Equity-Based Compensation – How is ROE calculated and defined?"</li> </ul> </li> </ul>
	Restricted Stock Units (time-vested)	<ul style="list-style-type: none"> <li>• An opportunity to earn shares in the company (or an equivalent value in cash) with vesting dependent upon our NEOs satisfying time-based vesting conditions.</li> <li>•</li> <li>• RSUs generally vest pro rata over four years.</li> </ul>
<b>Retirement</b>	401(k) Plan	<ul style="list-style-type: none"> <li>• A qualified savings plan that provides participants with the opportunity to defer a portion of their compensation, up to IRS tax code limitations, and receive a company matching contribution.</li> </ul>
	Supplemental Executive Retirement Plan	<ul style="list-style-type: none"> <li>• A plan that supplements the 401(k) plan by providing, on a non-qualified basis, for deferral of compensation in excess of the IRS tax code limitations.</li> </ul>
<b>Other</b>	Perquisites	<ul style="list-style-type: none"> <li>• Certain other benefits provided to executives by the company.</li> </ul>

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The mix of our total direct compensation (comprised of base salary, annual cash bonus and equity-based incentive compensation) for our NEOs at grant value is shown below:

As shown in the charts above, the Compensation Committee manages the pay mix such that a substantial portion of pay is dedicated to "at risk" compensation, including annual cash bonuses and equity-based incentive compensation. The Compensation Committee believes that this mix of pay best aligns the interests of our executives, including the NEOs, with those of our shareholders over time.

We use ROE for both our short-term cash bonus program and our long-term, equity-based compensation program because:

- The measure correlates closely with shareholder value over both the short- and longer-term;
- The Compensation Committee believes that utilizing the same metric for both the short- and long-term compensation programs ensures that short-term management decisions are not influenced by short-term gain at the expense of long-term performance;
- By using the same metric, the Compensation Committee is promoting sustained performance of the company in this area over both the short- and longer-term;
- ROE is a widely used financial metric in the insurance and reinsurance industry in assessing company performance; and
- The Compensation Committee believes that it is important to use both absolute and relative performance measures to help ensure that our compensation program is linked to key internal objectives while also being sensitive to how we perform relative to our Peer Group.

***Our Compensation Practices.*** We continue to implement and maintain what we believe are leading practices in our compensation program and related areas. These practices include the following:

- We prohibit our employees and directors from pledging our securities and hedging and other derivative transactions in our securities (see "Stock Ownership Policy" below).

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- We require our executive officers to meet stock ownership requirements, and we prohibit them from selling any shares if doing so would cause them to fall below required levels (see "Stock Ownership Policy" below). We also have stock ownership requirements for our directors, as discussed earlier in this Proxy Statement.
- We prohibit the repricing or exchange of stock options or similar equity awards without shareholder approval.
- We do not pay dividends or dividend equivalents on unvested equity awards.
- Our annual equity awards provide for four-year vesting and our performance-based equity awards have a three-year performance period, except in limited circumstances involving certain terminations of employment. This time horizon encourages long-term sustained performance and retention of our executives.
- We can recover, or "clawback", equity-based compensation paid to executives for fraud, intentional misconduct or actions that contribute materially to any financial restatement (see "2012 Omnibus Plan" below).
- The Compensation Committee has engaged an independent compensation consultant and independent legal counsel that have no other ties to the company or its management.

***The Role of Shareholder Say-on-Pay Votes.*** We provide our shareholders with the opportunity to cast an annual advisory vote on executive compensation (the "say-on-pay proposal") under U.S. securities laws in addition to binding say-on-pay votes required under Swiss law. At our Annual Shareholder Meeting held in May 2014, 98.8% of the votes cast were in favor of the say-on-pay proposal. The Compensation Committee believes this affirms our shareholders' support of our approach to executive compensation, and the committee did not change its approach in 2014. The Compensation Committee will continue to consider the outcome of the company's say-on-pay votes when making future compensation decisions for the NEOs and other senior officers at the company.

**Compensation Oversight and Process**

The Compensation Committee has established a number of processes to assist it in ensuring that NEO compensation is achieving its objectives. Among those are:

- Assessment of the company's performance on both an absolute and relative basis;
- Assessment of individual performance via interactions with the CEO and other NEOs;
- Engaging an independent compensation consultant and independent counsel that report directly to the committee;
- Assessment of risks associated with the company's compensation program;
- Pay-for-performance analysis;
- Assessment of benefits and perquisites;
- Analyzing the relationship of actual pay to performance; and



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- Total compensation review, which includes:
  - Benchmarking target pay levels for base salary, annual cash bonuses, long-term incentive compensation and total direct compensation;
  - Reviewing perquisites and contributions to retirement plans; and
  - Reviewing the design of the compensation program, including goal-setting and calibrating the level of pay with performance.

In determining the level of compensation for the NEOs, both quantitative and qualitative factors of the company's and each NEO's performance are analyzed. The Compensation Committee primarily uses formulaic factors to assess company performance. However, due to the potential volatility of the insurance and reinsurance industry and thus the company's financial results, the Compensation Committee believes that it is appropriate to also use non-formulaic factors to assess company and individual performance.

***Relationship Between Pay and Performance.*** The success of the company's business and resulting value for our shareholders is contingent upon our successfully selecting, pricing and managing insurance and reinsurance risks over the long-term. Our business requires that we assess, select and respond to identified market opportunities in a highly disciplined and cost effective manner. To reinforce this approach, our executive compensation program is designed to align executives' interests closely with shareholder interests by tying executive compensation directly to equity results, as well as to those financial and strategic results that drive shareholder value, including sustainable, profitable growth; high returns; efficient, risk-adjusted capital deployment; and the company's strategic positioning. In this regard, key features of our executive compensation program include:

- A significant portion of target compensation being "at risk" (88% for the CEO and 78%, on average, for our other NEOs).
- A significant portion of target compensation linked to long-term performance (67% for the CEO and 41%, on average, for other NEOs).
- A balance of measures (mostly formulaic, with some non-formulaic) that encourage short-term actions that will benefit shareholders in the long-run.
- Use of performance measures in our annual cash bonus and equity incentive compensation programs that have been demonstrated analytically to be relevant to creating shareholder value, including EBIT, growth in book value, ROE, and in our corporate scorecard, combined ratio, which is a measure of our underwriting performance.
- Performance goals set at competitive levels.
- Linking the funding of the annual cash bonus pool to corporate results (with award allocation tied to individual results).

In 2014, the Compensation Committee reviewed an assessment conducted by Farient on the company's pay and performance alignment. Farient determined that the company's performance has consistently been in the top quartile compared to our peers, despite challenging market conditions, including excess capacity and increased competition as well as continuing economic turmoil. Farient also determined that our CEO's compensation (calculated using both a grant date equity value and

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performance-adjusted equity value) was in the top quartile of other Peer Group CEOs. The company's quartile rank in performance is shown in the chart below:

**Company's Performance Relative  
to Its Peer Group as of December 31, 2014  
(In quartiles. 1=first quartile, the highest level; 4=fourth quartile, the lowest level)**

<b>Performance Metric</b>	<b>2014 (one year) Rank</b>	<b>2012-2014 (three year) Rank</b>	<b>2010-2014 (five year) Rank</b>
Diluted Book Value per Share Growth (adjusted for dividends)	1	1	1
Annualized Net Income Return on Average Equity (adjusted for other comprehensive income)	2	1	1
Combined Ratio	1	1	1
Total Shareholder Return	4	1	1

Given our high relative performance, as well as the Compensation Committee's philosophy that pay should be commensurate with performance, the committee determined that our CEO compensation has been positioned appropriately. The Compensation Committee is committed to ensuring that CEO and other NEO compensation are appropriately aligned with performance, and will continue to monitor our pay-for-performance alignment as an input in making pay decisions.

**Assessment of Individual Performance.** All of our NEOs have specific objectives that are established at the beginning of each year. Each NEO's performance (other than our CEO's performance) is reviewed annually by Mr. Carmilani, our CEO, based on his individual skills and qualifications, management responsibilities and initiatives, staff development and the achievement of departmental, geographic and/or established business goals and objectives, depending on the role of the NEO. Each NEO's performance was assessed on both company and individual achievements in light of current market conditions. Mr. Carmilani's performance was reviewed by the Compensation Committee and was also assessed on both the company's achievements and his individual achievements in light of current market conditions in the insurance and reinsurance industry. In 2014, these performance reviews formed the basis on which compensation-related decisions were made for annual cash bonuses and grants of performance-based and time-vested RSU awards, as well as 2015 base salaries and target bonus opportunities.

**Roles of the CEO and the Compensation Committee.** The Compensation Committee recommends to the Board for approval the company's compensation programs and the total amount available for the base salaries, cash bonuses and equity-based compensation for the NEOs and the other executive officers as a group. The Compensation Committee also determines the company's compensation philosophy and objectives and sets the framework for the NEOs' compensation structure. Within this framework, Mr. Carmilani, our CEO, recommends to the Compensation Committee all aspects of compensation for each NEO, excluding himself. He reviews the recommendations, survey data and other materials provided to him by our Human Resources Department and Farient as well as proxy statements and other publicly available information of our industry peers. He also assesses the company's and each NEO's performance as described above. The conclusions and recommendations resulting from these reviews and consultations, including proposed salary adjustments, annual cash bonus amounts and equity award amounts, are then presented to the Compensation Committee for its review and consideration. The Compensation Committee has discretion to modify any recommendation it receives from Mr. Carmilani, but strongly relies on his recommendations.

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**The Board and NEO Interactions.** The Board has the opportunity to meet with the NEOs regularly during the year. In 2014, the company's NEOs met with and made presentations to the Board regarding their respective business lines or responsibilities. The company believes that the interaction among its NEOs and the Board is important in enabling the Board, including the members of the Compensation Committee, to form its own assessment of each NEO's performance.

**The Roles of Our Independent Advisors.** The Compensation Committee directed Farient to conduct analyses on key aspects of NEO and other senior officer pay and performance, and to provide recommendations about compensation plan design. Farient reports directly to the Compensation Committee and in 2014 did not provide any non-executive consulting services to the company that would require disclosure under SEC rules. Farient meets with members of senior management to gain a greater understanding of key issues facing the company and to review its cash and equity compensation programs. The Compensation Committee meets separately with Farient to review in detail all compensation-related decisions regarding the CEO as well as the structure of the company's compensation programs. During this review, the Compensation Committee also receives Farient's analyses of the Peer Group, NEO pay and performance for the company and its peers, a compensation risk assessment, analyses of compensation best practices and current compensation trends.

The Compensation Committee has also engaged Simpson Thacher & Bartlett LLP ("Simpson Thacher") as its outside legal counsel to provide advice on the company's compensation programs and related public disclosures as well as to provide guidance on matters requested by the committee from time to time.

The Compensation Committee has assessed the independence of Farient and Simpson Thacher pursuant to SEC rules and concluded that no conflict of interest exists that would prevent Farient or Simpson Thacher from serving as an independent advisor to the Compensation Committee.

**Timing of Awards.** The Compensation Committee believes that compensation decisions regarding employees should be made after year-end results have been determined to better align employee compensation with company performance and shareholder value. This requires that annual cash bonuses, equity awards and base salary adjustments be determined after year-end financials have been prepared and completed. The Compensation Committee's policy is to approve compensation decisions at its regularly scheduled meeting during the first quarter of the year.

**Benchmarking.** The Compensation Committee reviews our competitive pay positioning annually based on a report prepared by Farient. Farient compiles data on over 40 of our top positions, including our NEOs, using a number of nationally recognized surveys covering the property and casualty insurance and reinsurance industry as well as general industry surveys. In addition, Farient uses proxy data for the CEO and CFO positions from our Peer Group. Farient compiles data on base salaries, target annual bonus opportunities, target equity-based incentive compensation values and total direct compensation, which is the sum of all three components. The Compensation Committee uses this information as one input, among others, such as individual performance and retention requirements, for making compensation decisions regarding salary increases, target bonus opportunities and equity-based incentive compensation awards each year.

**Peer Group.** The Compensation Committee asks Farient to review the company's Peer Group on an annual basis. For 2014, the company's Peer Group is comprised of 13 insurance and reinsurance companies, selected primarily because they are similar to the company in terms of property and casualty insurance and reinsurance business mix; percentage of U.S. and non-U.S. business written; focus on specialty insurance; high-quality financial strength; and size, as measured by gross premiums written, total revenue and market capitalization. Farient uses the Peer Group for purposes of assessing total direct compensation for the CEO and CFO positions; program design, including measures and

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goals; pay practices; equity plan burn-rate and share overhang; business performance; an analysis of pay and performance; and Board compensation.

The 13 Peer Group companies used by the Compensation Committee as inputs for 2014 pay design and pay level decisions are as follows:

**Peer Group**

Arch Capital Group Ltd.	Markel Corporation
Argo Group International Holdings, Ltd.	The Navigators Group, Inc.
Aspen Insurance Holdings Limited	Pro Assurance Corporation
Axis Capital Holdings Limited	RLI Corp.
Endurance Specialty Holdings Ltd.	W. R. Berkley Corporation
The Hanover Insurance Group, Inc.	XL Group plc
HCC Insurance Holdings, Inc.	

**Assessment of Risks Associated with Compensation.** The Compensation Committee has evaluated whether our compensation policies and programs encourage excessive risk taking. As part of this evaluation, the Compensation Committee reviewed a detailed compensation risk assessment conducted by Fariant. In its assessment, Fariant established both quantitative and qualitative criteria for assessing the company's compensation programs, and evaluated numerous elements of the company's pay mix, its compensation-related performance measurements, its governance and its processes and procedures that mitigate risk in its compensation programs. In addition to the above assessment, at the Compensation Committee's request, Fariant also conducted a review of the pay programs and risk mitigation policies covering certain executives that have direct responsibility for decisions that impact the company's risk position. Based on these assessments, Fariant concluded and the Compensation Committee concurred that the company's balanced pay and performance program coupled with its risk mitigation policies effectively prevent excessive risk taking.

**Total Compensation Review.** Each year, the Compensation Committee reviews a summary report or "tallysheet" prepared by the company for each NEO as well as the other executive officers. The purpose of a tallysheet is to show the aggregate dollar value of each officer's total annual compensation, including base salary, annual cash bonus, equity-based compensation, perquisites and all other compensation earned over the past two years. The tallysheet also shows amounts payable to each NEO upon termination of his employment under various severance and change-in-control scenarios. Tallysheets are reviewed by our Compensation Committee for informational purposes.

**The table below reflects the process and philosophy by which the Compensation Committee calculated executive compensation in 2014 for our NEOs and is intended to assist shareholders in understanding the elements of total compensation as determined by the Compensation Committee. This information differs from the calculation of total compensation in accordance with the disclosure rules of the SEC, primarily by disclosing the grant date fair value of equity awards granted in 2015 for the prior year 2014 performance. A table further on in this Proxy Statement under the heading "Summary Compensation Table" reflects the SEC methodology. The following discussion describes the relationship between the amounts reported in the table below and those amounts reported in the Summary Compensation Table and related tables. While the table below is presented to explain how the Compensation Committee determines compensation, the table and its accompanying disclosure are not**

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a substitute for the tables and disclosures required by the SEC's rules. The tables and related disclosures required by the SEC's rules begin on page 48.

Named Executive Officer	Base Salary <sup>(1)</sup>	Cash Bonus Paid in 2015 for 2014 Performance <sup>(2)</sup>	Time-Vested RSUs Granted in 2015 for 2014 Performance <sup>(3)(4)</sup>	Performance-Based Awards	2014 Total Compensation <sup>(5)</sup>
				Granted in 2015 for 2014 Performance <sup>(3)(4)</sup>	
Scott A. Carmilani	\$ 1,000,000	\$ 1,884,000	\$ 1,449,853	\$ 4,349,598	\$ 8,683,451
Thomas A. Bradley	\$ 500,000	\$ 855,000	\$ 249,995	\$ 749,907	\$ 2,354,902
Wesley D. Dupont	\$ 500,000	\$ 855,000	\$ 249,995	\$ 749,907	\$ 2,354,902
Frank N. D'Orazio	\$ 500,000	\$ 825,000	\$ 224,995	\$ 674,947	\$ 2,224,942
Louis P. Iglesias	\$ 525,000	\$ 830,000	\$ 212,496	\$ 637,448	\$ 2,204,944

(1) The base salary amounts set forth in this column represent the 2014 base salary rates for the applicable NEO.

(2) The amounts disclosed above in the "Cash Bonus Paid in 2015 for 2014 Performance" column represent cash bonuses earned under our 2015 annual cash bonus program with respect to 2014 performance that were paid in March 2015. In accordance with SEC disclosure rules, these payments are also set forth in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table below for 2014.

(3) As to equity compensation, the columns above reflect equity-based awards granted in the year for which they were awarded. Although the Compensation Committee granted time-vested RSUs and performance-based awards in 2015 with respect to the performance of the NEOs during 2014, under SEC rules these awards will be reflected in the Summary Compensation Table in our 2016 Proxy Statement.

(4) The dollar values disclosed above in the "Time-Vested RSUs Granted in 2015 for 2014 Performance" column and "Performance-Based Awards Granted in 2015 for 2014 Performance" column have been calculated using a fair value as of February 17, 2015 of \$38.94 per common share, the daily volume-weighted average sales price of the common shares for the 20 consecutive trading days up to and including the second trading day prior to such date. The amounts disclosed in the Stock Awards column of the Summary Compensation Table below reflect the full grant date fair value of awards issued in February 2014. In February 2015, Mr. Carmilani received 37,233 RSUs and 111,700 performance-based awards; Mr. Bradley received 6,420 RSUs and 19,258 performance-based awards; Mr. Dupont received 6,420 RSUs and 19,258 performance-based awards; Mr. D'Orazio received 5,778 RSUs and 17,333 performance-based awards; and Mr. Iglesias received 5,457 RSUs and 16,370 performance-based awards. For the RSU awards and the performance-based awards, the NEOs will receive 60% in common shares and 40% in cash on the applicable vesting date. For more information on these equity-based awards, please see "2015 Equity-Based Compensation 2015 Equity Awards".

(5) The amounts disclosed in the table above under the heading "2014 Total Compensation" and the amounts reported in the Total column of the Summary Compensation Table below differ for two principal reasons. The first is due to the SEC's disclosure requirements with respect to equity awards, as described above in footnote 3 to this table. The second is that the Total column in the Summary Compensation Table includes other amounts of compensation deemed by the SEC's disclosure rules to have been earned in 2014, including certain other compensation that the Compensation Committee does not consider conceptually as a component of total compensation, as such amounts are viewed by the Compensation Committee as either de minimis or provided to all employees (such as company contributions under the company's 401(k) plan) or a necessary result of certain of our executive officers being located outside the United States and not related to an executive's performance with respect to a given year.

**2014 Cash Compensation**

**2014 Base Salaries.** As part of its assessment in late 2014 in preparation for pay actions in early 2015, the Compensation Committee determined that our CEO's annual salary of \$1 million was

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between the 50<sup>th</sup> and 75<sup>th</sup> percentiles of the market and that no change in salary was warranted. In addition, the Compensation Committee determined that Messrs. Bradley, Dupont, D'Orazio and Iglesias continue to be positioned similarly to one another at approximately one-half of the CEO's salary. The Compensation Committee made this decision in order to (i) achieve its objective of internal equity; (ii) position average salaries between the 50<sup>th</sup> and 75<sup>th</sup> percentiles of the market; and (iii) avoid the need to increase salaries annually, unless dictated by significant competitive or internal considerations.

**2014 Annual Cash Bonus.** The company has established a structured, yet flexible, cash bonus program that has two facets: (1) an overall cash bonus pool that is funded based on the company's financial and qualitative performance and (2) a process by which the overall cash bonus pool is allocated to individuals based on individual target awards and performance. As in prior years, a target bonus percentage was established in February 2014 for each employee, including the NEOs, who were eligible to participate in the plan. The CEO's target bonus as a percentage of salary was based on the Compensation Committee's competitive assessment of the market and was set to be commensurate with the market. The target bonus as a percentage of salary for the other NEOs was set with the view that there should be a reasonable separation between the percentages for the CEO and the other NEOs, and that the target bonus percentages for all other NEOs should be the same given the relative importance and impact of each NEO's role. Target bonus percentages for the NEOs and other senior officers were recommended by the CEO and approved by the Compensation Committee. The CEO's target bonus percentage was determined solely by the Compensation Committee.

Our NEOs were eligible to receive an annual cash bonus based on a percentage of their annual base salary as follows:

<b>Name</b>	<b>2014 Bonus Target Percentage</b>
Scott A. Carmilani	120%
Thomas A. Bradley	100%
Wesley D. Dupont	100%
Frank N. D'Orazio	100%
Louis P. Iglesias	100%

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The methodology used to determine the 2014 annual cash bonus pool from which individual bonuses were paid is shown below:

**2014 Annual Cash Bonus Plan**

	EBIT (\$ in Millions)	EBIT Goal Range	EBIT Level (% of Target)	Adjusted ROE Relative to the Peer Group	ROE Funding Level (% of Corporate Scorecard Target)	Scorecard Funding Level (% of Target)	Total Cash Bonus Funding
Weight			33.3%		33.3%		33.3%
Maximum	≥ \$568M	160%	200%	≥ 75th Percentile	200%		150%
Target	\$355M	100%	100%	50th Percentile	100%		100%
Threshold	\$249M	70%	50%	30th Percentile	20%		0%
Below Threshold	< \$249M	N/A	0	< 30th Percentile	0		0
<b>Actual</b>	<b>\$578.5M</b>	<b>163%</b>	<b>200%</b>	<b>62nd Percentile</b>	<b>146%</b>		<b>125% 157%</b>

The maximum funding for each formulaic (*i.e.*, financial) metric was 200%, the maximum funding for the non-formulaic (*i.e.*, corporate scorecard) metric was 150% and the aggregate maximum funding for the 2014 annual cash bonus plan was capped at 182%. The objective of this structure was to provide predictability of award outcomes for participants while also permitting the Compensation Committee to take into consideration non-formulaic objectives.

***Why use EBIT as a financial metric?***

The Compensation Committee selected EBIT as one of the financial metrics for the 2014 fiscal year because it believed it was the most comprehensive and relevant measure of our annual results and also correlated closely with shareholder value. In previous years, the Compensation Committee selected EBIT plus other comprehensive income ("CIBIT") as the financial metric. The change to EBIT from CIBIT was due to the fact that the company has not had "other comprehensive income" since 2013 and does not expect to have any in the future.

***How is EBIT calculated?***

EBIT is calculated by taking the company's net income and adding back interest expense and tax expense.

***What was the level of EBIT achievement in 2014?***

In 2014, EBIT was \$578.5 million, derived as follows (based on approximate totals): \$490.3 million of net income, plus \$57.7 million of interest expense, plus \$30.5 million of income tax expense, equals \$578.5 million of EBIT. Based on the \$568 million Maximum Target reflected in the table above, this portion of the cash bonus pool was 200% funded.



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***How were the EBIT goals for 2014 determined?***

The target for the 2014 annual cash bonus pool was based on budgeted EBIT for the company. The Compensation Committee determined that this target was a fair yet demanding goal, consistent with its philosophy to reward strong company and individual performance, and recognizing that the company continued to face significant challenges in growing its business at a time of heavy competition, excess capacity in the insurance and reinsurance marketplace, and a low fixed-income rate environment. The threshold and maximum goals were selected based on typical ranges used by the Peer Group to ensure that the company's cash bonus program remained competitive.

***Why use ROE relative to the Peer Group as a financial metric?***

The Compensation Committee selected ROE relative to the Peer Group because it believes that it is important to have relative performance measures and because it believes this metric strongly correlates with long-term shareholder value. ROE is also a common measure used in the industry and, as a measurement of return, complements well with the EBIT metric by emphasizing profitable growth.

***How is ROE calculated and defined?***

For purposes of the company's annual cash bonus plan, "ROE" is defined as the one-year average adjusted net income divided by the two-year average shareholders' equity for the period then ending. Please see "2014 Equity-Based Compensation 2014 Equity Awards How is ROE calculated and defined?" for the definition of "Adjusted net income." Based on the company's ROE relative to the Peer Group, which was in the 62<sup>nd</sup> percentile, the Maximum Target reflected in the table above was achieved and this portion of the cash bonus pool was 146% funded.

***How were the relative ROE goals for 2014 determined?***

Given the competitive insurance and reinsurance marketplace, the Compensation Committee believed that the target goal would be challenging yet obtainable, and that the goal would neither sacrifice management's discipline in its efforts to grow the business nor promote short-term gain over long-term shareholder returns. The threshold and maximum goals were selected based on typical ranges used by the Peer Group to ensure that the company's cash bonus program remained competitive.

***Why is there a non-formulaic (i.e., corporate scorecard) element to the Annual Bonus Pool funding formula?***

The non-formulaic portion of the award is intended to take into account other quantitative and qualitative financial, operational and strategic measures to allow the Compensation Committee to assess the company's performance in ways that may not manifest in near-term financial performance. In 2014, non-formulaic measures included financial metrics, product innovation, international expansion, staff development and internal efficiency.

For 2014, highlights of some of the non-formulaic objectives and related achievements noted in determining this portion of the annual cash bonus pool funding included:

- Achieving a 7.2% increase in gross premiums written and a combined ratio of 85.2%, managing our expense ratio to 30.3% and achieving solid returns on our investment portfolio given the difficult investment environment,
- Successfully migrating in-house the managing agency of the company's Lloyd's Syndicate 2232,

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- Successfully negotiating and signing Sale of Business Agreements with RSA to acquire RSA's Hong Kong and Singapore operations,
- Successfully managing probable maximum losses within prescribed limits based on our economic capital model and established risk tolerances,
- Continuing to expand our insurance and reinsurance product offerings across a wide array of specialty coverages and jurisdictions, and
- Successfully supporting our growth initiatives through the continued development of our informational technology systems and modeling capabilities and the hiring of additional support staff.

Based on these achievements and other considerations, the Compensation Committee funded the non- formulaic component of the annual cash bonus pool at 125%, which resulted in the annual cash bonus pool being funded at 157% of the Target column. Once the Compensation Committee determined the overall cash bonus pool funding level, awards to individual officers then were made based on the CEO's assessments of individual performance. The annual cash bonus earned for 2014 by each of the NEOs as a percentage of his salary and as a percentage of target bonus was as follows:

Name	Bonus as a Percentage of Base Salary	Bonus as a Percentage of Target
Scott A. Carmilani	188%	157%
Thomas A. Bradley	171%	171%
Wesley D. Dupont	171%	171%
Frank N. D'Orazio	165%	165%
Louis P. Iglesias	158%	158%

**2014 Equity-Based Compensation**

The Compensation Committee believes that a substantial portion of each NEO's compensation should be in the form of long-term, equity-based awards, the largest portion of which should be "at risk" awards with vesting dependent on the company achieving certain performance targets. Equity-based grants have generally been awarded as a combination of performance-based equity awards and time-vested RSUs. Each year, the Compensation Committee sets a mix between the various equity-based vehicles to ensure that a substantial portion of the awards to each NEO is comprised of performance-based awards. The value of each NEO's individual awards is based on an assessment of each individual's performance for the prior year, contribution to the business, experience level and external market information.

Equity-based awards serve to better align the interests of the NEOs and our shareholders. Equity-based awards also help to ensure a strong connection between NEO compensation and our financial performance because the value of the award depends on our future performance and share price. Long-term, equity-based awards, meaning awards that vest over a period of years, also serve as a management retention tool. The Compensation Committee utilizes equity-based awards to accomplish its compensation objectives while recognizing its duty to the company's shareholders to limit diluting their holdings in the company. Each year, the Compensation Committee reviews analyses from its compensation consultant on relevant factors of its equity compensation program, including the competitiveness of equity awards by position, overall share usage, burn rates and comparisons to the equity compensation programs of the Peer Group.

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**2014 Equity Awards.** In February 2014, the Compensation Committee set the mix among performance-based equity awards and time-vested RSU awards at approximately 75% and 25%, respectively. No stock options were granted to any employees.

The total number of performance-based equity awards available for grant each year is determined by the Board based upon the recommendation of the Compensation Committee. In making its recommendation to the Board, the Compensation Committee may consider the number of available shares remaining under the company's equity plans, the number of employees who will be eligible to receive such awards, market data from competitors with regard to the percentage of outstanding shares made available for annual grants to employees and the need to retain and motivate key employees.

Performance-based equity awards were granted to our NEOs in February 2014 under the 2012 Omnibus Plan of which 40% will be eligible to settle in common shares and 60% will be eligible to settle in cash. Awards issued in 2014 will vest after the fiscal year ending December 31, 2016 in accordance with the terms and performance conditions set forth in the Performance-Based Award Agreement under the 2012 Omnibus Plan and as described in more detail below. These performance-based awards are "at risk," meaning should the company fail to perform at the minimum prescribed level, no performance-based awards will vest and no compensation will be paid to the NEOs from these awards. The Compensation Committee believes that performance-based equity awards serve to promote the company's growth and profitability over the long term. By having a three-year vesting period, these awards also encourage sustainable performance and employee retention.

The company granted the following performance-based equity awards to the NEOs in 2014:

<b>Name</b>	<b>Target Awards</b>
Scott A. Carmilani	128,799
Thomas A. Bradley	22,206
Wesley D. Dupont	22,206
Frank N. D'Orazio	17,766
Louis P. Iglesias	18,876

The methodology by which these grants will be earned is shown in the table below:

	<b>Adjusted Book Value on a CAGR Basis</b>	<b>Adjusted ROE Relative to the Peer Group</b>		
	<b>Book Value Growth (%)</b>	<b>Number of Shares Earned (% of Target)</b>	<b>Number of Shares Earned (% of Target)</b>	<b>Percentile</b>
Weight	50%			50%
Maximum	≥ 15%	150%	≥ 75 <sup>th</sup>	150%
Target	9%	100%	50 <sup>th</sup>	100%
Threshold	3%	50%	25 <sup>th</sup>	20%
Below Threshold	< 3%	0	< 25 <sup>th</sup>	0

***Why use Book Value as a 2014-2016 financial metric?***

Based on consultations with Fariant and senior management, the Compensation Committee decided to continue to utilize growth in "book value" as one of the financial metrics for the 2014 grant of performance-based equity awards because this metric strongly correlates with long-term shareholder

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value and the long-term health of the company. Book value growth of the common shares will be measured on a CAGR basis.

***How is Book Value calculated?***

For purposes of the performance-based equity awards, "book value" is defined as "total shareholders' equity" adjusted for (1) any special, one-time dividends declared; and (2) any capital events (such as capital contributions or share repurchases). In addition to the two factors above, the Compensation Committee may consider in its discretion any other extraordinary events that may affect the computation.

***Why use ROE relative to the Peer Group as a 2014 2016 financial metric?***

The Compensation Committee also approved using the company's ROE relative to the Peer Group as another financial metric. ROE relative to the Peer Group was included as a component of the financial metric for the 2014 grant of performance-based equity awards as this metric correlates with long-term shareholder value. ROE is also a common measure used in the industry and, as a measurement of return, complements our growth measure, book value growth, by emphasizing profitable growth.

***How is ROE calculated and defined?***

For purposes of the performance-based equity awards, "ROE" is defined as the three-year average adjusted net income divided by the four-year average shareholders' equity for the period then ending. "Adjusted net income" is defined as "net income" adjusted for (1) unrealized gains and losses on investments within "other comprehensive income"; (2) the portion of other-than-temporary impairment losses on investments recognized within "other comprehensive income"; and (3) any reclassification adjustment for net realized gains and losses on investments included in "net income", each net of applicable income tax.

***How were the Adjusted Book Value Growth and Relative ROE target goals for 2014 2016 determined?***

Goals for the 2014-2016 performance-based awards were chosen by the Compensation Committee based on a comprehensive competitive analysis of performance, the company's long-term plans and a competitive review of the calibration of pay to performance.

***2012 2014 Performance-Based Equity Awards.*** The performance period for the performance-based equity awards issued under the company's Third Amended and Restated 2004 Stock Incentive Plan (the "Stock Incentive Plan") in 2012 ended as of December 31, 2014. These awards vested based on: (1) a book value growth on a CAGR basis of 11.7%, which exceeded the 9% target category established by the Compensation Committee at the grant date; and (2) ROE relative to the company's Peer Group in 2012, which exceeded the maximum goal established by the Compensation Committee at the grant date. These awards vested at 136% of targeted shares, with 346,515 shares earned in the aggregate by recipients.

***2014 Time-Vested RSU Awards.*** A time-vested RSU gives a holder the right to receive a specified number of common shares at no cost (or, in the company's sole discretion, an equivalent cash amount) if the holder remains employed at the company through the applicable vesting date. Because time-vested RSUs do not have a performance component (unlike our performance-based equity awards), they will generally have value in the future. We believe these awards encourage employee retention. We have historically settled RSUs in common shares and/or cash equal to the "fair market

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value" of the common shares on the applicable vesting date. Fair market value is defined as the daily volume-weighted average sales price of the common shares for the five consecutive trading days up to and including the applicable vesting date. While the bulk of the company's RSU awards to NEOs have historically been made pursuant to our annual grant program, the Compensation Committee retains the discretion to recommend to our Board additional awards at other times. The company also grants RSUs as part of its equity-based compensation package to its employees, including the NEOs.

The company granted the following RSU awards to the NEOs in 2014:

<b>Name</b>	<b>2014 Time-Vested RSUs</b>
Scott A. Carmilani	42,930
Thomas A. Bradley	7,404
Wesley D. Dupont	7,404
Frank N. D'Orazio	5,922
Louis P. Iglesias	6,294

**Sensitivity Analysis of Our Compensation Programs.** The Compensation Committee is interested in ensuring that our incentive plans are appropriately sensitive to performance. If the plans are too sensitive to performance, they could pay too much for small changes in performance. Plans that are too sensitive to performance may also encourage excessive risk taking. If the plans are not sufficiently sensitive to performance, they may not adequately motivate executives. In order to test the pay for performance sensitivity of our incentive plans, in 2014, the Compensation Committee analyzed the impact of a large catastrophic event and changing interest rates on both the cash bonus program as well as the equity-based compensation program. The analysis showed that the company's financial performance and annual and long-term incentive payouts are affected significantly by both catastrophic events and interest rates, but that the more severe impact is from catastrophic events. We believe this is because the company, given its strategy, is more exposed to catastrophic risk than many of its peers. As a result, in years when such events are minimal, the company is likely to benefit relative to its Peer Group. And conversely, in years when such events are significant, the company is likely to be more negatively affected relative to its Peer Group. Moreover, while the negative and positive impact on the company's financial performance and incentive payouts are likely to even out over the long term, a major catastrophic event is likely to eliminate the annual cash bonus payout entirely in the year in which it occurs, and materially reduce payouts under its performance-based equity awards for all three ongoing performance year cycles.

While the Compensation Committee believes that such an event should have a major negative impact on incentive payouts, it also believes that materially reducing the incentive payouts for three years is particularly severe. For this reason, the Compensation Committee determined that it was in the best interests of shareholders to lower the relative ROE performance threshold for its performance-based equity awards from the 30<sup>th</sup> to the 25<sup>th</sup> percentile beginning with the 2014 grants under the 2012 Omnibus Plan. This change will still result in a significant negative impact on the payouts for all ongoing long-term equity compensation performance cycles for a catastrophic event (including the likely elimination of any payment for the cycle ending in the year of the event).

**2015 Cash Compensation**

**2015 Annual Cash Bonus.** For 2015, the structure of the cash bonus pool will not change from 2014. The company will continue to use EBIT and ROE relative to our Peer Group metrics for the formulaic portion and each metric will be given a one-third weighting. The non-formulaic element will also be given a one-third weighting. The Compensation Committee approved \$192.5 million,

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\$275 million and \$440 million as the Threshold, Target and Maximum goals for EBIT. These goals were selected based on the company's current financial plan, which reflects what we believe will be challenging investment and underwriting conditions in 2015. The Compensation Committee also approved the 30th percentile, the 50th percentile and the 75th percentile or greater as the Threshold, Target and Maximum goals for ROE relative to the Peer Group metric. The payouts on such awards will be 50%, 100% and 200% for the Threshold, Target and Maximum goals for EBIT and 20%, 100% and 200% for the Threshold, Target and Maximum goals for ROE relative to the Peer Group.

Our NEOs will be eligible to receive an annual cash bonus in 2016 for 2015 performance based on a percentage of their annual base salary as follows:

	<b>2015 Bonus Target Percentage</b>
Scott A. Carmilani	120%
Thomas A. Bradley	100%
Wesley D. Dupont	100%
Frank N. D'Orazio	100%
Louis P. Iglesias	100%

**2015 Peer Group.** The 2015 Peer Group will remain the same as for 2014.

**2015 Equity-Based Compensation**

**2015 Equity Awards.** In February 2015, the Compensation Committee set the mix among performance-based awards and time-vested RSU awards at approximately 75% and 25%, respectively. No stock options were granted to any employees.

The company granted the following performance-based equity awards to the NEOs in 2015:

<b>Name</b>	<b>Target Awards</b>
Scott A. Carmilani	111,700
Thomas A. Bradley	19,258
Wesley D. Dupont	19,258
Frank N. D'Orazio	17,333
Louis P. Iglesias	16,370

For performance-based equity awards, the Compensation Committee retained book value growth of the common shares measured on a CAGR basis and the company's ROE relative to the Peer Group as the financial metrics for the 2015 performance-based awards, the same methodology approved for the 2014 awards. The Compensation Committee also approved an equal weighting of the book value and the relative ROE metrics. Therefore, 50% of the performance-based, equity awards will be based on book value growth and 50% will be based on relative ROE.

The Compensation Committee approved 3%, 9% and 15% as the Threshold, Target and Maximum goals for the book value growth metric; and the 25<sup>th</sup> percentile, the 50<sup>th</sup> percentile and the 75<sup>th</sup> percentile or greater as the Threshold, Target and Maximum goals for ROE relative to the Peer Group. The payouts on such awards will be 50%, 100% and 150% for the Threshold, Target and Maximum

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goals for book value growth; and 20%, 100% and 150% for the Threshold, Target and Maximum goals for ROE relative to the Peer Group.

The company granted the following RSU awards to the NEOs in 2015:

<b>Name</b>	<b>2015 Time-Vested RSUs</b>
Scott A. Carmilani	37,233
Thomas A. Bradley	6,420
Wesley D. Dupont	6,420
Frank N. D'Orazio	5,778
Louis P. Iglesias	5,457

**Stock Ownership Policy**

In order to promote equity ownership and further align the interests of management with our shareholders, senior executives are expected to own a significant amount of equity interests in the company. Under the company's stock ownership policy, all of our employees with titles of senior vice president and above are expected to own within five years after his or her joining us or after a promotion, equity interests in the company, expressed as a multiple of base salary as follows:

<b>Title</b>	<b>Multiple of Base Salary</b>
Chief Executive Officer	5 times
Executive Management of the company <sup>(1)</sup>	3 times
Other Presidents, Executive Vice Presidents or Senior Vice Presidents	2 times

(1)

For 2014, executive management was comprised of the company's ten most senior officers.

Equity interests in the company include unvested RSUs, performance-based awards and exercisable stock options. Employees are expected not to sell any common shares if they will not be in compliance with this policy. If a covered employee previously achieved compliance under the policy but wishes to sell a certain portion of his or her holdings of common shares at a time when he or she is not in compliance with the policy solely as a result of a significant decrease in the price of common shares, the policy allows the General Counsel of the company to exercise his discretion to allow such sale to occur. All NEOs currently meet or exceed the requirements of the stock ownership policy.

Under the company's Policy Regarding Insider Trading for all Directors, Officers and Employees and its Code of Conduct and Business Ethics, employees are prohibited from engaging in speculative or "in and out" trading in securities of the company. In addition, the company also prohibits pledging of its securities and hedging and derivative transactions in its securities (other than transactions in the company's employee stock options) and trading in or through margin accounts. These transactions are characterized by short sales, buying or selling publicly traded options, swaps, collars or similar derivative transactions.

**Retirement, Health and Welfare Benefits**

The company offers a variety of health and welfare programs to all eligible employees. The NEOs are generally eligible for the same benefit programs on the same basis as the rest of the company's

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employees. The health and welfare programs are intended to protect employees against catastrophic loss and include medical, pharmacy, dental, vision, life insurance, accidental death and disability, and short- and long-term disability. Senior employees earning over certain salary levels per year contributed to the cost of their medical insurance based upon a sliding scale tied to their salary level. We offer a qualified 401(k) savings and retirement plan for our employees who are U.S. citizens (wherever they may be located) and similar plans for our other employees. All company employees, including the NEOs, are generally eligible for these plans. The company contributes to such employees' accounts as well in the form of a matching contribution and up to a 2% profit sharing contribution.

We have established the Allied World Assurance Company (U.S.) Inc. Second Amended and Restated Supplemental Executive Retirement Plan (the "SERP") for our employees who are U.S. citizens and who reside in the United States. We contribute under the SERP up to 10% of a participant's annual base salary in excess of the then-effective maximum amount of annual compensation that could be taken into account under a qualified plan under the U.S. Internal Revenue Code of 1986 (the "Code"), as established by the Internal Revenue Service from time to time (the "IRS Compensation Limit"), with an annual base salary cap of \$600,000. This means that we will start making contributions under the SERP to a participant only after such participant has earned annual base salary in excess of the IRS Compensation Limit (\$260,000 in 2014) and will stop making such contributions once a participant has earned \$600,000. Under the SERP, an eligible NEO may voluntarily contribute up to 25% of his or her annual base salary up to a maximum of \$600,000.

There is a five-year cumulative vesting period for all company contributions so that upon completion of five years of service, a participant will be 100% vested in all prior and future contributions made on his or her behalf by the company or its subsidiaries. The company contributions shall also fully vest upon a participant's retiring after attaining the age of 65. Executives may defer receipt of part of their cash compensation under the SERP. The program allows U.S. officers to save for retirement in a tax-effective way at minimal cost to the company. The investment alternatives under the SERP are the same choices available to all participants under the 401(k) plan, and the NEOs do not receive preferential treatment on their investments. The SERP is intended to comply with Sections 409A and 457A of the Code. The company believes that contributing to a participant's retirement and having a five-year cumulative vesting for the company's contributions on behalf of a participant attracts senior officers who want to remain with the company for the long term and help it achieve its business objectives.

In 2009, in response to changes in the tax treatment of deferred compensation earned by employees of certain offshore companies including Bermuda-domiciled companies, we precluded future contributions under the SERP by or on behalf of any employees who are subject to Section 457A of the Code. This includes Mr. D'Orazio who worked and resided in Bermuda in 2014. In lieu of matching contributions previously provided by the company to him through the SERP, the company has provided comparable benefits to these participants in the form of current cash payments, which are subject to tax.

**Perquisites**

The Compensation Committee and senior management assess the prevalence and costs of each perquisite provided to the NEOs to ensure that any perquisites remain reasonable and in-line with marketplace practices. The company has eliminated or reduced a number of perquisites in recent years. Many of the benefits and perquisites discussed below are offered only to those NEOs who have relocated to and reside outside of the United States.

***Perquisites for Mr. D'Orazio.*** For Mr. D'Orazio, our only NEO residing in Bermuda in 2014, perquisites included a housing allowance, one return flight to the United States and a tax "gross up" for



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housing allowance and Bermuda payroll tax payments. These perquisites are typical of perquisites provided to the company's other expatriate employees located in Bermuda, are typically provided by the company's competitors in Bermuda for employees in a similar position and are reasonable in scope.

In December 2014, Mr. D'Orazio relocated out of Bermuda and we provided a temporary relocation allowance to him in-line with our past practice for other NEOs who were requested to relocate out of Bermuda. Mr. D'Orazio's relocation allowance includes a monthly payment for a period of four months from the date he relocated from Bermuda, assuming he remains employed by us. This monthly allowance is less than Mr. D'Orazio's monthly Bermuda housing allowance would have been over the period. In addition, the temporary relocation allowance was fully taxable to Mr. D'Orazio, whereas the company pays a tax "gross up" on the housing allowance received by U.S. taxpayers that are working in Bermuda. The company believed this perquisite to Mr. D'Orazio is important for transition and retention purposes. Mr. D'Orazio's relocation allowance terminated in March 2015.

***Financial and Tax Planning.*** Our NEOs receive financial and tax planning. Because many of the company's senior officers are subject to complicated tax issues from working abroad on a full-time or part-time basis, the company provides reimbursement or payment of the cost for financial and tax planning to certain of the senior officers. The company believes this perquisite is necessary for retention purposes and is important for the financial welfare of its employees affected by these tax issues. In 2014, the company reimbursed up to \$10,000 for financial and tax planning for its NEOs. The company believes this perquisite is important for retention purposes and for helping to ensure the long-term financial security of the NEOs.

Table of Contents**Summary Compensation Table**

The following table provides information concerning the compensation for services in all capacities earned by the NEOs for fiscal years 2014, 2013 and 2012.

Name and Principal Position	Year	Salary (\$)	Non-Equity Incentive			Total (\$)
			Stock Awards (\$)(4)	Option Awards (\$)	Plan Compensation (\$)(5)	
Scott A. Carmilani(1) <i>President, Chief Executive Officer and Chairman of the Board</i>	2014	\$ 1,000,000	\$ 5,763,225	\$ 1,884,000	\$ 102,940	\$ 8,750,165
	2013	\$ 1,000,000	\$ 5,989,064	\$ 1,884,000	\$ 98,278	\$ 8,971,342
	2012	\$ 994,231	\$ 6,050,700	\$ 1,750,000	\$ 288,253	\$ 9,083,184
Thomas A. Bradley(2) <i>Executive Vice President and Chief Financial Officer</i>	2014	\$ 500,000	\$ 993,712	\$ 855,000	\$ 53,159	\$ 2,401,871
	2013	\$ 500,000	\$ 774,393	\$ 800,000	\$ 42,303	\$ 2,116,696
	2012	\$ 125,000	\$	\$	\$ 394,694	\$ 519,694
Wesley D. Dupont <i>Executive Vice President and General Counsel</i>	2014	\$ 500,000	\$ 993,712	\$ 855,000	\$ 56,110	\$ 2,404,822
	2013	\$ 489,423	\$ 1,032,670	\$ 800,000	\$ 108,578	\$ 2,430,671
	2012	\$ 440,192	\$ 938,928	\$ 785,000	\$ 164,474	\$ 2,328,594
Frank N. D'Orazio <i>President, Underwriting and Global Risk</i>	2014	\$ 500,000	\$ 794,969	\$ 825,000	\$ 420,131	\$ 2,540,100
	2013	\$ 490,000	\$ 826,066	\$ 785,000	\$ 368,081	\$ 2,469,147
	2012	\$ 430,000	\$ 834,596	\$ 770,000	\$ 368,946	\$ 2,403,542
Louis P. Iglesias(3) <i>President, North America Allied World Assurance Company (U.S.) Inc. and Allied World National Assurance Company</i>	2014	\$ 525,000	\$ 844,705	\$ 830,000	\$ 44,105	\$ 2,243,810

(1) Mr. Carmilani receives no additional compensation for serving as our Chairman of the Board.

(2) Mr. Bradley joined us in September 2012.

(3) Mr. Iglesias was not an NEO prior to 2014.

(4) The amounts shown in the "Stock Awards" column equal the estimate of aggregate compensation cost to be recognized with respect to RSU and performance-based awards granted in such year determined as of the grant date under FASB ASC Topic 718 and excluding the effect of estimated forfeitures. The following portion of the value shown in the "Stock Awards" column in 2014 represents the grant date value of performance-based awards (\$33.56 per common share, the closing price for the awards issued on February 18,

2014) based upon the probable outcome of such performance criteria: \$4,322,494 for Mr. Carmilani, \$745,233 for Mr. Bradley, \$745,233 for Mr. Dupont, \$596,227 for Mr. D'Orazio and \$633,479 for Mr. Iglesias. The remaining amounts reflected in the "Stock Awards" column represent the grant date fair value of RSU awards that are not subject to performance vesting conditions.

Assuming the highest level of performance, the grant date fair value of performance-based awards granted in 2014 would equal \$6,483,742 for Mr. Carmilani, \$1,117,850 for Mr. Bradley, \$1,117,850 for Mr. Dupont, \$894,340 for Mr. D'Orazio and \$950,218 for Mr. Iglesias. For additional information on the calculation of compensation expenses, please refer to note 13(b), (c) and (d) of the company's consolidated financial statements contained in the Form 10-K for the year ended December 31, 2014, as filed with the SEC.

(5)

The amounts shown in the "Non-Equity Incentive Plan Compensation" column represent cash bonuses earned under our 2014, 2013 and 2012 cash bonus plans and were paid in February 2015, February 2014 and March 2013, respectively. For a description of our annual cash bonus plan, see " Compensation Discussion and Analysis 2014 Cash Compensation 2014 Annual Cash Bonus."

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(6)

The amounts shown in the "All Other Compensation" column are attributable to perquisites and other personal benefits or compensation not reported elsewhere in the Summary Compensation Table. The table below shows certain components of the "All Other Compensation" column.

Name	Year	401(k)/ Company Contributions	SERP/ Pension Plan Company Contributions	Perquisites <sup>(b)</sup>	Tax Payments <sup>(c)</sup>	Aggregate "All Other Compensation"
Scott A. Carmilani	2014	\$ 13,000	\$ 33,999	\$ 55,941	\$	\$ 102,940
Thomas A. Bradley	2014	\$ 13,000	\$ 23,999	\$ 16,160	\$	\$ 53,159
Wesley D. Dupont	2014	\$ 13,000	\$ 23,999	\$ 19,111	\$	\$ 56,110
Frank N. D'Orazio	2014	\$ 13,000	\$ 24,000 <sup>(a)</sup>	\$ 191,610	\$ 191,521	\$ 420,131
Louis P. Iglesias	2014	\$ 13,000	\$ 26,497	\$ 4,608	\$	\$ 44,105

(a)

Mr. D'Orazio received cash payments, which were subject to tax, instead of tax-deferred contributions under the SERP. Mr. D'Orazio was precluded from receiving company contributions under the SERP because he was subject to Section 457A of the Code. For more information on the SERP, please see " Compensation Discussion and Analysis Retirement, Health and Welfare Benefits."

(b)

Perquisites in 2014 for the NEOs include reimbursements for amounts for certain tax preparation, financial planning, and life and executive disability insurance premiums. In addition, Mr. Carmilani received a benefit of \$27,306 for personal use of the company's aircraft; and Mr. D'Orazio received a housing allowance of \$132,715 for the time he resided in Bermuda in 2014 and a relocation allowance of \$34,000 in connection with his relocation to the United States.

(c)

Consists of (i) gross-up payments of \$76,833 to Mr. D'Orazio, our NEO who resided in Bermuda throughout 2014, and who is a U.S. taxpayer for additional tax obligations incurred in 2014 as a result of the U.S. Tax Increase Prevention and Reconciliation Act of 2005 (the "Tax Act") and (ii) payments of \$114,688 to Mr. D'Orazio for the Bermuda payroll tax. The Bermuda payroll tax is paid to all Bermuda-based employees and not just to our NEOs. The gross-up payments are estimates based on advice from an independent tax advisor and our current understanding of the Tax Act. Accordingly, the "gross-up" amounts provided above are subject to revision. For more information on personal benefits and perquisites, please see " Compensation Discussion and Analysis Perquisites."



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he is eligible to receive. The difference in the threshold percentages for Mr. Carmilani and the other NEOs is due to Mr. Carmilani having a target bonus of 120% of his base salary and the other NEOs having a target bonus of 100% of their base salaries. Accordingly, we have reduced by 72.4% for Mr. Carmilani and by 77% for each other NEO the amount he would be eligible to receive based on his target bonus as a percentage of base salary, as reflected below in the "adjusted bonus" column below.

<b>Name</b>	<b>Bonus Target as a Percentage of Base Salary</b>	<b>Adjusted Bonus Target as a Percentage of Base Salary</b>
Scott A. Carmilani	120%	27.6%
Thomas A. Bradley	100%	23%
Wesley D. Dupont	100%	23%
Frank N. D'Orazio	100%	23%
Louis P. Iglesias	100%	23%

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The amounts provided in the applicable "threshold" column above indicate the dollar amount calculated by multiplying the "adjusted bonus target as a percentage of base salary" (as set forth in the table in this footnote) by the NEO's base salary.

Target. The amounts provided in the applicable "target" column above assume that the annual cash bonus pool will be 100% funded and that each NEO will receive the full amount of the cash bonus that he or she is eligible to receive. The dollar amount for each NEO is calculated by multiplying the "bonus target as a percentage of base salary" (as set forth in the table in this footnote) by the NEO's base salary.

Maximum. If we achieve or exceed the "maximum" threshold, the annual cash bonus plan may be 182% funded as described in greater detail in " Compensation Discussion and Analysis Cash Compensation Annual Cash Bonus." However, individual bonuses under the annual cash bonus plan are not capped or subject to any maximums, so long as the aggregate amount of the bonus pool is not exceeded. Accordingly, no information appears in the applicable column above.

- (2) Amounts disclosed in these columns represent a target performance-based award granted under the 2012 Omnibus Plan, 40% of which is eligible to settle in our common shares and 60% of which is eligible to settle in cash. The vesting of these performance-based awards is currently based on "book value" growth and "ROE", as described in greater detail in " Compensation Discussion and Analysis 2014 Equity-Based Compensation 2014 Equity Awards."

The vested share amounts disclosed in the applicable columns of the "Estimated Future Payouts Under Equity Incentive Plan Awards" assumes as follows: for the "threshold" column, the book value of 3% measured on a CAGR basis and an ROE in the 25<sup>th</sup> percentile relative to the Peer Group; for the "target" column, a book value of 9% measured on a CAGR basis and an ROE in the 50<sup>th</sup> percentile relative to the Peer Group; and for the "maximum" column, a book value of 15% measured on a CAGR basis and an ROE in the 75<sup>th</sup> percentile relative to the Peer Group. The performance-based awards had a grant date fair value equal to the closing price of our common shares on February 18, 2014 (\$33.56). In calculating the grant date value, it was assumed that the performance target regarding such awards will be attained.

- (3) Represents each NEO's annual grant of RSUs on February 18, 2014 pursuant to the company's 2012 Omnibus Plan. In accordance with FASB ASC Topic 718, the grant date fair value included in the table reflects the closing price of our common shares on the grant date (\$33.56) multiplied by the number of RSUs granted to the NEO. Of the aggregate amount of such RSUs, 50% will settle in common shares and 50% will settle in cash equal to the fair market value of our common shares on the applicable vesting date. For more information on these grants, please see " Compensation Discussion and Analysis Equity-Based Compensation 2014 Equity Awards 2014 Time-Vested RSU Awards."

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**2012 Omnibus Plan**

We maintain the 2012 Omnibus Plan, which was approved by our shareholders on May 3, 2012. Under the 2012 Omnibus Plan, up to 4,500,000 of our common shares may be issued, subject to adjustment as described below. During 2014, we granted 453,702 time-vested RSUs and 166,302 performance-based awards under the 2012 Omnibus Plan that settle in common shares. These share amounts have been adjusted to reflect the company's 3-for-1 stock split effected May 23, 2014. The 2012 Omnibus Plan provides for the grant of options intended to qualify as incentive stock options ("ISOs") under Section 422 of the Code nonqualified stock options ("NSOs"), stock appreciation rights ("SARs"), restricted shares, RSUs, deferred share units, cash incentive awards, performance-based compensation awards and other equity-based and equity-related awards. These awards will generally vest pro rata over four years from the date of grant, except for performance-based awards that will generally vest over a three-year period based on the achievement of certain performance conditions. However, the Compensation Committee may determine the terms and conditions under which certain awards are eligible to vest. Awards may be made to any of our directors, officers, employees (including prospective employees), consultants and other individuals who perform services for us, as determined by the Compensation Committee in its discretion. The Compensation Committee may grant ISOs, NSOs and SARs to purchase common shares (at the price set forth in the award agreement, but in no event less than 100% of the fair market value of the common shares on the date of grant) subject to the terms and conditions as it may determine. For performance-based awards, performance conditions will be selected by the Compensation Committee or the Board prior to the commencement of an applicable performance period from a list of permissible financial metrics. These awards will be intended to qualify as "qualified performance-based compensation" under Section 162(m) of the Code. While the Board retains the right to terminate the 2012 Omnibus Plan at any time, in any case the 2012 Omnibus Plan will terminate on May 3, 2022.

The shares subject to the 2012 Omnibus Plan are authorized but unissued common shares. If any award is forfeited or is otherwise terminated or canceled without the delivery of common shares, then such shares will again become available under the 2012 Omnibus Plan. Unless otherwise provided in an award agreement or a participant's employment agreement, in the event of our change of control, (i) any options or SARs outstanding as of a termination of a participant's employment by the company without "cause" or by the participant for "good reason" (as each term is defined in the 2012 Omnibus Plan), in each case, that occurs within two years following the date the change of control occurs, will automatically vest and become exercisable at the time of such termination; (ii) any performance compensation awards outstanding as of a termination of a participant's employment by the company without cause or by the participant for good reason, in each case, that occurs within two years following the date the change of control occurs, will automatically vest and be paid out at the time of such termination at the same percentage at which the company is expensing such award for financial reporting purposes immediately prior to such termination; and (iii) all other awards outstanding as of a termination of a participant's employment by the company without cause or by the participant for good reason, in each case, that occurs within two years following the date the change of control occurs, will automatically vest and become exercisable and all restrictions and forfeiture provisions related thereto will lapse at the time of such termination.

Pursuant to the 2012 Omnibus Plan, if a participant who is subject to Section 16(a) of the Exchange Act engages in any act of fraud or intentional misconduct that contributes materially to any financial restatement of the company, any portion of an award that previously vested and was paid to such participant will immediately terminate and the participant will be required to repay to the company the difference between any amount paid within the one-year period preceding the financial restatement and the amount that should have been paid with respect to the participant's award based on the financial restatement.



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Our Compensation Committee has the authority to adjust the terms of any outstanding awards, the number of common shares covered by each outstanding award and the number of common shares issuable under the 2012 Omnibus Plan as it deems appropriate for any increase or decrease in the number of issued common shares resulting from a stock dividend, stock split, reverse stock split, recapitalization, reorganization, merger, consolidation, combination, exchange or any other event that the Compensation Committee determines affects our capitalization, other than regular cash dividends. In the event of a merger, amalgamation or consolidation, the sale of a majority of the company's securities or the reorganization or liquidation of the company, the Compensation Committee will have the discretion to provide, as an alternative to the adjustment described above, for the accelerated vesting of options prior to such an event or the cancellation of options in exchange for a payment based on the per-share consideration being paid in connection with the event.

**2008 Employee Share Purchase Plan**

On February 28, 2008, the Board adopted the Amended and Restated 2008 Employee Share Purchase Plan ("ESPP"), which was approved by our shareholders on May 8, 2008. The purposes of the ESPP are to provide our employees with an opportunity to purchase common shares, help such employees to provide for their future security and encourage such employees to remain in the employment of the company and its subsidiaries. The ESPP is designed to qualify as an "employee share purchase plan" under Section 423 of the Code. A total of 3,000,000 common shares are reserved for issuance under the plan. Of that amount, 2,561,001 common shares remained available for issuance as of December 31, 2014. These share amounts have been adjusted to reflect the company's 3-for-1 stock split effected May 23, 2014. The ESPP provides for consecutive six-month offering periods (or other periods of not more than 27 months as determined by the Compensation Committee) under which participating employees can elect to have between 1% and 10% of their base salary withheld and applied to the purchase of common shares at the end of the period. Unless otherwise determined by the Compensation Committee before an offering period, the purchase price will be 85% of the fair market value of the common shares at the end of the offering period. Applicable Code limitations specify, in general, that a participant's right to purchase shares under the plan cannot accumulate at a rate in excess of \$25,000 (based on the value at the beginning of the applicable offering periods) per calendar year.

**Equity Compensation Plan Information**

The following table presents information concerning our equity compensation plans as of December 31, 2014. The exercise price and all share amounts have been adjusted to reflect the company's 3-for-1 stock split effected May 23, 2014.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights(1)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights(2)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)</b>
Equity compensation plans approved by Shareholders	3,545,821	\$ 16.40	6,243,180 <sup>(3)</sup>
Equity compensation plans not approved by Shareholders			
<b>Total</b>	<b>3,545,821</b>	<b>\$ 16.40</b>	<b>6,243,180<sup>(3)</sup></b>

(1)

Represents 2,426,674 stock options granted under the company's Third Amended and Restated 2001 Employee Stock Option Plan (the "Stock Option Plan"), which have a weighted average remaining contractual life of 4.7 years, and 502,506 RSUs and 616,641 performance-based awards granted under the 2012 Omnibus Plan and the Stock Incentive Plan.

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- (2) The weighted average exercise price reported in the column does not take into account RSUs or performance-based awards.
- (3) Includes 3,682,179 common shares available for issuance under the 2012 Omnibus Plan and 2,561,001 common shares available for purchase under the ESPP.

**Employment Agreements**

We are a party to employment agreements with each of our NEOs. Each employment agreement provides for base salary, discretionary annual cash bonuses and reimbursement for business expenses. Each NEO is subject to a non-interference covenant under his employment agreement during the term of employment or, for Messrs. Bradley and Iglesias, the three-year term of his agreement, and ending on the 24-month anniversary following any termination of employment or, for Messrs. Bradley and Iglesias, the expiration of his employment agreement. Generally, the non-interference covenant prevents the NEO from soliciting or hiring our employees or other service providers, from inducing any of our customers or other third parties with whom we have a relationship to reduce or cease their business with us or from otherwise interfering with our business relationships. During the term of employment and ending following the Non-Compete Period (as defined below), the NEO is subject to a non-competition covenant. Generally, the non-competition covenant prevents the NEO from engaging in activities that compete with our business in certain jurisdictions. Each employment agreement also contains standard confidentiality and assignment of inventions provisions. In addition, each employment agreement provides that we shall generally indemnify the NEO to the fullest extent permitted, except in certain limited circumstances.

The "Non-Compete Period" means the period commencing on the date of the employment agreement and (i) in the case of the NEO's termination of employment by us with cause, ending on the date of such termination; (ii) in the case of an NEO's termination of employment by us without cause or by the NEO for good reason, ending on the 24-month anniversary of his termination; and (iii) in the case of an NEO's termination of employment by the NEO without good reason or as a result of a disability, ending on the date of such termination; *provided, however*, in the case of clause (iii) above, we may elect to extend the Non-Compete Period up to an additional 12 months following the date of such termination, during which period we will be required to continue to pay the NEO his base salary and provide coverage under our company's health and insurance plans (or the equivalent of such coverage).

Each employment agreement terminates upon the earliest to occur of (i) the NEO's death, (ii) a termination by reason of a disability, (iii) a termination by us with or without cause and (iv) a termination by the NEO with or without good reason (other than for Messrs. Bradley and Iglesias, who have a three-year employment agreement that can be terminated earlier for the reasons set forth in clauses (i) through (iv) above). Each NEO is entitled to cash payments and accelerated vesting of equity awards based on the reason for his termination of employment. If an NEO is terminated by us with cause or if he leaves without good reason, the NEO will only be entitled to reimbursement of prior accrued obligations (*i.e.*, legitimate business expenses). The amounts to which an NEO would be entitled under various other termination scenarios are set forth in the "Potential Payments Upon a Termination or Change in Control" table further on in this Proxy Statement as well as the footnotes thereto. In addition, upon the occurrence of a change in control, all equity-based awards received by the NEO will fully vest immediately prior to such change in control.

Table of Contents**Outstanding Equity Awards at Fiscal Year-End**

The following table summarizes the number of securities underlying awards for each NEO as of December 31, 2014. The exercise price and all share amounts have been adjusted to reflect the company's 3-for-1 stock split effected May 23, 2014.

Name	Option Awards				Stock Awards		
	Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	Expiration Date	Number of Shares or Units That Have Not Vested (#)	Market Value of Shares or Units That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Rights That Have Not Vested (\$)
Scott A. Carmilani	100,803	\$ 22.52	2/22/2015	8,868(2)	\$ 336,275	53,600(8)	\$ 5,824,512
				33,927(3)	\$ 1,286,511	28,799(9)	\$ 4,884,058
				38,403(4)	\$ 1,456,242		
				42,930(5)	\$ 1,627,906		
Thomas A. Bradley				4,968(4)	\$ 188,387	19,860(8)	\$ 753,091
				7,404(5)	\$ 280,760	22,206(9)	\$ 842,052
Wesley D. Dupont	75,000	\$ 12.04	1/21/2015	5,290(2)	\$ 48,917	6,484(8)	\$ 1,004,273
	14,646	\$ 22.52	2/22/2015	2,265(3)	\$ 199,642	22,206(9)	\$ 842,052
				6,624(4)	\$ 251,182		
				7,404(5)	\$ 280,760		
Frank N. D'Orazio	12,048	\$ 22.52	2/22/2015	1,062(2)	\$ 40,271	1,186(8)	\$ 803,373
				4,680(3)	\$ 177,467	7,766(9)	\$ 673,687
				5,298(4)	\$ 200,900		
				5,922(5)	\$ 224,562		
Louis P. Iglesias				3,207(6)	\$ 121,603	3,242(8)	\$ 502,137
				9,933(4)	\$ 376,658	18,876(9)	\$ 715,778
				6,294(5)	\$ 238,668		

(1) All of the stock options listed in the table above have fully vested, except for those stock options with an exercise price of \$20.50, which vest on February 22, 2015.

- (2) These RSUs vest on February 22, 2015.
- (3) These RSUs vest pro-rata on February 22, 2015 and 2016.
- (4) These RSUs vest pro rata on February 19, 2015, 2016 and 2017.
- (5) These RSUs vest pro rata on February 18, 2015, 2016, 2017 and 2018.
- (6) These RSUs vest pro rata on May 3, 2015 and 2016.
- (7) Assumes a price of \$37.92 per common share, the closing price as of December 31, 2014.
- (8) These performance-based equity awards are not eligible to vest until after December 31, 2015. These awards vest upon the achievement of established performance criteria during an applicable three-year period. The amounts reflected in the table above represent the target performance goals.
- (9) These performance-based equity awards are not eligible to vest until after December 31, 2016. These awards vest upon the achievement of established performance criteria during an applicable three-year period. The amounts reflected in the table above represent the target performance goals. For additional information regarding these performance-based awards, see " Compensation Discussion and Analysis 2014 Equity-Based Compensation."

Table of Contents**Option Exercises and Stock Vested**

The following table summarizes information underlying each exercise of stock options, vesting of RSUs or vesting of performance-based awards for each NEO in 2014. All share amounts have been adjusted to reflect the company's 3-for-1 stock split effected May 23, 2014.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Scott A. Carmilani	10,000	\$ 259,910 <sup>(1)</sup>	13,674	\$ 453,703 <sup>(6)</sup>
	10,000	\$ 266,740 <sup>(2)</sup>	21,903	\$ 729,370 <sup>(7)</sup>
	20,000	\$ 532,424 <sup>(3)</sup>	12,798	\$ 427,197 <sup>(8)</sup>
	10,000	\$ 265,973 <sup>(4)</sup>	110,735	\$ 4,199,081 <sup>(9)</sup>
	10,000	\$ 270,065 <sup>(5)</sup>	166,105	\$ 6,310,128 <sup>(10)</sup>
Thomas A. Bradley			1,653	\$ 55,177 <sup>(8)</sup>
Wesley D. Dupont			2,748	\$ 91,179 <sup>(6)</sup>
			3,801	\$ 126,573 <sup>(7)</sup>
			2,205	\$ 73,603 <sup>(8)</sup>
			17,185	\$ 651,655 <sup>(9)</sup>
Frank N. D'Orazio			25,773	\$ 979,085 <sup>(10)</sup>
			2,571	\$ 85,306 <sup>(6)</sup>
			3,450	\$ 114,885 <sup>(7)</sup>
			1,764	\$ 58,882 <sup>(8)</sup>
			15,276	\$ 579,266 <sup>(9)</sup>
Louis P. Iglesias			22,909	\$ 870,285 <sup>(10)</sup>
			3,309	\$ 110,454 <sup>(8)</sup>
			1,602	\$ 58,233 <sup>(11)</sup>

(1) Calculated as the difference between (i) \$36.891 (the weighted average sale price per share on September 29, 2014, the date of exercise and sale) and (ii) the exercise price of \$10.90, multiplied by the number of stock options exercised.

(2) Calculated as the difference between (i) \$37.5740 (the weighted average sale price per share on October 6, 2014, the date of exercise and sale) and (ii) the exercise price of \$10.90, multiplied by the number of stock options exercised.

(3) Calculated as the difference between (i) \$37.5212 (the weighted average sale price per share on October 13, 2014, the date of exercise and sale) and (ii) the exercise price of \$10.90, multiplied by the number of stock options exercised.

(4) Calculated as the difference between (i) \$37.4973 (the weighted average sale price per share on October 20, 2014, the date of exercise and sale) and (ii) the exercise price of \$10.90, multiplied by the number of stock options exercised.

(5) Calculated as the difference between (i) \$37.9065 (the weighted average sale price per share on November 10, 2014, the date of exercise and sale) and (ii) the exercise price of \$10.90, multiplied by the number of stock options exercised.

(6)

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RSUs that settled in common shares. Assumes a price of \$33.18 per common share, the closing price on February 22, 2014, the RSU vesting date.

(7)

RSUs that settled in cash. Assumes a price of \$33.30 per common share, which is the daily volume-weighted average sales price of a common share for the five consecutive trading days up to and including February 22, 2014, the vesting date.

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- (8) RSUs that settled in cash. Assumes a price of \$33.38 per common share, which is the daily volume-weighted average sales price of a common share for the five consecutive trading days up to and including February 19, 2014, the vesting date.
- (9) Performance-based awards that settled in common shares. Assumes a price of \$37.92 per common share, the closing price on December 31, 2014, and relates to performance-based awards granted to certain NEOs in 2012. These awards vested at 136% of target.
- (10) Performance-based awards that settled in cash. Assumes a price of \$37.9888 per common share, which is the daily volume-weighted average sales price of a common share for the five consecutive trading days up to and including December 31, 2014, and relates to performance-based awards granted to certain NEOs in 2012. These awards vested at 136% of target.
- (11) RSUs that settled in common shares. Assumes a price of \$36.35 per common share, the closing price on May 3, 2014, the RSU vesting date.

**Non-Qualified Deferred Compensation**

The following table summarizes information regarding each NEO's participation in the SERP in 2014.

Name	Executive	Registrant	Aggregate	Aggregate	
	Contributions	Contributions	Earnings	Withdrawals/	Balance at
	in Last	in Last	in Last	Distributions	Last Fiscal
	Fiscal	Fiscal	Fiscal		Year-End
	Year	Year	Year	(\$)	(\$)
	(\$) <sup>(1)</sup>	(\$) <sup>(2)</sup>	(\$) <sup>(3)</sup>		
Scott A. Carmilani	\$	\$ 33,999	\$ 55,670	\$	\$ 703,810
Thomas A. Bradley	\$	\$ 23,999	\$ 1,336	\$	\$ 51,528
Wesley D. Dupont	\$	\$ 23,999	\$ 276	\$	\$ 138,796
Frank N. D'Orazio	\$	\$	\$ 17,824	\$	\$ 189,209
Louis P. Iglesias	\$	\$ 26,497	\$ 3,858	\$	\$ 75,251

- (1) Reflects amount of base salary deferred by the NEO under the SERP in 2014.
- (2) Reflects amounts contributed by us on behalf of the NEO. In 2014, Mr. D'Orazio received cash payments, which were subject to tax, instead of tax-deferred contributions under the SERP. In 2014, Mr. D'Orazio was precluded from receiving company contributions under the SERP because he was subject to Section 457A of the Code. All amounts that we contributed on behalf of the NEO under the SERP or cash payments to the NEO in lieu thereof have also been reported in the Summary Compensation Table.
- (3) Represents capital gains and dividends on and earnings from the investments made in one or more mutual funds selected by the NEO, less any losses incurred from one or more selected mutual funds during 2014.

*Investment Alternatives Under the SERP.* Under the SERP, each NEO that is eligible to participate has the option to select a variety of mutual funds that are used to determine the additional amounts to be credited to his account. Each NEO is permitted to change, on a monthly basis, his mutual fund choices in which individual and company contributions are to be invested. These mutual funds are the same as those offered under our 401(k) plan.



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*Payouts and Withdrawals.* Subject to earlier payout required pursuant to Section 457A of the Code described above, each NEO may elect to receive at retirement amounts deferred and contributions credited to his account in either a lump sum or in annual installments over a period of up to ten years. For more information regarding the SERP, please see " Compensation Discussion and Analysis Retirement, Health and Welfare Benefits."

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Table of Contents**Potential Payments Upon a Termination or Change in Control**

The table below reflects the amount of compensation and benefits payable to each NEO in the event of (i) a termination by the NEO without good reason (a "voluntary termination"), (ii) a termination without cause or with good reason ("involuntary termination") other than within 12 months of a change in control, (iii) an involuntary termination within 12 months of a change in control, (iv) a termination due to death and (v) a termination due to disability. The amounts shown assume that the applicable triggering event occurred on December 31, 2014, the last business day of the year, and therefore are estimates of the amounts that would be paid to the applicable NEO upon the occurrence of such triggering event, assuming a price of \$37.92 per common share, the closing price as of December 31, 2014.

Name		Type of Change in				
		Voluntary Termination(1)	Involuntary Termination(2)	Control(3)	Death(4)	Disability(5)
Scott A. Carmilani	Cash					
	Severance: \$	1,000,000 \$	5,768,000 \$	8,652,000 \$	1,884,000 \$	2,884,000
	Continued					
	Benefits: \$	24,542 \$	49,084 \$	73,626 \$	1,500,000 \$	24,542
	Equity					
Thomas A. Bradley	Acceleration: \$	\$	14,717,769 \$	16,018,869 \$	12,116,468 \$	12,116,468
	TOTAL: \$	1,024,542 \$	20,534,853 \$	24,744,495 \$	15,500,468 \$	15,025,010
	Cash					
	Severance \$	500,000 \$	2,600,000 \$	3,900,000 \$	800,000 \$	1,300,000
	Continued					
Wesley D. Dupont	Benefits: \$	24,645 \$	49,290 \$	73,935 \$	1,000,000 \$	24,645
	Equity					
	Acceleration: \$	\$	1,863,205 \$	2,066,622 \$	1,456,660 \$	1,456,660
	TOTAL: \$	524,645 \$	4,512,495 \$	6,040,557 \$	3,256,660 \$	2,781,305
	Cash					
Frank N. D'Orazio	Severance: \$	500,000 \$	2,600,000 \$	3,900,000 \$	800,000 \$	1,300,000
	Continued					
	Benefits: \$	23,139 \$	46,278 \$	69,417 \$	1,000,000 \$	23,139
	Equity					
	Acceleration: \$	\$	2,490,579 \$	2,714,966 \$	2,042,140 \$	2,042,140
Louis P. Iglesias	TOTAL: \$	523,139 \$	5,136,857 \$	6,684,383 \$	3,842,140 \$	3,365,279
	Cash					
	Severance \$	500,000 \$	2,570,000 \$	3,855,000 \$	785,000 \$	1,285,000
	Continued					
	Benefits: \$	23,039 \$	46,078 \$	69,117 \$	500,000 \$	23,039
Louis P. Iglesias	Equity					
	Acceleration: \$	\$	2,013,082 \$	2,192,705 \$	1,654,433 \$	1,654,433
	TOTAL: \$	523,039 \$	4,629,160 \$	6,116,822 \$	2,939,433 \$	2,962,472
	Cash					
	Severance: \$	525,000 \$	2,450,000 \$	3,675,000 \$	700,000 \$	1,225,000
Louis P. Iglesias	Continued					
	Benefits: \$	23,833 \$	47,666 \$	71,499 \$	1,000,000 \$	23,833
	Equity					
	Acceleration: \$	\$	1,711,702 \$	1,957,077 \$	1,473,128 \$	1,473,128
	TOTAL: \$	548,833 \$	4,209,368 \$	5,703,576 \$	3,173,128 \$	2,721,961

- (1) Under the employment agreements with each NEO, in the case of a voluntary termination, such NEO is entitled only to the prior accrued obligations. However, for purposes of precluding the NEO from joining an organization that competes with the company, the company may elect to extend a non-compete period for up to 12 months from the date of such voluntary termination. The amounts included in the voluntary termination column above under "Cash Severance" represent the NEO's base salary as of December 31, 2014 (the amount to which the NEO would be entitled for the entire non-compete period) and the amounts included under "Continued Benefits" represent participation in the company's health and insurance plans, based on current health and insurance premiums for the NEO projected over the applicable period, and such amounts assume that the company has elected to extend the non-compete period for the full 12 months. Please see " Employment Agreements" for more information on the employment agreements.
- (2) Under the employment agreement with the NEO, upon an involuntary termination, such NEO is entitled to: (i) his current base salary and the highest annual cash bonus paid or payable for the two immediately prior fiscal years multiplied by two (ii) participation in the company's health and insurance plans (or the economic equivalent of such participation) for a period of two years from the date of such termination and (iii) vesting in the number of equity awards held by the NEO that otherwise would have vested during the two-year period from the date of such termination.

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The dollar value reflected under the Involuntary Termination column above for "Equity Acceleration" assumes all equity awards (i) that settle in common shares vested, were exercised and sold as of December 31, 2014 and (ii) that settle in cash vested as of December 31, 2014 and were paid to the NEO based on the fair market value of \$37.9888 per common share, which is the daily volume-weighted average sales price of a common share for the five consecutive trading days up to and including December 31, 2014.

(3)

Under the employment agreement with the NEO, upon the occurrence of our change in control, all equity awards held by the NEO shall fully vest immediately prior to such change in control. If within 12 months of a change in control the NEO undergoes an involuntary termination, such NEO is entitled to: (i) his current base salary and the highest annual cash bonus paid or payable for the two immediately prior fiscal years multiplied by three and (ii) participation in the company's health and insurance plans (or the economic equivalent of such participation) for a period of three years from the date of such termination. The dollar value reflected under the Change in Control column above for "Equity Acceleration" assumes all equity awards (i) that settle in common shares vested, were exercised and sold as of December 31, 2014; and (ii) that settle in cash vested as of December 31, 2014 and were paid to the NEO based on the fair market value of \$37.9888 per common share, which is the daily volume-weighted average sales price of a common share for the five consecutive trading days up to and including December 31, 2014.

Under the 2012 Omnibus Plan, if an employee is terminated without cause by the company or by the employee with good reason within two years of a change of control, all outstanding RSU awards will automatically vest and become exercisable upon such termination and all outstanding performance-based awards will automatically vest and be paid out at the same percentage at which the company is expensing such award for financial reporting purposes immediately prior to such termination.

(4)

The amounts included under the Death column above for "Cash Severance" represent the highest cash bonus paid or payable for the two immediately prior fiscal years to which the NEO would be entitled under his employment agreement and which would be received by the NEO's estate or beneficiary. Under the employment agreements, upon the NEO's death, the NEO's estate or beneficiary is also entitled to receive a pro rata annual bonus for that portion of the year that the NEO worked.

Under the employment agreements, as of the date of the NEO's death, his estate or beneficiaries would also be entitled to the number of equity awards held by the NEO that otherwise would have vested during the one-year period following such date. In addition, the 2012 Omnibus Plan, Stock Option Plan and Stock Incentive Plan provides for the accelerated vesting of all stock options and RSUs, respectively, held by the NEO in the event of his death. Performance-based awards vest on a proportional basis depending on the date of death in relation to the three-year performance period. If the NEO were to die in the first year of the three-year performance period, the NEO would be entitled to 25% of the award; in the second year of the three-year performance period, the NEO would be entitled to 50% of the award; and in the third year of the three-year performance period, the NEO would be entitled to 75% of the award. The dollar value reflected under the Death column above for "Equity Acceleration" assumes all equity awards (i) that settle in common shares vested, were exercised and sold as of December 31, 2014; and (ii) that settle in cash vested as of December 31, 2014 and were paid to the NEO based on the fair market value of \$37.9888 per common share, which is the daily volume-weighted average sales price of a common share for the five consecutive trading days up to and including December 31, 2014.

In addition, each employee has life insurance paid by the company or our subsidiaries for the employee's benefit (or the benefit of his estate or beneficiaries). Assuming the death of each NEO as of December 31, 2014, the estate or beneficiaries of such NEO would be entitled to the amounts reflected in the Death column above for "Continued Benefits" for our NEOs.

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(5)

Under the employment agreement with the NEO, in the case of a termination of employment as a result of the NEO's disability, the NEO is entitled to: (i) his highest annual cash bonus paid or payable for the two immediately prior fiscal years and (ii) the number of equity awards held by the NEO that otherwise would have vested during the one-year period following the date of disability. For purposes of precluding the NEO from joining an organization that competes with us, we may elect to extend a non-compete period for up to 12 months from the date the NEO's employment is terminated as a result of a disability. The amounts included in the disability column above under "Cash Severance" represent the NEO's current base salary and the highest annual cash bonus paid or payable for the two immediately prior fiscal years and "Continued Benefits" represent participation in the company's health and insurance plans (or the economic equivalent of such participation) and assumes that the company has elected to extend the Non-Compete Period for the full 12 months. The company pays on behalf of our employees, including the NEOs, short-term and long-term disability insurance. Under this insurance, if the NEO (other than Mr. D'Orazio) is considered disabled, he will be entitled to \$2,500 per week for the first 26 weeks after a disability and thereafter he will be entitled to \$15,000 per month until the age of 65. Mr. D'Orazio would be entitled to his full monthly salary for the first 90 days after a disability and thereafter would be entitled to receive 75% of his monthly salary up to a maximum of \$15,000 per month until the age of 65. For our NEOs and other senior officers resident in the United States, the company has purchased a supplemental long-term disability plan that applies to certain absences extended beyond 180 days. In the event of an extended disability, the supplemental policy pays up to 60% of the NEO's monthly salary up to a maximum of \$10,000 per month.

The 2012 Omnibus Plan, Stock Option Plan and Stock Incentive Plan provide for the accelerated vesting of all stock options and RSUs, respectively, held by the NEO in the event of his disability. Performance-based awards vest on a proportional basis depending on the date of disability in relation to the three-year performance period. If the NEO were to be disabled in the first year of the three-year performance period, the NEO would be entitled to 25% of the award; in the second year of the three-year performance period, the NEO would be entitled to 50% of the award; and in the third year of the three-year performance period, the NEO would be entitled to 75% of the award. The dollar value reflected under the Disability column above for "Equity Acceleration" assumes all equity awards (i) that settle in common shares vested at the applicable levels described above, were exercised and sold as of December 31, 2014; and (ii) that settle in cash vested at the applicable levels described above as of December 31, 2014 and were paid to the NEO based on the fair market value of \$37.9888 per common share, which is the daily volume-weighted average sales price of a common share for the five consecutive trading days up to and including December 31, 2014.

Under the employment agreements, if the applicable NEO is terminated for cause, he is entitled only to the prior accrued obligations. Under the employment agreements, the NEO is subject to certain restrictive covenants, including non-compete, non-interference, confidentiality and assignment of inventions provisions. In the case where the NEO is terminated by the company without cause or by the NEO with good reason, should the NEO breach these restrictive covenants, the payments and benefits described above would cease immediately.

Under the RSU Award Agreement to the 2012 Omnibus Plan, each employee agrees that the company may terminate the NEO's right to any RSU he holds (whether or not vested) upon the occurrence of: (i) any event that constitutes cause, (ii) the NEO's violating the non-solicitation provision set forth in the RSU Award Agreement or (iii) the NEOs' interfering with a relationship between the company and one of its clients.

Under the Stock Option Plan, a participant retiring after attaining the age of 65 is entitled to accelerated vesting of all stock options held by him. Under the Stock Incentive Plan, upon a participant attaining the age of 65, the service-based vesting component is waived, and a portion of the RSUs

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awarded will be settled on an accelerated basis to cover any tax obligations of the participant pursuant to Section 457A of the Code. The remaining portion of the RSUs awarded will vest according to the schedule established on the date of grant. Under the employment agreements, there are no additional compensation provisions for retirement. None of our NEOs was 65 as of December 31, 2014. Accordingly, if any of our NEOs had retired as of such date, he would not have been entitled to the acceleration or continued vesting of equity awards or any additional compensation.

In addition to the payments and benefits described above, upon the NEO's retirement at or after age 65, termination of employment (other than with cause), change in control or death or disability of the NEO, the NEO (or his estate or beneficiaries) would be entitled to the distribution of the vested contributions we made to the SERP on his behalf. The NEO would also be entitled to receive his own contributions to the SERP.

**Compensation Committee Interlocks and Insider Participation**

None of our directors or executive officers has a relationship with us or any other company that the SEC defines as a compensation committee interlock or insider participation that should be disclosed to shareholders. Our Compensation Committee is comprised solely of independent directors.

**SHAREHOLDER COMMUNICATION**

Shareholders and other interested parties may communicate directly with the Board by sending a written notice to our General Counsel at our executive offices. The notice may specify whether the communication is directed to the entire Board, to a committee of the Board, to the non-management directors, to the Lead Independent Director or to any other director. Except as provided below, if any written communication is received by us and addressed to the persons listed above (or addressed to our General Counsel with a request to be forwarded to the persons listed above), our General Counsel shall be responsible for promptly forwarding the correspondence to the appropriate persons. Obvious marketing materials or other general solicitations will not be forwarded. Directors will generally respond in writing, or cause the company to respond, to *bona fide* shareholder and other interested party communications that express legitimate concerns or questions about us.

The Board does not have a formal policy regarding the attendance of directors at meetings of shareholders; however, it encourages all directors to attend the Annual Shareholder Meeting. All of our directors attended the Annual Shareholder Meeting in 2015.

**SHAREHOLDER PROPOSALS FOR 2016 ANNUAL SHAREHOLDER MEETING**

*Submission of an Additional Item for the 2016 Proxy Statement or for the Agenda for the 2016 Annual Shareholder Meeting*

If you wish to submit a proposal to be considered for inclusion in the proxy materials for the 2016 Annual Shareholder Meeting or propose a nominee for the Board, please send such proposal to the Corporate Secretary, attention: Theodore Neos, at Allied World Assurance Company Holdings, AG, Park Tower, 15th floor, Gubelstrasse 24, 6300 Zug, Switzerland, or via e-mail at [secretary@awac.com](mailto:secretary@awac.com). Under the rules of the SEC, proposals must be received by no later than November 13, 2015 to be eligible for inclusion in the proxy statement and form of proxy for the 2016 Annual Shareholder Meeting.

Under Swiss law, one or more shareholders of record owning registered common shares with an aggregate par value of CHF 1 million or more can request that an item be put on the agenda of a shareholders meeting. However, any such requests received after November 13, 2015 may not be eligible for inclusion in the company's proxy statement and form of proxy for the 2016 Annual

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Shareholder Meeting. If a shareholder wishes to submit a proposal to the 2016 Annual Shareholder Meeting without including such proposal in the proxy statement for that meeting, that proposal must be made at least 60 days prior to the shareholders meeting and sent to the Corporate Secretary, attention: Theodore Neos, at Allied World Assurance Company Holdings, AG, Park Tower, 15th floor, Gubelstrasse 24, 6300 Zug, Switzerland, or via e-mail at [secretary@awac.com](mailto:secretary@awac.com). In that case, the proxies solicited by the Board will confer discretionary authority on persons named in the accompanying form of proxy to vote on that proposal as they see fit.

**OTHER MATTERS**

Your Board does not know of any matters that may be presented at the Special Shareholder Meeting other than those specifically set forth in the Notice of Special Shareholder Meeting attached hereto. If matters other than those set forth in the Notice of Special Shareholder Meeting come before the meeting, the persons named in the accompanying form of proxy and acting thereunder will vote in their discretion with respect to such matters.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership of, and transactions in, our equity securities with the SEC. Such directors, executive officers and shareholders are also required to furnish us with copies of all Section 16(a) reports they file. Purchases and sales of our equity securities by such persons are published on our website under the "SEC Filings" link under "Investor Relations".

Based on a review of the copies of such reports, and on written representations from our reporting persons, we believe that all Section 16(a) filing requirements applicable to our directors, executive officers and shareholders were complied with during the fiscal year 2014.

**NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS**

**Important Notice Regarding the Availability of Proxy Materials for the Special Shareholder Meeting to be held on December 9, 2015. The Proxy Statement is available at <http://www.awac.com/proxy.aspx>.**

For the date, time and location of the Special Shareholder Meeting, please see "General Meeting Information." For information on how to attend and vote in person at the Special Shareholder Meeting, an identification of the matters to be voted upon at the Special Shareholder Meeting and the Board's recommendations regarding those matters, please also refer to "General Meeting Information."

**EXTRAORDINARY GENERAL MEETING OF  
SHAREHOLDERS**

**OF**

**ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG**

**2:00 p.m. (Swiss Local Time)**

**DECEMBER 9, 2015**

**PARK TOWER, 15TH FLOOR**

**GUBELSTRASSE 24**

**6300 ZUG, SWITZERLAND**

**PROXY**

**ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG**

**Meeting Details**

**PROXY SOLICITED BY THE BOARD OF DIRECTORS OF ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG IN CONNECTION WITH THE COMPANY'S EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON DECEMBER 9, 2015 (THE SPECIAL SHAREHOLDER MEETING ) AT 2:00 P.M. (SWISS LOCAL TIME) AT PARK TOWER, 15TH FLOOR, GUBELSTRASSE 24, 6300 ZUG, SWITZERLAND.**

The undersigned shareholder of the company hereby acknowledges receipt of the Notice of Special Shareholder Meeting and Proxy Statement, each dated November 9, 2015, and hereby appoints Buis Buergi AG, as Independent Proxy, with the power to appoint its substitute, and authorizes the firm to represent and vote as designated herein, all of the voting registered shares of the company held of record on November 2, 2015 by the undersigned shareholder of the company at the Special Shareholder Meeting with respect to the matters listed on this Proxy.



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Return this proxy to Buis Buergi AG, Muehlebachstrasse 8, P.O. Box 672, CH-8024, Zurich, Switzerland or by e-mail to proxy@bblegal.ch, for arrival no later than 6:00 a.m. (Swiss local time) on December 9, 2015. The method of delivery of this proxy is at your risk. Sufficient time should be allowed to ensure timely delivery. If sending by e-mail to the independent proxy, you must attach the executed proxy card in order for your vote to be counted. By executing and returning this proxy, the undersigned shareholder also agrees that the Special Shareholder Meeting will be chaired by Mr. Wesley D. Dupont, the company's Executive Vice President & General Counsel, in accordance with Article 13 of the company's Articles of Association.

**PLEASE BE SURE TO SIGN AND DATE THIS PROXY**

**(Continued, and to be marked, dated and signed as instructed on the other side)**

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**PROXY FOR ALLIED WORLD ASSURANCE COMPANY HOLDINGS, AG SPECIAL SHAREHOLDER MEETING ON DECEMBER 9, 2015. THE SUBMISSION OF THIS PROXY, IF PROPERLY EXECUTED, REVOKES ALL PRIOR PROXIES.**

**YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR EACH PROPOSAL BELOW.**

Please mark  
your votes  
like this      x

1. To elect the nominees listed below as directors of the company to serve until the company's Annual Shareholder Meeting in 2016.

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Patricia L. Guinn	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fiona E. Luck	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. To approve the 2015 compensation for the new directors.

<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Any new proposals (if no instruction or an unclear instruction is given, your vote will be in accordance with the recommendation of the Board of Directors).

<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**IF THIS PROXY IS EXECUTED AND RETURNED BUT NO INSTRUCTION (OR AN UNCLEAR INSTRUCTION) IS MADE AS TO WHAT ACTION IS TO BE TAKEN, IT WILL BE DEEMED TO CONSTITUTE A VOTE FOR EACH OF THE PROPOSALS HERETO.**

**PLACE X HERE IF YOU PLAN TO ATTEND AND VOTE YOUR SHARES AT THE MEETING**

**COMPANY ID:**

**PROXY NUMBER:**

**ACCOUNT NUMBER:**

**Signature**

**Signature**

**Date**

**, 2015.**

NOTE: Please sign exactly as name appears hereon. When shares are held by joint owners, both should sign. When signing as an attorney, executor, administrator, trustee or guardian, please give title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

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