



#30337

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**DATE:** MARCH 6, 2012

**SUBJECT:** TRANSATLANTIC HOLDINGS, INC. (ELECTION MERGER) -  
CONTRACT ADJUSTMENT  
OPTION SYMBOL: 3-6-12 - TRH remains TRH  
3-7-12 - TRH becomes Y1  
**DATE:** 3/6/12  
\*\*\* EFFECTIVE IMMEDIATELY \*\*\*

On February 6, 2012, Shareholders of Transatlantic Holdings, Inc. (TRH) voted concerning the proposed merger with Alleghany Corporation (Y).

**The Merger: Aggregate Terms**

The merger was approved and consummated. As a result, TRH Common Shares will be converted as follows:

- An amount of all outstanding TRH Common Shares will be converted into an amount of Cash obtained by adding \$14.22 and the product of 0.145 times the average five-day Alleghany closing price as described in the prospectus, subject to proration (Cash Consideration).
- An amount of all outstanding TRH Common Shares will be converted into an amount of Y Common Shares equal to the exchange ratio, which is described in the Joint Proxy Statement/Prospectus as the quotient, rounded to the nearest on ten thousandth, obtained by dividing the per share cash amount described above by the average five-day Alleghany closing price for each TRH Common Share, subject to proration (Stock Consideration). Cash will be paid in lieu of fractional Y Shares.

**CONTRACT ADJUSTMENT**

**DATE:** March 6, 2012.

**OPTION SYMBOLS:** 3-6-12 - TRH remains TRH (trades with adjusted deliverable below)  
3-7-12 - TRH becomes Y1

**STRIKE DIVISOR:** 1

**CONTRACT MULTIPLIER:** 1

**NEW MULTIPLIER:** 100 (e.g., for premium or strike price extensions, 1.00 equals \$100)

**NEW DELIVERABLE**

PER CONTRACT:

The deliverable for adjusted TRH options will be BASED ON THE MERGER CONSIDERATION WHICH ACCRUES TO NON-ELECTING TRH SHAREHOLDERS (stated in terms of a current 100-Share deliverable). **The adjusted deliverable may be stock, cash, or a combination of cash and stock.**

SETTLEMENT:

Delayed, pending determination of the exact deliverable amount

### **Delivery Settlement and Protect Provisions**

Option contracts which are exercised, and physically-settled security futures contracts which mature, will require the settlement of all component securities included in the contract deliverable at the time of the futures contract maturation or option contract exercise, including rights, warrants, or similar instruments. Additional entitlements (such as due bills, eligibility to participate in tender offers, elections, etc.) may also automatically attach to securities deliverable upon physically-settled futures contract maturity or option exercise. Conversely, securities not included in the contract deliverable at the time of the option exercise or futures contract maturity, or other entitlements not associated with the underlying deliverable securities, may preclude holders of long futures contracts from realizing the benefit of such entitlements. For example, if a physically-settled security futures underlying security is the subject of a tender offer, exchange offer, or similar event which expires *before* the futures contract reaches its maturity, the securities due to long futures holders upon maturity *will not* be eligible for participation in the tender/exchange offer. Conversely, if such tender offer, exchange offer or similar event expires *after* the futures contract matures, securities deliverable to long futures holders *will* be eligible for participation in these events.

Except in unusual cases, securities deliverable as a result of equity option exercise or the maturity of physically-settled security futures are settled through National Securities Clearing Corporation (NSCC).

Rights and obligations of Members with respect to securities settling at NSCC as a result of an option exercise or assignment or a physically-settled security future delivery or receipt obligation are governed by the rules of NSCC. NSCC has its own rules which enable purchasers of securities to protect themselves for value which may be lost if timely delivery is not made to them of securities subject to specific deadlines, such as the expiration of a tender offer, rights subscription, election, or similar event. These rules are generally called protect or liability notice procedures, and are intended to protect purchasers by binding the delivering parties to liability if such value is lost because timely delivery is not effected. Purchasers of securities must observe the rules and procedures of NSCC to avail themselves of such "protect" provisions of NSCC. Questions regarding these provisions should be addressed to NSCC.

### **Special Risks**

Writers of call options and holders of short positions in physically-settled security futures at maturity who are uncovered with respect to deliverable securities subject to deadlines or cut-off times (such as expirations of tender offers, rights subscriptions, elections, or similar events) should be aware of a risk associated with the timing of their possible assignments or physically-settled security futures delivery obligations: Equity option exercise settlement and settlement of physically-settled security futures delivery obligations normally occurs 3 business days after the option exercise date or the security-futures maturity date. An uncovered call writer or uncovered short futures holder who has an obligation to deliver, and who waits until after assignment or futures maturity to effect purchase of the underlying security, may not be able to effect timely delivery by a regular-way purchase (3 business-day settlement) or call option exercise (3 business-day settlement after exercise). Such uncovered writer or short futures holder may nevertheless be subject to liability under the protect provisions of NSCC (see above) with respect to his delivery obligation, because he cannot make timely delivery. Additionally, Cash Markets (same-day, or less-than-3-business-day settlement) may not be available, or may be expensive for buyers of the underlying security.

### **DISCLAIMER**

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by a panel of The OCC Securities Committee pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The adjustment panel is comprised of representatives from OCC and each exchange which trades the affected option. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

**CATEGORY:            CONTRACT ADJUSTMENT**

**For questions regarding this memo, call 1-888-OPTIONS or email [options@theocc.com](mailto:options@theocc.com).**