

ALLIED WORLD ASSURANCE CO HOLDINGS LTD

Form FWP

March 02, 2007

Filed Pursuant to Rule 433
Registration No. 333-135464

The issuer has filed a Market-Making Prospectus with the U.S. Securities and Exchange Commission (SEC) for the public offering of the issuer's 7.50% senior notes due 2016, which closed on July 26, 2006. Goldman, Sachs & Co. is continuing to make a market in the senior notes pursuant to the Market-Making Prospectus. Before you invest in the issuer's senior notes, you should read the Market-Making Prospectus and other documents the issuer has filed with the SEC for more complete information about the issuer and an investment in its senior notes. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, you may obtain a copy of the Market-Making Prospectus if you so request by calling Goldman, Sachs & Co. toll-free at 1-866-471-2526.

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

FORM 8-K

Current Report

**Pursuant to Section 13 or 15 (d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 26, 2007

ALLIED WORLD ASSURANCE COMPANY HOLDINGS, LTD
(Exact Name of Registrant as Specified in Charter)

Bermuda
(State or Other Jurisdiction
of Incorporation)

001-32938
(Commission File Number)

98-0481737
(I.R.S. Employer
Identification No.)

27 Richmond Road
Pembroke HM 08, Bermuda
(Address of Principal Executive Offices and Zip Code)
Registrant's telephone number, including area code: (441) 278-5400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.02. Termination of a Material Definitive Agreement.

On May 9, 2006, Allied World and AIG Technologies, Inc. (AIGT), a wholly-owned subsidiary of American International Group, Inc. (AIG), entered into a Master Services Agreement, as amended (the Master Services Agreement), pursuant to which AIGT provided to Allied World and its affiliates certain information technology services, including electronic mail storage and management, remote access services and network data circuit and device management. AIG was one of the Company's founding investors and is a principal shareholder of the Company.

On February 28, 2007, Allied World and AIGT mutually agreed to terminate the Master Services Agreement, effective as of December 18, 2006. The services provided by AIGT under the Master Services Agreement are now provided internally by Allied World and its affiliates. The letter agreement terminating the Master Services Agreement is attached hereto as Exhibit 10.1.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 26, 2007, the Compensation Committee of the Board of Directors of the Company approved cash bonus compensation and salary increases for certain executive officers, acting at the discretion of the Compensation Committee. The Compensation Committee based its decisions on a review of personal performance and the performance of the Company in 2006. The Company intends to provide additional information regarding the compensation awarded to the named executive officers in respect of and during the year ended December 31, 2006 in its proxy statement for the 2007 Annual General Meeting of Shareholders.

The Compensation Committee approved the following compensation with respect to the Company's named executive officers:

Name	2007 Salary(1)	2006 Bonus
Scott A. Carmilani <i>President and Chief Executive Officer</i>	\$ 900,000	\$ 900,000
Joan H. Dillard <i>Senior Vice President and Chief Financial Officer</i>	\$ 320,000	\$ 330,000
G. William Davis, Jr., <i>Executive Vice President Worldwide Treaty & Facultative Reinsurance</i>	\$ 345,000	\$ 400,000
Wesley D. Dupont <i>Senior Vice President, General Counsel and Secretary</i>	\$ 276,500	\$ 155,000
Richard E. Jodoin <i>President, Allied World Assurance</i>	\$ 302,500	\$ 210,000

*Company (U.S.) Inc.
and Newmarket
Underwriters
Insurance Company*

(1) Effective
retroactive to
January 1, 2007.

-2-

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

**Exhibit
Number**

10.1 Letter Agreement, dated as of February 28, 2007, by and between Allied World Assurance Company, Ltd and AIG Technologies, Inc., terminating the Master Services Agreement by and between the parties effective as of December 18, 2006.

-3-

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**ALLIED WORLD ASSURANCE COMPANY
HOLDINGS, LTD**

Dated: March 2, 2007

By: /s/ Wesley D. Dupont

Name: Wesley D. Dupont

Title: Senior Vice President and General Counsel

EXHIBIT INDEX

Exhibit Number	Description
10.1	Letter Agreement, dated as of February 28, 2007, by and between Allied World Assurance Company, Ltd and AIG Technologies, Inc., terminating the Master Services Agreement by and between the parties effective as of December 18, 2006.

-5-

[ALLIED WORLD ASSURANCE COMPANY, LTD LETTERHEAD]

February 26, 2007

VIA FACSIMILE

(973) 535-0752; (973) 533-2520

AIG Technologies, Inc.

2 Peach Tree Hill Road

Livingston, New Jersey 07039

U.S.A.

Attention: Mr. Henry Hamilton

Dear Mr. Hamilton:

Reference is made to the Master Services Agreement (the Agreement), effective as of May 9, 2006, by and between Allied World Assurance Company, Ltd (Allied World) and AIG Technologies, Inc. (AIGT). This letter will confirm the understanding and intent of Allied World and AIGT to terminate the Agreement effective as of December 18, 2006.

Please confirm that the foregoing is in accordance with your understanding by countersigning and returning this letter to Wayne Datz, Assistant General Counsel, by facsimile at (441) 292-0055. Should you have any questions, please contact me at (441) 278-5526 or Wayne Datz at (441) 278-5547.

Very truly yours,

/s/ Michael Fullen

Michael Fullen

Application Development and Support

Accepted and agreed to

as of the date indicated below:

AIG TECHNOLOGIES, INC.

By: /s/ Henry J. Hamilton

Name: Henry J. Hamilton

Title: Chief Operating Officer

Date: February 28, 2007