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

FORM 10-Q

(√) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2007

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From _______ to _______

Commission File Number 1-10545

TRANSATLANTIC HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	13-3355897 (I.R.S. Employer Identification Number)
80 Pine Street, New York, New York (Address of principal executive offices)	10005 (Zip Code)

Registrant's telephone number, including area code: (212) 770-2000

NONE
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☑ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ☐ NO ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of September 30, 2007. 66,161,949

TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES

INDEX TO FORM 10-Q

TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of September 30, 2007 and December 31, 2006
(Unaudited)

	2007	2006
ASSETS	(in thousands, except share data)	
Investments and cash:		
Fixed maturities:		
Held to maturity, at amortized cost (fair value: 2007-$1,273,356; 2006-$1,291,634)	$ 1,250,977	$ 1,254,017
Available for sale, at fair value (amortized cost: 2007-$7,773,877; 2006-$6,943,290) (pledged, at fair value: 2007-$1,846,337; 2006-$1,577,864)	7,802,632	7,061,090
Equities:		
Available for sale, at fair value:		
Common stocks (cost: 2007-$581,378; 2006-$541,189) (pledged, at fair value: 2007-$34,938; 2006-$41,187)	609,323	571,422
Nonredeemable preferred stocks (cost: 2007-$201,961; 2006-$229,066)	200,025	236,846
Trading, at fair value, principally common stocks (cost: 2007-$43,852; 2006-$37,397) (pledged, at fair value: 2007-$4,250)	44,316	38,232
Other invested assets	246,209	231,502
Securities lending collateral	1,919,717	1,694,841
Short-term investments, at cost (approximates fair value)	67,571	42,882
Cash and cash equivalents	226,069	205,264
Total investments and cash	12,366,839	11,336,096
Accrued investment income	146,076	129,759
Premium balances receivable, net	687,948	708,579
Reinsurance recoverable on paid and unpaid losses and loss adjustment expenses:		
Affiliates	425,230	441,200
Other	662,511	953,992
Deferred acquisition costs	252,436	231,180
Prepaid reinsurance premiums	90,890	68,647
Deferred income taxes	341,602	310,967
Other assets	160,250	88,044
Total assets	$ 15,133,782	$ 14,268,464
LIABILITIES AND STOCKHOLDERS' EQUITY		
Unpaid losses and loss adjustment expenses	$ 7,679,290	$ 7,467,949
Unearned premiums	1,256,053	1,144,022
Securities lending payable	1,937,140	1,694,841
5.75% senior notes due December 14, 2015:		
Affiliates	448,112	447,980
Other	298,742	298,653
Other liabilities	221,505	256,749
Total liabilities	11,840,842	11,310,194
Commitments and contingent liabilities (see Note 8)		
Preferred Stock, $1.00 par value; shares authorized: 5,000,000; none issued	-	-
Common Stock, $1.00 par value; shares authorized: 100,000,000; shares issued: 2007-67,150,849; 2006-67,026,608	67,151	67,027
Additional paid-in capital	242,613	228,480
Accumulated other comprehensive income	18,449	42,626
Retained earnings	2,986,646	2,642,056
Treasury Stock, at cost: 988,900 shares of common stock	(21,919)	(21,919)
Total stockholders' equity	3,292,940	2,958,270
Total liabilities and stockholders' equity	$ 15,133,782	$ 14,268,464

The accompanying notes are an integral part of the condensed consolidated financial statements.

TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(in thousands, except per share data)			
Revenues:				
Net premiums written	$ 984,624	$ 895,271	$ 2,951,872	$ 2,723,277
(Increase) decrease in net unearned premiums	(24,817)	323	(78,834)	(10,821)
Net premiums earned	959,807	895,594	2,873,038	2,712,456
Net investment income	112,244	106,773	347,665	317,020
Realized net capital gains	14,723	2,097	32,002	6,477
Total revenues	1,086,774	1,004,464	3,252,705	3,035,953
Expenses:				
Net losses and loss adjustment expenses	630,053	608,611	1,947,623	1,860,306
Net commissions	249,344	225,728	736,041	681,591
Other underwriting expenses	26,597	25,710	80,227	69,993
Increase in deferred acquisition costs	(7,833)	(77)	(21,256)	(7,128)
Interest on senior notes	10,856	10,852	32,564	32,552
Other, net	3,017	2,496	14,237	7,629
Total expenses	912,034	873,320	2,789,436	2,644,943
Income before income taxes	174,740	131,144	463,269	391,010
Income taxes	33,014	24,201	88,652	77,655
Net income	$ 141,726	$ 106,943	$ 374,617	$ 313,355
Net income per common share:				
Basic	$ 2.14	$ 1.62	$ 5.67	$ 4.75
Diluted	2.12	1.61	5.62	4.73
Cash dividends declared per common share	0.160	0.135	0.455	0.390
Weighted average common shares outstanding:				
Basic	66,148	65,961	66,098	65,940
Diluted	66,732	66,267	66,604	66,242

The accompanying notes are an integral part of the condensed consolidated financial statements.

TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2007	2006
	(in thousands)	
Net cash provided by operating activities	$712,680	$ 633,502
Cash flows from investing activities:		
Proceeds of fixed maturities available for sale sold	928,913	457,477
Proceeds of fixed maturities available for sale redeemed or matured	421,903	271,484
Proceeds of equities available for sale sold	902,011	745,784
Purchase of fixed maturities available for sale	(2,063,363)	(1,156,588)
Purchase of equities available for sale	(881,060)	(942,388)
Net sale of other invested assets	4,677	5,654
Net change in securities lending colleteral	(199,541)	(1,074,090)
Net purchase of short-term investments	(21,336)	(16,298)
Change in other liabilities for securities in course of settlement	39,268	4,175
Other, net	(1,507)	7,351
Net cash used in investing activities	(870,035)	(1,697,439)
Cash flows from financing activities:		
Net change in securities lending payable	199,541	1,074,090
Dividends to stockholders	(28,427)	(24,729)
Proceeds from common stock issued	4,302	1,993
Other, net	116	317
Net cash provided by financing activities	175,532	1,051,671
Effect of exchange rate changes on cash and cash equivalents	2,628	3,255
Change in cash and cash equivalents	20,805	(9,011)
Cash and cash equivalents, beginning of period	205,264	198,120
Cash and cash equivalents, end of period	$226,069	$189,109
Supplemental cash flow information:		
Income taxes paid, net	$153,079	$42,177
Interest paid on senior notes	21,563	21,563

The accompanying notes are an integral part of the condensed consolidated financial statements.

TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(in thousands)			
Net income	$ 141,726	$ 106,943	$ 374,617	$ 313,355
Other comprehensive income (loss):				
Net unrealized appreciation (depreciation) of investments, net of tax:				
Net unrealized holding gains (losses)	36,686	148,955	(84,933)	(10,848)
Deferred income tax (charge) benefit on above	(12,840)	(52,136)	29,727	3,795
Reclassification adjustment for gains included in net income	(17,011)	(3,912)	(43,397)	(8,219)
Deferred income tax benefit on above	5,954	1,370	15,189	2,877
	12,789	94,277	(83,414)	(12,395)
Net unrealized foreign currency translation gain (loss), net of tax:				
Net unrealized currency translation gain (loss)	60,977	(2,426)	91,134	7,834
Deferred income tax (charge) benefit on above	(21,342)	849	(31,897)	(2,742)
	39,635	(1,577)	59,237	5,092
Other comprehensive income (loss)	52,424	92,700	(24,177)	(7,303)
Comprehensive income	$ 194,150	$ 199,643	$ 350,440	$ 306,052

The accompanying notes are an integral part of the condensed consolidated financial statements.

1. General

These unaudited condensed consolidated financial statements do not include certain financial information required by U.S. generally accepted accounting principles ("GAAP") for complete financial statements and should be read in conjunction with the audited consolidated financial statements and the related notes included in the Annual Report on Form 10-K of Transatlantic Holdings, Inc. for the year ended December 31, 2006.

In the opinion of management, these condensed consolidated financial statements contain the normal recurring adjustments necessary for a fair statement of the results presented herein. All material intercompany accounts and transactions have been eliminated.

Certain reclassifications and format changes have been made to prior period amounts to conform to the current period presentation.

2. Net Income Per Common Share

Net income per common share for the periods presented below has been computed based upon weighted average common shares outstanding.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(in thousands, except per share data)			
Net income (numerator)	$141,726	$106,943	$374,617	$313,355
Weighted average common shares outstanding used in the computation of net income per share:				
Average shares issued	67,137	66,950	67,087	66,929
Less: Average shares in treasury	989	989	989	989
Average outstanding shares - basic (denominator)	66,148	65,961	66,098	65,940
Average potential shares, principally stock options (a)	584	306	506	302
Average outstanding shares - diluted (denominator)	66,732	66,267	66,604	66,242
Net income per common share:				
Basic	$ 2.14	$ 1.62	$ 5.67	$ 4.75
Diluted	2.12	1.61	5.62	4.73

(a) The three and nine months ended September 30, 2007 exclude the effect of 0.7 million anti-dilutive shares (from a total of 3.0 million potential shares). The three and nine months ended September 30, 2006 exclude the effect of performance-based restricted stock units whose performance period had not yet begun and 1.2 million anti-dilutive shares (from a total of 2.8 million potential shares).

3. Impact of Significant Catastrophe Events

Net income for the third quarter of 2007 includes estimated pre-tax net catastrophe costs of $2.9 million. Such costs consist of net catastrophe losses incurred of $6.1 million (gross $9.1 million; ceded $3.0 million) and net assumed reinstatement premiums of $3.2 million (gross $3.3 million; ceded $0.1 million).

Net income for the first nine months of 2007 includes estimated pre-tax net catastrophe costs totaling $56.6 million principally relating to European Windstorm Kyrill and floods in the U.K. Such costs consist of net catastrophe losses incurred of $65.8 million (gross $68.2 million; ceded $2.4 million) and net assumed reinstatement premiums of $9.2 million (gross $9.5 million; ceded $0.3 million).

While there were no significant catastrophe costs for events occurring during the third quarter of 2006, the third quarter of 2006 includes pre-tax net catastrophe costs of $4.1 million relating to events occurring principally in 2005. Such costs consist of net catastrophe losses of $3.7 million (gross $8.8 million; ceded $5.1 million) and net ceded reinstatement premiums of $0.4 million (gross insignificant; ceded $0.4 million).

While there were no significant catastrophe costs for events occurring during the first nine months of 2006, the first nine months of 2006 includes pre-tax net catastrophe costs of $18.8 million related to events occurring principally in 2005. Such costs consist of net catastrophe losses of $23.7 million (gross $68.4 million; ceded $44.7 million) and net assumed reinstatement premiums of $4.9 million (gross $0.7 million; ceded ($4.2) million). The reduction in ceded reinstatement premiums relates principally to events occurring in 2005.

Net assumed (ceded) reinstatement premiums serve to increase (decrease) net premiums written and earned. Reinstatement premiums may arise on both assumed and ceded business as a result of contractual provisions found in certain catastrophe excess-of-loss reinsurance contracts that require additional premium to be paid in the event of a loss to reinstate coverage for the remaining portion of the contract period.

Net catastrophe costs represent Transatlantic Holdings, Inc. (the “Company” and collectively with its subsidiaries, “TRH”) and its subsidiaries’ best estimates, including net changes from prior estimates, of the aggregate ultimate costs to be incurred relating to significant catastrophe events based upon information available at the time the estimate was made. These catastrophe cost estimates reflect significant judgment relating to many factors, including the ultimate resolution of certain legal and regulatory issues.

A summary of pre-tax net catastrophe costs for the three and nine months ended September 30, 2007 and 2006 is presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(in millions)			
Net losses and loss adjustment expenses incurred from catastrophe events occurring in the current year	$ 3.6	$ -	$ 58.3	$ -
Net losses and loss adjustment expenses incurred from catastrophe events occurring in prior years	2.5	3.7	7.5	23.7
Total net losses and loss adjustment expenses incurred from catastrophe events	6.1	3.7	65.8	23.7
Net (assumed) ceded reinstatement premiums	(3.2)	0.4	(9.2)	(4.9)
Net catastrophe costs	$ 2.9	$ 4.1	$ 56.6	$ 18.8

3. Impact of Significant Catastrophe Events (continued)

A summary of pre-tax net catastrophe costs by segment for the three and nine month periods ended September 30, 2007 and 2006 is presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(in millions)			
Domestic	$ 1.4	$ 2.6	$ 4.2	$ 6.2
International:				
Europe	2.2	1.4	52.5	18.2
Other	(0.7)	0.1	(0.1)	(5.6)
Total international	1.5	1.5	52.4	12.6
Total	$ 2.9	$ 4.1	$ 56.6	$ 18.8

4. Reinsurance

Premiums written, premiums earned and losses and loss adjustment expenses incurred were comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(in thousands)			
Gross premiums written	$1,043,625	$ 973,255	$3,214,939	$3,014,163
Ceded premiums written	(59,001)	(77,984)	(263,067)	(290,886)
Net premiums written	$ 984,624	$ 895,271	$2,951,872	$2,723,277
Gross premiums earned	$1,038,413	$ 982,796	$3,114,155	$2,963,331
Ceded premiums earned	(78,606)	(87,202)	(241,117)	(250,875)
Net premiums earned	$ 959,807	$ 895,594	$2,873,038	$2,712,456
Gross incurred losses and loss adjustment expenses	$ 659,097	$ 633,013	$2,088,098	$2,201,336
Reinsured losses and loss adjustment expenses ceded	(29,044)	(24,402)	(140,475)	(341,030)
Net losses and loss adjustment expenses	$ 630,053	$ 608,611	$1,947,623	$1,860,306

Gross premiums written and earned, ceded premiums written and earned, gross incurred losses and loss adjustment expenses and reinsured losses and loss adjustment expenses ceded include amounts, which, by prearrangement with TRH, were assumed from an affiliate and then ceded in an equal amount to other affiliates. Gross premiums written and ceded premiums written include $18.7 million and $26.3 million in the third quarter of 2007 and 2006, respectively, and $121.6 million and $130.6 million in the first nine months of 2007 and 2006, respectively, relating to such arrangements. Gross premiums earned and ceded premiums earned include $32.1 million and $33.6 million in the third quarter of 2007 and 2006, respectively, and $103.4 million and $106.2 million in the first nine months of 2007 and 2006, respectively, relating to such arrangements. Gross incurred losses and loss adjustment expenses and reinsured losses and loss adjustment expenses ceded include $14.4 million and $2.7 million in the third quarter of 2007 and 2006, respectively, and $74.9 million and $235.6 million in the first nine months of 2007 and 2006, respectively, relating to such arrangements.

Gross incurred losses and loss adjustment expenses and reinsured losses and loss adjustment expenses ceded for the third quarter and first nine months of 2007 and 2006 include gross and ceded catastrophe losses incurred, respectively, as discussed in Note 3.

5. Cash Dividends

In the third quarter of 2007, the Company's Board of Directors declared a cash dividend of $0.16 per common share, or approximately $10.6 million in the aggregate, payable on December 7, 2007. For the first nine months of 2007, total cash dividends declared approximated $30.0 million.

6. Segment Information

TRH conducts its business and assesses performance through segments organized along geographic lines. The Domestic segment principally includes financial data from branches in the United States that underwrite primarily domestic business, as well as stock-based compensation expense and revenues and expenses of the Company. In addition, assets purchased with the proceeds from the $750 million aggregate principal amount of senior notes, related investment returns and interest expense on such senior notes are also reflected in the Domestic segment.

Financial data from the London and Paris branches and from Trans Re Zurich are reported in the aggregate as International – Europe and considered as one segment due to operational and regional similarities. Data from the Miami (which serves Latin America and the Caribbean), Toronto, Hong Kong and Tokyo branches are grouped as International – Other and represent the aggregation of non-material segments. In each segment, property and casualty reinsurance is provided to insurers and reinsurers on a treaty and facultative basis, through brokers or directly to ceding companies.

The following table presents a summary of comparative financial data by segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(in thousands)			
Domestic:				
Net premiums written	$ 472,368	$ 419,892	$ 1,482,348	$ 1,309,734
Net premiums earned(a)	478,368	434,328	1,426,372	1,278,021
Net investment income	70,056	69,852	224,105	211,399
Realized net capital gains	19,697	3,432	43,528	5,692
Revenues	568,121	507,612	1,694,005	1,495,112
Net losses and loss adjustment expenses	333,372	336,779	1,061,794	989,991
Underwriting expenses(c)	129,864	109,269	383,552	334,715
Underwriting profit (loss)(d)(e)	14,285	(15,298)	(5,932)	(38,522)
Income before income taxes	90,174	44,644	214,521	138,169
International-Europe:				
Net premiums written	$ 397,871	$ 356,167	$ 1,123,776	$ 1,048,823
Net premiums earned(a)	374,111	356,620	1,090,234	1,045,814
Net investment income	33,657	29,424	99,155	85,444
Realized net capital losses	(4,135)	(1,763)	(8,860)	(2,524)
Revenues(b)	403,633	384,281	1,180,529	1,128,734
Net losses and loss adjustment expenses	232,187	228,679	695,474	690,378
Underwriting expenses(c)	107,770	100,009	315,296	295,097
Underwriting profit(d)(e)	40,761	28,073	89,357	64,743
Income before income taxes	70,284	55,733	179,643	147,700

6. Segment Information (continued)

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
	(in thousands)			
International-Other:				
Net premiums written	$ 114,385	$ 119,212	$ 345,748	$ 364,720
Net premiums earned(a)	107,328	104,646	356,432	388,621
Net investment income	8,531	7,497	24,405	20,177
Realized net capital (losses) gains	(839)	428	(2,666)	3,309
Revenues	115,020	112,571	378,171	412,107
Net losses and loss adjustment expenses	64,494	43,153	190,355	179,937
Underwriting expenses(c)	38,307	42,160	117,420	121,772
Underwriting profit(d)(e)	6,600	22,847	46,978	81,473
Income before income taxes	14,282	30,767	69,105	105,141
Consolidated:				
Net premiums written	$ 984,624	$ 895,271	$ 2,951,872	$ 2,723,277
Net premiums earned(a)	959,807	895,594	2,873,038	2,712,456
Net investment income	112,244	106,773	347,665	317,020
Realized net capital gains	14,723	2,097	32,002	6,477
Revenues(b)	1,086,774	1,004,464	3,252,705	3,035,953
Net losses and loss adjustment expenses	630,053	608,611	1,947,623	1,860,306
Underwriting expenses(c)	275,941	251,438	816,268	751,584
Underwriting profit(d)(e)	61,646	35,622	130,403	107,694
Income before income taxes	174,740	131,144	463,269	391,010

(a) Net premiums earned from affiliates approximate $113 million and $87 million for the three months ended September 30, 2007 and 2006, respectively, and approximate $321 million and $290 million for the nine months ended September 30, 2007 and 2006, respectively, and are included mainly in Domestic.

(b) Revenues from the London branch totaled $235 million and $210 million for the three months ended September 30, 2007 and 2006, respectively, and $654 million and $610 million for the nine months ended September 30, 2007 and 2006, respectively.

(c) Underwriting expenses represent the sum of net commissions and other underwriting expenses.

(d) Underwriting profit (loss) represents net premiums earned less net losses and loss adjustment expenses and underwriting expenses, plus (minus) the increase (decrease) in deferred acquisition costs.

(e) See Note 3 for net catastrophe costs by segment.

7. Related Party Transactions

As of September 30, 2007 and 2006 and for the nine month periods then ended, American International Group, Inc. (“AIG”) beneficially owned approximately 59% of the Company’s outstanding common stock.

Approximately $121.7 million (11.7%) and $130.7 million (13.4%) in the third quarter of 2007 and 2006, respectively, and $425.1 million (13.2%) and $459.2 million (15.2%) in the first nine months of 2007 and 2006, respectively, of gross premiums written by TRH were attributable to reinsurance purchased by other subsidiaries of AIG. In each of the 2007 and 2006 periods, the great majority of such gross premiums written were recorded in the property, other liability and medical malpractice lines.

Of the amounts above, $58.8 million and $52.2 million in the third quarter of 2007 and 2006, respectively, and $204.7 million and $208.7 million in the first nine months of 2007 and 2006, respectively, represent premiums resulting from certain insurance business written by AIG subsidiaries that, by prearrangement with TRH, is almost entirely reinsured by TRH (See Note 4 for amounts subsequently ceded in an equal amount to other AIG subsidiaries).

8. Contingencies

TRH, in common with the reinsurance industry in general, is subject to litigation in the normal course of business. TRH does not believe that any pending litigation will have a material adverse effect on its results of operations, financial position or cash flows.

Various regulators including the United States Department of Justice (the "DOJ"), the Securities and Exchange Commission (the "SEC"), the Office of the New York State Attorney General (the "NYAG") and the New York State Insurance Department (the "NYS ID") have been conducting investigations relating to certain insurance and reinsurance business practices, non-traditional insurance products and assumed reinsurance transactions within the industry and at AIG. In connection with these investigations, AIG requested that TRH, as a subsidiary of AIG, review its documents and practices, and TRH has cooperated with AIG in all such requests.

On February 9, 2006, AIG announced that it reached a resolution of claims and matters under investigation with the DOJ, SEC, NYAG and NYS ID. AIG stated that the settlements resolved investigations conducted by the SEC, NYAG and NYS ID against AIG and concluded negotiations with these authorities and the DOJ in connection with the accounting, financial reporting and insurance brokerage practices of AIG and its subsidiaries, as well as claims relating to the underpayment of certain workers compensation premium taxes and other assessments.

As part of these settlements, AIG has agreed to retain for a period of three years an Independent Consultant who will conduct a review that will include the adequacy of AIG's internal controls over financial reporting, the policies, procedures and effectiveness of AIG's regulatory compliance and legal functions and the remediation plan that AIG has implemented as a result of its own internal review. TRH, as a subsidiary of AIG, is cooperating with the terms of the settlements that are applicable to TRH.

In April 2005, TRH received subpoenas from the Insurance Department of Florida seeking information relating to finite insurance and reinsurance transactions. In addition, TRH has received a subpoena from the NYS ID seeking information relating to Transatlantic Reinsurance Company's ("TRC") relationship and transactions with Sunrise Professional Indemnity, Ltd., a foreign reinsurer providing reinsurance to TRC, and Gallagher Healthcare Insurance Services, Inc., a provider of insurance and risk management services to healthcare providers and a wholly owned subsidiary of Arthur J. Gallagher & Co., Inc.

TRH has responded to these subpoenas. There have been no further inquiries concerning the matters raised by the subpoenas received from the States of Florida and New York. While TRH does not believe that any of these inquiries will have a material impact on TRH's business or financial results, it is not possible to predict with any certainty at this time what impact, if any, these inquiries may have on TRH's business or financial results.

9. Recent Accounting Standards

(a) Adoption of Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" ("FIN 48")

In July 2006, the FASB issued FIN 48, which clarifies the accounting for uncertain income tax positions. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and additional disclosures. TRH adopted the provisions of FIN 48 on January 1, 2007. The adoption of FIN 48 did not have a material effect on TRH's financial position as of January 1, 2007 or TRH's results of operations and cash flows in the third quarter or first nine months of 2007.

At January 1, 2007 and March 31, 2007, the total amount of TRH's liability for unrecognized tax benefit, excluding interest and penalties, was $5.3 million. In the second quarter of 2007, TRH recognized this previously uncertain tax benefit. As a result, income tax expense for the first nine months of 2007 has been reduced by $5.3 million. TRH does not presently anticipate any material change in unrecognized tax benefits during the next twelve months.

Interest and penalties relating to unrecognized tax benefits/expenses are recognized in income tax expense, when applicable. Interest and penalties accrued as of January 1, 2007 or September 30, 2007 were not material. Interest and penalties recognized in the Consolidated Statement of Operations for the three and nine months ended September 30, 2007 were also not material.

9. Recent Accounting Standards (continued)

The following table lists the tax years that remain subject to examination by major tax jurisdiction as of September 30, 2007:

Major Tax Jurisdiction	Open Tax Years
Canada	2003-2006
France	2004-2006
Japan	2003-2006
Switzerland	2006
United Kingdom	2005-2006
United States	2004-2006

(b) Future Application of Accounting Standards

(i) In June 2007, the American Institute of Certified Public Accountants (”AICPA”) issued Statement of Position No. 07-1, ‘‘Clarification of the Scope of the Audit and Accounting Guide ‘Audits of Investment Companies’ and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies’’ (“SOP 07-1”). SOP 07-1 amends the guidance for whether an entity may apply the provisions of the AICPA Audit and Accounting Guide, ‘‘Audits of Investment Companies’’ (the “Guide”). Investment companies that are subject to the Guide must report all investments at fair value regardless of the nature of the investment or the level of ownership. SOP 07-1 also establishes new requirements for when TRH can retain specialized investment company accounting in its consolidated financial statements for its equity method investees that are covered by the Guide. Such investments are included in other invested assets on the balance sheet. At the October 17, 2007 FASB Board meeting, the FASB decided it would indefinitely defer the effective date of SOP 07-1. TRH understands that a FASB Staff Position will be issued shortly. TRH is currently monitoring any changes to the existing guidance.

(ii) In February 2007, the FASB issued Statement of Financial Accounting Standards (“SFAS”) No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS 159”). SFAS 159 permits entities to choose to measure at fair value many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Subsequent changes in fair value for designated items will be required to be reported in earnings in the current period. SFAS 159 also establishes presentation and disclosure requirements for similar types of assets and liabilities measured at fair value. SFAS 159 will be effective for TRH on January 1, 2008. TRH is currently assessing the effect of implementing this guidance, which depends on the nature and extent of eligible items elected to be measured at fair value, upon initial application of the standard on January 1, 2008.

(iii) In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS 157”). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. SFAS 157 will be effective for TRH on January 1, 2008. TRH is currently assessing the effect of implementing this guidance.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q and other publicly available documents may include, and Transatlantic Holdings, Inc. and its subsidiaries (collectively, “TRH”) officers and representatives may from time to time make statements which may constitute “forward-looking statements” within the meaning of the U.S. federal securities laws. These forward-looking statements are identified, including without limitation, by their use of such terms and phrases as:

- “intends”
- “intend”
- “intended”
- “goal”
- “estimate”
- “estimates”
- “expects”
- “expect”
- “expected”
- “project”
- “projects”
- “projected”
- “projections”
- “plans”
- “anticipates”
- “anticipated”
- “should”
- “think”
- “thinks”
- “designed to”
- “foreseeable future”
- “believe”
- “believes”
- “scheduled”
- similar expressions

These statements are not historical facts but instead represent only TRH's belief regarding future events and financial performance, many of which, by their nature, are inherently uncertain and outside of TRH's control. These statements may address, among other things, TRH's strategy and expectations for growth, product development, government and industry regulatory actions, legal matters, market conditions, financial results and reserves, as well as the expected impact on TRH of natural and man-made (*e.g.*, terrorist attacks) catastrophic events and political, economic, legal and social conditions.

It is possible that TRH's actual results, financial condition and expected outcomes may differ, possibly materially, from those anticipated in these forward-looking statements. Important factors that could cause TRH's actual results to differ, possibly materially, from those discussed in the specific forward-looking statements may include, but are not limited to, uncertainties relating to economic conditions and cyclical industry conditions, credit quality, government, regulatory and accounting policies, volatile and unpredictable developments (including natural and man-made catastrophes), the legal environment, legal and regulatory proceedings, the reserving process, the competitive environment in which TRH operates, interest rate and foreign currency exchange rate fluctuations, and the uncertainties inherent in international operations.

These factors are further discussed throughout Management's Discussion and Analysis of Financial Condition and Results of Operations and in Risk Factors in Part I, Item 1A in the Annual Report on Form 10-K of Transatlantic Holdings, Inc. for the year-ended December 31, 2006 and in Part II, Item 1A in the Quarterly Report on Form 10-Q of Transatlantic Holdings, Inc. for the quarter ended June 30, 2007. TRH is not under any obligation to (and expressly disclaims any such obligations to) update or alter any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
SEPTEMBER 30, 2007

Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), Transatlantic Holdings, Inc. and its subsidiaries (collectively "TRH") presents its operations in the way it believes will be most meaningful. TRH's unpaid losses and loss adjustment expenses net of related reinsurance recoverable ("net loss reserves") and TRH's combined ratio and its components are included herein and presented in accordance with principles prescribed or permitted by insurance regulatory authorities as these are standard measures in the insurance and reinsurance industries.

FINANCIAL STATEMENTS

The following discussion refers to the consolidated financial statements of TRH as of September 30, 2007 and December 31, 2006 and for the three and nine month periods ended September 30, 2007 and 2006, which are presented elsewhere herein. Financial data discussed below have been affected by certain transactions between TRH and related parties. (See Note 7 of Notes to Condensed Consolidated Financial Statements ("Note 7").)

EXECUTIVE OVERVIEW

The operations of Transatlantic Holdings, Inc. (the "Company") are conducted principally by its three major operating subsidiaries – Transatlantic Reinsurance Company® ("TRC"), Trans Re Zurich ("TRZ") and Putnam Reinsurance Company ("Putnam") – and managed based on its geographic segments. Through its operations on six continents, TRH offers reinsurance capacity on both a treaty and facultative basis – structuring programs for a full range of property and casualty products, with an emphasis on specialty lines, which may exhibit greater volatility of results over time than most other lines. Such capacity is offered through reinsurance brokers and, to a lesser extent, directly to domestic and foreign insurance and reinsurance entities.

TRH conducts its business and assesses performance through segments organized along geographic lines. The Domestic segment principally includes financial data from branches in the United States that underwrite primarily domestic business, as well as stock-based compensation expense and revenues and expenses of the Company. In addition, assets purchased with the proceeds from the $750 million aggregate principal amount of senior notes, related investment returns and the interest expense on such senior notes are reflected in the Domestic segment. Data from the London and Paris branches and from TRZ are reported in the aggregate as International – Europe and considered as one segment due to operational and regional similarities. Data from the Miami (which serves Latin America and the Caribbean), Toronto, Hong Kong and Tokyo branches are grouped as International – Other and represent the aggregation of non-material segments.

TRH's operating strategy emphasizes product and geographic diversification as key elements in managing its level of risk concentration. TRH also adjusts its mix of business to take advantage of market opportunities. Over time, TRH has most often capitalized on market opportunities when they arise by strategically expanding operations in an existing location or opening a branch or representative office in new locations. TRH's operations that serve international markets leverage TRH's product knowledge, worldwide resources and financial strength, typically utilizing indigenous management and staff with a thorough knowledge of local markets and product characteristics.

In recent periods, casualty lines have comprised approximately 70% of TRH's net premiums written, while property lines comprised the balance. In addition, treaty reinsurance has totaled approximately 95% of net premiums written in such periods, with the balance representing facultative accounts. Moreover, business written by international branches has represented approximately half of net premiums written in such periods. (See OPERATIONAL REVIEW for detailed period to period comparisons of such measures.)

American International Group, Inc. ("AIG"), which through its subsidiaries is one of the largest providers of insurance and investment products and services to businesses and individuals around the world, beneficially owned approximately 59% of the common stock of the Company as of September 30, 2007. On September 28, 2007, AIG filed an amendment to its Schedule 13D relating to the Company stating, among other things, that they "intend to continuously evaluate their investment in the Company and may acquire or dispose of shares of Common Stock, other securities of the Company, or loans or other interests in the Company."

TRH's major sources of revenues are net premiums earned for reinsurance risks undertaken and net investment income earned on investments made. The great majority of TRH's investments are in fixed maturity securities with an average duration of 5.7 years as of September 30, 2007. In general, premiums are received significantly in advance of related claims payments.

CONSOLIDATED RESULTS

The following table summarizes TRH's revenues, income before income taxes and net income for the periods indicated:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2007	2006	Change	2007	2006	Change
	(dollars in millions)					
Revenues	$ 1,086.8	$ 1,004.5	8.2 %	$ 3,252.7	$ 3,036.0	7.1 %
Income before income taxes	174.7	131.1	33.2	463.3	391.0	18.5
Net income	141.7	106.9	32.5	374.6	313.4	19.6

Revenues for the third quarter of 2007 increased compared to the same prior year period principally due to increases in Domestic and International – Europe net premiums earned and in Domestic realized net capital gains. The increase in European net premiums earned resulted from an increase reported in the London branch. Revenues increased in the first nine months of 2007 compared to the first nine months of 2006 principally due to increases in Domestic and International – Europe net premiums earned, Domestic realized net capital gains and consolidated net investment income, offset in part by a decrease in International – Other net premiums earned. The increase in International – Europe net premiums earned resulted from increases reported in the London and Paris branches. The decrease in International – Other net premiums earned resulted from decreases reported in the Miami and Hong Kong branches. In general, changes in net premiums earned between periods are influenced by prevailing market conditions in recent periods. The increase in net investment income in the first nine months period is due largely to increases in investment income from fixed maturities resulting largely from continued positive operating cash flows.

The third quarter of 2007 includes pre-tax net catastrophe costs of $2.9 million. The first nine months of 2007 includes pre-tax net catastrophe costs of $56.6 million, principally relating to European Windstorm Kyrill and floods in the U.K. While there were no significant net catastrophe loss events occurring in the first nine months of 2006, results for the third quarter and first nine months of 2006 include pre-tax net catastrophe costs of $4.1 million and $18.8 million, respectively, relating to events which occurred principally in 2005. Catastrophe costs include losses and related reinstatement premiums, the details of which can be found in Note 3 of Notes to Condensed Consolidated Financial Statements ("Note 3"). Reinstatement premiums may arise on both assumed and ceded business as a result of contractual provisions found in certain catastrophe excess-of-loss reinsurance contracts that require additional premium to be paid in the event of a loss to reinstate coverage for the remaining portion of the contract period. Net assumed (ceded) reinstatement premiums serve to increase (reduce) net premiums written and earned.

Income before income taxes increased in the third quarter of 2007 as compared to the same prior year period principally due to increases in underwriting profit and Domestic realized net capital gains. The increase in underwriting profit reflects the impact of a lower level of losses and loss adjustment expenses incurred in the Domestic and International – Europe segments, including lower estimated net adverse loss reserve development, offset in part by increased loss activity in the International – Other segment. Decreased net catastrophe costs and lower estimated net adverse loss reserve development, in the aggregate, accounted for approximately $12.3 million of the increase in underwriting profit in the third quarter of 2007 as compared to the third quarter of 2006.

Income before income taxes increased in the first nine months of 2007 as compared to the same prior year period principally due to increases in net investment income, realized net capital gains, and underwriting profit. The reasons for the increase in net investment income are as discussed earlier. The increase in underwriting profit, despite an increase in catastrophe costs, reflects the impact of a lower level of losses and loss adjustment expenses incurred in the Domestic and International – Europe segments, including lower estimated net adverse loss reserve development, offset in part by increased loss activity in the International – Other segment. Increased net catastrophe costs and reduced estimated net adverse loss reserve development, in the aggregate, accounted for a $12.2 million reduction of underwriting profit in the first nine months of 2007 as compared to the same prior year period. In addition to reflecting the after-tax impact of the items discussed earlier in this paragraph, the increase in net income also reflects a $5.3 million reduction in income taxes related to the recognition of a previously uncertain tax benefit (See Note 9 of Notes to Condensed Consolidated Financial Statements (“Note 9”)).

Underwriting profit (loss) is net premiums earned less net losses and loss adjustment expenses (“LAE”), net commissions and other underwriting expenses, plus (minus) the increase (decrease) in deferred acquisition costs.

MARKET CONDITIONS

The market conditions under which TRH operates have historically been cyclical and the market TRH operates in is highly competitive. Following the record catastrophe losses in the second half of 2005 from Hurricanes Katrina, Rita and Wilma, pricing, terms and conditions on catastrophe-affected lines improved. While rates for property catastrophe and other lines of business exposed to natural peril losses in U.S. peak zones (areas with concentrations of coastal exposures to hurricanes or general exposure to earthquakes) improved meaningfully at January 1, 2006, rates in these areas experienced more significant increases starting April 1, 2006 and this trend continued throughout the remainder of the year. These improvements were a confluence of capital depletion from the 2005 storms, model changes by the generally accepted catastrophe loss models and stricter rating agency requirements.

With the exception of the Caribbean, catastrophe exposed lines of business in other parts of the world did not enjoy the same magnitude of rate increases in 2006. International property business continued to see increased competition from established European reinsurers and from newer Bermudian companies that sought to diversify their portfolios. Casualty business experienced downward pressure worldwide, with international rates coming under more pressure than U.S. rates. Other terms and conditions on this business generally held up well worldwide.

Given the amount of capital attracted by year-end 2006 as a result of the dislocation in the U.S. markets in 2005 as well as capital added by favorable industry results throughout 2006, which were due in large part to a benign level of catastrophe losses, catastrophe exposed accounts renewing on January 1, 2007 saw a slowing of upward rate movements on programs. Nevertheless, TRH believes rates for U.S. catastrophe exposed business will remain at an attractive level through 2007. In the first nine months of 2007, primary and reinsurance rates in general continued to drift downward. It is unclear whether certain casualty lines’ rates will continue to fall, but outside of certain excess & surplus lines and certain poor performing accounts, it seems unlikely that there will be significant rate movements upward.

The existence of favorable market conditions in certain regions and lines of business does not necessarily translate into ultimate pricing adequacy for business written under such conditions. In addition, there is no guarantee that these conditions will remain in effect as TRH cannot predict, with any reasonable certainty, future market conditions.

Further information relating to items discussed in this EXECUTIVE OVERVIEW may be found throughout this MD&A.

CRITICAL ACCOUNTING ESTIMATES

This discussion and analysis of financial condition and results of operations is based on TRH's condensed consolidated financial statements which have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of these financial statements requires the use of estimates and judgments that affect the reported amounts and related disclosures. TRH relies on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, to make judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates.

TRH believes its most critical accounting estimates are those with respect to loss reserves, premium revenues and deferred acquisition costs, as they require management's most significant exercise of judgment on both a quantitative and qualitative basis used in the preparation of TRH's consolidated financial statements and footnotes. The accounting estimates that result require the use of assumptions about certain matters that are highly uncertain at the time of estimation. A discussion of the most critical accounting estimates follows:

LOSS RESERVES

Estimates of loss reserves take into account TRH's assumptions with respect to many factors that will affect ultimate loss costs but are not yet known. The ultimate process by which actual carried reserves are determined considers not only actuarial estimates but a myriad of other factors. Such factors, both internal and external, which contribute to the variability and unpredictability of loss costs, include trends relating to jury awards, social inflation, medical inflation, worldwide economic conditions, tort reforms, court interpretations of coverages, the regulatory environment, underlying policy pricing, terms and conditions and claims handling, among others. In addition, information gathered through underwriting and claims audits are also considered. To the extent that these assumptions underlying the loss reserve estimates are significantly incorrect, ultimate losses may be materially different from the estimates included in the financial statements and may materially affect results of operations. The impact of those differences is reflected in the period they become known.

The reserving process is inherently difficult and subjective, especially in view of changes in the legal and tort environment which impact the development of loss reserves, and therefore quantitative techniques frequently have to be supplemented by subjective considerations and managerial judgment. Trends that have affected development of liabilities in the past may not necessarily occur or affect development to the same degree in the future.

While this process is difficult for ceding companies, the inherent uncertainties of estimating loss reserves are even greater for reinsurers, due primarily to the longer term nature of much reinsurance business, the diversity of development patterns among different types of reinsurance treaties or facultative contracts, the necessary reliance on the ceding companies for information regarding reported claims and differing reserving practices among ceding companies, which are subject to change without notice. Nevertheless, data received from cedants is subjected to audits from time to time by TRH claims and underwriting personnel, to help ensure that reported data is supported by proper documentation and conforms to contract terms, and analyzed, as appropriate, by TRH underwriting and actuarial personnel. Such analysis often includes a detailed review of reported data to assess the underwriting results of reinsurance assumed and to explain any significant departures from expected performance. Over time, reported loss information is ultimately corroborated when such information eventually attains paid status.

Standard actuarial methodologies employed to estimate ultimate losses incorporate the inherent "lag" from the time claims are reported to the cedant to when the cedant reports the claims to the reinsurer. Certain actuarial methodologies may be more appropriate than others in instances where this "lag" may not be consistent from period to period. Consequently, additional actuarial judgment is employed in the selection of methodologies to best incorporate the potential impact of this situation.

The characteristics of each line of business are considered in the reserving process. TRH's major lines of business and certain of their key characteristics are discussed below:

Other liability – The key components of the other liability line of business are excess casualty, directors' and officers' liability ("D&O") and errors and omissions liability ("E&O").

- Excess Casualty: The vast majority of this class consists of domestic treaties, including pro rata and excess-of-loss contracts of general liability business. Excess casualty is dominated by umbrella business, some of which have very high attachment points. This business is generally very long tailed and characterized by relatively low frequency and high severity type losses.

- D&O and E&O: These classes are dominated by high layer excess-of-loss D&O business as well as E&O classes such as lawyers and accountants. Much of this business is domestic, although significant amounts are written by the London branch. This business is reviewed separately by operating branch and for pro rata versus excess-of-loss contracts, treaty versus facultative and D&O separately from E&O. Additionally, homogeneous groupings of accountants, lawyers, and architects and engineers risks are reviewed separately. These classes are long tailed in nature, often characterized by very high attachment points.

Medical malpractice – Healthcare professional, which is the most significant component of TRH's medical malpractice line of business, is reviewed separately for treaty and facultative contracts. Pro rata contracts are reviewed separately from excess-of-loss contracts. There is significant volume in all categories. This class is also quite long tailed due to the excess-of-loss nature of most of the contracts.

Shorter tailed classes – These classes include the property lines of business, such as fire and homeowners, and certain marine and energy classes. These lines are written by several of TRH's worldwide offices and the reserves are reviewed separately for each operating branch. Where sufficiently credible experience exists, these lines are also reviewed after segregating pro rata contracts from excess-of-loss contracts. As a reinsurer, these lines do not develop to ultimate loss as quickly as when written on a primary basis, however, they are significantly shorter tailed than the casualty classes discussed earlier.

Generally, for each line of business, significant actuarial judgments are made with respect to the following factors used in the loss reserve setting process:

- **Loss trend factors** are used to establish expected loss ratios ("ELRs") for subsequent accident years based on the projected loss ratios for prior accident years. Provisions for inflation and social inflation (*e.g.*, awards by judges and juries which progressively increase in size at a rate exceeding that of general inflation) and trends in court interpretations of coverage are among the factors which must be considered.

- **ELRs** for the latest accident years generally reflect the ELRs from prior accident years adjusted for the loss trend factor (see loss trend factors discussion immediately above), as well as the impact of rate level changes and other quantifiable factors. For certain longer tail lines of business that are typically lower frequency, higher severity classes, such as excess medical malpractice and D&O, ELRs are often utilized for the last several accident years.

- **Loss development factors** are used to arrive at the ultimate amount of losses incurred for each accident year based on reported loss information. These factors, which are initially calculated based on historical loss development patterns (*i.e.*, the emergence of reported losses over time relative to the ultimate losses to be paid), are then adjusted for current trends.

The judgments that are made with respect to these factors for shorter tail lines generally have much less of an effect on the determination of the loss reserve amount than when those same judgments are made with respect to the longer tailed lines of business. In contrast to the longer tailed lines of business, reported losses for the shorter tailed classes generally reach the ultimate level of incurred losses in a relatively short period of time. Rather than having to rely on assumptions regarding ELRs and loss development factors for many accident years for a given line, these assumptions are generally only relevant for the most recent accident year or two. Therefore, these assumptions tend to be less critical and the reserves calculated pursuant to these assumptions are subject to less variability for the shorter tailed lines of business.

During the loss settlement period, which can be many years in duration, additional facts regarding individual claims and trends usually become known. As these facts and trends emerge, it usually becomes necessary to refine and adjust the loss reserves upward or downward and even then the ultimate net liability may be materially different from the revised estimates.

Net loss reserves include amounts for risks relating to environmental impairment and asbestos-related illnesses. The majority of TRH's environmental and asbestos-related liabilities arose from contracts entered into after 1985 that were underwritten specifically as environmental or asbestos-related coverages rather than as standard general liability coverages, where the environmental or asbestos-related liabilities were neither clearly defined nor specifically excluded. The reserves carried for these claims, including loss and loss adjustment expenses incurred but not reported ("IBNR"), are based upon known facts and current law. However, significant uncertainty exists in determining the amount of ultimate liability for environmental impairment and asbestos-related losses, particularly for those occurring in 1985 and prior. This uncertainty is due to inconsistent court resolutions and judicial interpretations with respect to underlying policy intent and coverage and uncertainties as to the allocation of responsibility for resultant damages, among other things.

See discussion of estimated net adverse development on losses occurring in prior years (which includes a discussion of the causative factors of such estimated net adverse development) under RESULTS OF OPERATIONS and further discussion about unpaid losses and loss adjustment expenses ("gross loss reserves") under FINANCIAL CONDITION AND LIQUIDITY.

PREMIUM REVENUES

Management must make certain judgments in the determination of premiums written and earned by TRH. For pro rata treaty contracts, premiums written and earned are based on reports received from ceding companies. For excess-of-loss treaty contracts, premiums are generally recorded as written based on contract terms and are earned ratably over the terms of the related coverages provided. In recent years, treaty contracts have generated approximately 95% of TRH's premium revenues. Unearned premiums and prepaid reinsurance premiums represent the portion of gross premiums written and ceded premiums written, respectively, relating to the unexpired terms of such coverages. The relationship between net premiums written and net premiums earned will, therefore, vary depending generally on the volume and inception dates of the business assumed and ceded and the mix of such business between pro rata and excess-of-loss reinsurance.

Premiums written and earned, along with related costs, for which data has not been reported by the ceding companies, are estimated based on historical patterns and other relevant information. Such estimates of premiums earned are considered when establishing the reserve for loss and LAE IBNR. The differences between these estimates and the actual data subsequently reported, which may be material as a result of the diversity of cedants and reporting practices and the inherent difficulty in estimating premium inflows, among other factors, are recorded in the period when the actual data becomes available and may materially affect results of operations. In the Consolidated Statements of Operations, premiums written and earned and the change in unearned premiums are presented net of reinsurance ceded.

TRH has provided no allowance for bad debts relating to the premium estimates based on its historical experience, general profile of its cedants and the ability TRH has in most cases to significantly offset these premium receivables with losses and LAE or other amounts payable to the same parties.

DEFERRED ACQUISITION COSTS

Acquisition costs, consisting primarily of net commissions incurred on business conducted through reinsurance contracts or certificates, are deferred, and then amortized over the period in which the related premiums are earned, generally one year. The evaluation of recoverability of acquisition costs to be deferred considers the expected profitability of the underlying treaties and facultative certificates, which may vary materially from actual results. If the actual profitability varies from the expected profitability, the impact of such differences are recorded, as appropriate, when actual results become known and may have a material effect on results of operations.

OPERATIONAL REVIEW

RESULTS OF OPERATIONS

TRH derives its revenue from two principal sources: premiums from reinsurance assumed net of reinsurance ceded (*i.e.,* net premiums earned) and income from investments. The following table shows net premiums written, net premiums earned and net investment income of TRH for the periods indicated:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2007	2006	Change	2007	2006	Change
	(dollars in millions)					
Net premiums written	$ 984.6	$ 895.3	10.0 %	$ 2,951.9	$ 2,723.3	8.4 %
Net premiums earned	959.8	895.6	7.2	2,873.0	2,712.5	5.9
Net investment income	112.2	106.8	5.1	347.7	317.0	9.7

The increases in net premiums written for the third quarter and first nine months of 2007 compared with the same prior year periods occurred from Domestic and International – Europe operations, partially offset by decreases in International – Other operations. The increase in Domestic net premiums written for the third quarter and first nine months of 2007 compared to the same respective 2006 periods reflects in part premiums generated by domestic offices added after the second quarter of 2006 that underwrite treaty business directly with national, regional and specialty insurers and, to a lesser extent, the residual effects of a strong domestic property market that was prevalent through January 1, 2007. Premium growth continues to be mitigated by increased ceding company retentions in certain lines. On a worldwide basis, casualty lines business represented 70.5% of net premiums written in the first nine months of 2007 versus 73.1% in the same 2006 period. The balance represented property lines. Treaty business represented 96.2% of net premiums written in the first nine months of 2007 versus 95.0% in the same year ago period. The balance represented facultative accounts.

The following table summarizes the net effect of changes in foreign currency exchange rates compared to the U.S. dollar on the percentage change in net premiums written in the third quarter and first nine months of 2007 compared to the same 2006 periods:

	Three Months Ended September 30,	Nine Months Ended September 30,
Increase in original currency	7.6 %	6.4 %
Foreign exchange effect	2.4	2.0
Increase as reported in U.S. dollars	10.0	8.4

Domestic net premiums written increased in the third quarter of 2007 by $52.5 million, or 12.5%, over the third quarter of 2006 to $472.4 million. A significant increase in domestic net premiums written was recorded in the property ($90.1 million) line along with relatively minor increases spread among several other lines and was offset in part by significant decreases in the other liability ($31.4 million) and accident & health ("A&H") ($19.8 million) lines. Domestic net premiums written increased in the first nine months of 2007 by $172.6 million, or 13.2%, over the first nine months of 2006 to $1,482.3 million. Significant increases in domestic net premiums written were recorded in the property ($135.7 million), auto liability ($38.6 million), medical malpractice ($17.6 million) and other liability ($16.9 million) lines. These increases were offset in part by significant decreases in the A&H ($32.3 million) and mortgage guaranty ($14.4 million) lines.

International net premiums written increased in the third quarter of 2007 by $36.9 million, or 7.8%, over the third quarter of 2006 to $512.3 million. Of the $36.9 million increase in international net premiums written, $20.3 million is attributable to changes in foreign currency exchange rates between the U.S. dollar and the currencies in which TRH does business. Significant increases in net premiums written occurred in the London branch ($19.0 million) and in TRZ ($17.7 million). In the third quarter of 2007 compared to the same 2006 quarter, international net premiums written increased significantly in the A&H ($19.7 million) and boiler & machinery ($10.1 million) lines along with relatively minor increases spread among several other lines, offset in part by a significant decrease in the property ($20.2 million) line.

In the first nine months of 2007, international net premiums written increased by $56.0 million, or 4.0%, over the first nine months of 2006 to $1,469.5 million. Of the $56.0 million increase in international net premiums written, $52.9 million is attributable to changes in foreign currency exchange rates between the U.S. dollar and the currencies in which TRH does business. Significant net premiums written increases in the London ($44.6 million) and Paris ($12.7 million) branches and in TRZ ($17.7 million) were partially offset by a significant decrease in the Miami branch ($14.8 million). In the first nine months of 2007 compared to the same 2006 period, significant increases in international net premiums written were recorded in the A&H ($34.9 million), other liability ($31.1 million) and boiler & machinery ($15.4 million) lines, offset in part by a significant decrease in the auto liability ($39.4 million) line. International business represented 49.8% and 51.9% of worldwide net premiums written for the first nine months of 2007 and 2006, respectively.

Generally, the reasons for changes in gross premiums written between periods are similar to those for net premiums written, except as regards changes in premiums assumed from an affiliate that, by prearrangement with TRH, were ceded in an equal amount to other affiliates (See Note 4 of Notes to Condensed Consolidated Financial Statements ("Note 4")). As further discussed in Note 7, TRH transacts a significant amount of business assumed and ceded with other subsidiaries of AIG. TRH either accepts or rejects the proposed transactions with such companies based on its assessment of risk selection, pricing, terms and conditions.

As premiums written are primarily earned ratably over the terms of the related coverage, the reasons for changes in net premiums earned are generally similar to the reasons for changes in net premiums written over time.

Net investment income increased in the third quarter and first nine months of 2007 as compared to the same prior year periods due largely to investment returns on investments purchased with continued positive operating cash flows in recent periods. However, in the third quarter of 2007, the increase in investment income from fixed maturities, which reflects the strong operating cash flows in recent periods, was partially offset by a reduction in investment income from limited partnerships and from equities trading compared to the year ago quarter. The increase in net investment income in the third quarter and first nine months periods are due in part to increases of $2.6 million and $6.3 million, respectively, resulting from changes in foreign currency exchange rates between the U.S. dollar and the currencies in which investments are denominated. The components of net investment income for the periods indicated are presented in the table below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
	(in millions)			
Fixed maturities	$ 101.3	$ 88.8	$ 291.5	$ 262.1
Equities	5.3	8.9	20.8	19.0
Other invested assets (including limited partnerships)	3.8	4.6	27.5	28.0
Other	4.3	7.1	14.8	16.3
Total investment income	114.7	109.4	354.6	325.4
Investment expenses	(2.5)	(2.6)	(6.9)	(8.4)
Net investment income	$ 112.2	$ 106.8	$ 347.7	$ 317.0

The pre-tax effective yield on investments was 3.8% and 3.9% for the three and nine month periods ending September 30, 2007, respectively, compared to 4.0% and 4.2% for the same respective prior year periods. The pre-tax effective yield on investments represents annualized net investment income divided by the average balance sheet carrying value of investments and interest-bearing cash for such periods. The decrease in the pre-tax effective yield on investments for the nine month period ended September 30, 2007 compared to the same 2006 period is due in part to a significant increase in the 2007 periods of securities lending collateral, which produces minimal net investment income.

Realized net capital gains totaled $14.7 million and $2.1 million for the third quarter of 2007 and 2006, respectively. Realized net capital gains totaled $32.0 million and $6.5 million for the first nine months of 2007 and 2006, respectively. Realized net capital gains result from investment dispositions, which reflect TRH's investment and tax planning strategies to maximize after-tax income, and write-downs of securities that, in the opinion of management, had experienced a decline in fair value that was other than temporary. Such write-downs in the third quarter and first nine months of 2007 totaled $2.5 million in each period relating to fixed maturities available for sale and $0.5 million and $0.9 million, respectively, relating to equities available for sale. Such write-downs in the third quarter and first nine months of 2006 totaled $1.1 million relating to fixed maturities available for sale and an insignificant amount related to common stocks available for sale. Upon the ultimate disposition of securities which have recorded write-downs, a portion of the write-downs may be recoverable depending on market conditions at the time of disposition. (See discussion under FINANCIAL CONDITION AND LIQUIDITY for criteria used in the determination of such write-downs.) In addition, realized net capital gains in the third quarter of 2007 and 2006 were reduced by net foreign currency transaction losses of $2.3 million and $1.8 million, respectively, and realized net capital gains in the first nine months of 2007 and 2006 were reduced by net foreign currency transaction losses of $11.4 million and $1.7 million, respectively.

The property and casualty insurance and reinsurance industries use the combined ratio as a measure of underwriting profitability. The combined ratio reflects only underwriting results and does not include income from investments. Generally, a combined ratio under 100% indicates an underwriting profit and a combined ratio exceeding 100% indicates an underwriting loss. Underwriting profitability is subject to significant fluctuations due to competition, natural and man-made catastrophic events, economic and social conditions, foreign currency exchange rate fluctuations, interest rates and other factors. The loss ratio represents net losses and LAE incurred expressed as a percentage of net premiums earned. The underwriting expense ratio represents the sum of net commissions and other underwriting expenses expressed as a percentage of net premiums written. The combined ratio represents the sum of the loss ratio and the underwriting expense ratio.

The following table presents loss ratios, underwriting expense ratios and combined ratios for consolidated TRH, and separately for its domestic and international components, for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Consolidated:				
Loss ratio	65.7 %	67.9 %	67.8 %	68.6 %
Underwriting expense ratio	28.0	28.1	27.6	27.6
Combined ratio	93.7	96.0	95.4	96.2
Domestic:				
Loss ratio	69.7 %	77.6 %	74.4 %	77.5 %
Underwriting expense ratio	27.5	26.0	25.9	25.5
Combined ratio	97.2	103.6	100.3	103.0
International:				
Loss ratio	61.6 %	58.9 %	61.2 %	60.7 %
Underwriting expense ratio	28.5	29.9	29.5	29.5
Combined ratio	90.1	88.8	90.7	90.2

The loss ratio for consolidated TRH improved in the third quarter of 2007 compared to the third quarter of 2006 due in part to a decrease in the aggregate of catastrophe costs and estimated net adverse development in the 2007 period. The loss ratio for consolidated TRH in the first nine months of 2007 improved slightly compared to the same 2006 period. In the aggregate, catastrophe costs and estimated net adverse loss reserve development added 1.2% and 2.7% to the consolidated TRH combined ratio for the third quarter of 2007 and 2006, respectively, and 3.4% and 3.1% to the consolidated TRH combined ratio for the first nine months of 2007 and 2006, respectively.

The third quarter of 2007 includes pre-tax net catastrophe costs of $2.9 million. Net catastrophe costs in the aggregate added 0.3% to the third quarter of 2007 combined ratios for each of consolidated, domestic and international, respectively. There were no significant net catastrophe costs for events occurring during the third quarter of 2006. Net catastrophe costs (relating to events principally occurring in 2005) in the aggregate added 0.5%, 0.6% and 0.3% to the third quarter of 2006 combined ratios for consolidated, domestic and international, respectively. The first nine months of 2007 includes pre-tax net catastrophe costs of $56.6 million, principally relating to European Windstorm Kyrill and floods in the U.K. Net catastrophe costs in the aggregate added 2.0%, 0.3% and 3.7% to the first nine months of 2007 combined ratios for consolidated, domestic and international, respectively. There were no significant net catastrophe costs for events occurring during the first nine months of 2006. Net catastrophe costs (relating to events principally occurring in 2005) in the aggregate added 0.7%, 0.5% and 0.9% to the first nine months of 2006 combined ratios for consolidated, domestic and international, respectively. (See Note 3 for the amounts of net catastrophe costs by segment and the amounts of consolidated gross and ceded catastrophe losses incurred and reinstatement premiums.)

While TRH believes that it has taken appropriate steps to manage its exposure to possible future catastrophe losses, the occurrence of one or more natural or man-made catastrophic events of unanticipated frequency or severity, such as a terrorist attack, earthquake or hurricane, that causes insured losses could have a material adverse effect on TRH's results of operations, liquidity or financial condition. Current techniques and models may not accurately predict the probability of catastrophic events in the future and the extent of the resulting losses. Moreover, one or more catastrophe losses could weaken TRH's retrocessionnaires and result in an inability of TRH to collect reinsurance recoverables.

Net losses and LAE incurred includes estimated net adverse development relating to losses occurring in prior years which, in total, approximated $11 million and $47 million for the third quarter and first nine months of 2007, respectively, compared to $24 million and $89 million for the third quarter and first nine months of 2006, respectively. The great majority of such development in both the 2007 and 2006 periods related to Domestic and International -Europe operations. For both the 2007 and 2006 periods, significant estimated adverse loss reserve development was related to the other liability line, which includes certain specialty casualty classes, such as D&O and E&O, and general casualty classes. (See Note 3 for amounts included in estimated adverse development that relate to catastrophe losses.)

The $47 million estimated net adverse loss reserve development for the first nine months of 2007 was comprised of approximately $225 million of adverse development relating to losses occurring in 2002 and prior, offset largely by favorable development of approximately $178 million relating primarily to losses occurring in 2004 through 2006. The $89 million estimated net adverse loss reserve development for the first nine months of 2006 was comprised of approximately $227 million of adverse development relating to losses occurring in 2002 and prior, offset by favorable development of approximately $138 million relating primarily to losses occurring in 2005. Refer to the MD&A in the Company's 2006 Form 10-K for information regarding full year 2006 net adverse loss reserve development and the components thereof.

The estimated adverse development arising from losses occurring in years 1997 through 2002, which represents the great majority of the 2002 and prior development, generally relates to the fact that for many classes within these years, ceding companies continue to experience increased loss costs relative to expectations coupled with an unexpected lengthening of the loss emergence patterns. Contributing to this increase is the fact that many policies during this period covered underlying contracts that extended over multiple years. This has led to an increase in both the frequency and severity of claims entering the reinsured excess-of-loss coverage layers at later points in time than had previously been experienced. The favorable development in accident years 2005 and 2006 results from favorable loss trends, particularly in the shorter tailed classes.

TRH writes a significant amount of non-proportional assumed casualty reinsurance as well as proportional assumed reinsurance of excess liability business for such volatile classes as medical malpractice, D&O, E&O and general casualty. At the primary level, there are significant risk factors that contribute to the variability and unpredictability of the loss trend factor for this business such as jury awards, social inflation, medical inflation, tort reforms and court interpretations of coverage. In addition, as a reinsurer, TRH is also highly dependent upon the claims reserving and reporting practices of its cedants, which vary greatly by size, specialization and country of origin and whose practices are subject to change without notice.

Based on information presently available, TRH believes its current loss reserves are adequate, but there can be no assurance that TRH's loss reserves will not develop adversely due to, for example, the inherent volatility in loss trend factors and variability of reporting practices for those classes, among other factors, and will not materially exceed the carried loss reserve as of September 30, 2007 and thus, materially affect net income.

The main reason for the decrease in gross and ceded losses and LAE incurred in the nine month period ended September 30, 2007 compared to the same prior year period is the decrease in losses and LAE incurred related to business assumed from an affiliate which, by prearrangement with TRH, was then ceded in an equal amount to other affiliates (see Note 4). In addition, the change in gross losses and LAE incurred and in ceded losses and LAE incurred in the third quarter and first nine months of 2007 compared to the same respective prior year periods includes the changes in gross and ceded catastrophe losses and LAE incurred as discussed in Note 3.

The underwriting expense ratio for consolidated TRH decreased slightly in the third quarter of 2007 compared to the same 2006 quarter. The decrease is comprised of a decrease of 0.2% in the other underwriting expense component, largely offset by an increase of 0.1% in the commission expense component. The underwriting expense ratio for consolidated TRH in the first nine months of 2007 remained level with the comparable 2006 period as a decrease of 0.1% in the commission expense component was offset by an increase of 0.1% in the other underwriting expense component.

Deferred acquisition costs vary as the components of net unearned premiums change and the deferral rate changes. Acquisition costs, consisting primarily of commissions incurred, are charged to earnings over the period in which the related premiums are earned.

The third quarter and first nine months of 2007 includes interest expense incurred of $10.9 million and $32.6 million, respectively, and interest paid of nil and $21.6 million, respectively, in connection with the Company's 5.75% senior notes due in 2015 (the "Senior Notes"). The third quarter and first nine months of 2006 includes interest expense incurred of $10.9 million and $32.6 million, respectively, and interest paid of nil and $21.6 million, respectively, in connection with the Senior Notes.

"Other, net" contains general corporate expenses, certain stock-based compensation costs and net expenses relating to a recently acquired subsidiary of the Company. The increase in "other, net" in the first nine months of 2007 compared to the same 2006 period is due to the net expenses relating to a recently acquired subsidiary of the Company and increased general corporate expenses.

Income before income taxes amounted to $174.7 million and $463.3 million for the third quarter and first nine months of 2007, respectively, compared to $131.1 million and $391.0 million in the same 2006 periods. Income before income taxes increased in the third quarter of 2007 as compared to the same prior year period principally due to increases in underwriting profit and Domestic realized net capital gains. The increase in underwriting profit reflects the impact of a lower level of losses and loss adjustment expenses incurred in the Domestic and International – Europe segments, including lower estimated net adverse loss reserve development, offset in part by increased loss activity in the International – Other segment. Reduced estimated net adverse loss reserve development and net catastrophe costs, in the aggregate, accounted for $12.3 million of the increase in underwriting profit in the third quarter of 2007 as compared to the same 2006 quarter.

Income before income taxes increased in the first nine months of 2007 as compared to the same prior year period principally due to increases in net investment income, realized net capital gains, and underwriting profit. The increase in underwriting profit, despite an increase in catastrophe costs, reflects the impact of a lower level of losses and loss adjustment expenses incurred in the Domestic and International – Europe segments, including lower estimated net adverse loss reserve development, offset in part by increased loss activity in the International – Other segment. Increased net catastrophe costs and reduced estimated net adverse loss reserve development, in the aggregate, reduced underwriting profit by $12.2 million in the first nine months of 2007 as compared to the same prior year period.

Federal and foreign income tax expense of $33.0 million and $24.2 million were recorded in the third quarter of 2007 and 2006, respectively. Federal and foreign income tax expense of $88.7 million and $77.7 million was recorded in the first nine months of 2007 and 2006, respectively. The Company and its domestic subsidiaries (which include foreign operations) file consolidated federal income tax returns. The tax burden among the companies is allocated in accordance with a tax sharing agreement. TRC also includes as part of its taxable income or loss those items of income of the non-U.S. subsidiary, TRZ, which are subject to U.S. income tax currently, pursuant to Subpart F income rules of the Internal Revenue Code, and included, as appropriate, in the consolidated federal income tax return.

The effective tax rates, which represent income taxes divided by income before income taxes, were 18.9% and 18.5% in the third quarter of 2007 and 2006, respectively, and were 19.1% and 19.9% in the first nine months of 2007 and 2006, respectively. Through the application of the effective tax rate method, TRH recognized tax benefits of $2.9 million and $17.2 million relating to net catastrophe costs in the third quarter and first nine months of 2007, respectively, and will recognize an additional $2.6 million of tax benefits relating to such catastrophe costs in the fourth quarter of 2007. Tax benefits relating to net catastrophe costs were not significant in the first nine months of 2006. In addition, the first nine months of 2007 includes the recognition of a previously uncertain tax benefit of $5.3 million. As a result, income tax expense for the first nine months of 2007 was reduced by such amount (see Note 9).

Net income for the third quarter of 2007 was $141.7 million, or $2.12 per common share (diluted), compared to $106.9 million, or $1.61 per common share (diluted), in the 2006 third quarter. Net income for the first nine months of 2007 was $374.6 million, or $5.62 per common share (diluted), compared to net income of $313.4 million, or $4.73 per common share (diluted), in the same 2006 period. Reasons for the changes between periods are as discussed earlier.

SEGMENT RESULTS

(a) Domestic:

Revenues for the three and nine month periods ended September 30, 2007 increased compared to the same prior year periods due primarily to increases in net premiums written, as discussed earlier in RESULTS OF OPERATIONS, and increases in realized net capital gains.

Income before income taxes increased in the third quarter of 2007 compared to the same 2006 period primarily due to increases in underwriting profit (loss) and realized net capital gains. The increase in underwriting profit (loss) reflects an improvement in the loss ratio in the third quarter of 2007. Income before income taxes increased in the first nine months of 2007 compared to the same 2006 period due principally to increases in realized net capital gains and net investment income and a decrease in underwriting loss. The decrease in underwriting loss reflects an improvement in the loss ratio.

The third quarter and first nine months of 2007 include $1.4 million and $4.2 million, respectively, of net catastrophe costs, relating to catastrophe events occurring in 2005. The third quarter and first nine months of 2006 include $2.6 million and $6.2 million, respectively of net catastrophe costs, relating to catastrophe events occurring in prior years.

(b) International – Europe (London and Paris branches and TRZ):

Revenues for the third quarter of 2007 increased compared to the same 2006 quarter due largely to an increase in net premiums written, net of the change in unearned premiums, in the London branch. The increase in International – Europe net premiums written relates largely to the A&H, other liability, boiler & machinery and medical malpractice lines, offset in part by a significant decrease in the property line. Revenues for the first nine months of 2007 increased compared to the same 2006 period due to increases in net premiums written and net investment income. The revenue increase for the first nine months period occurred in the London and Paris branches. The increase in net premiums written in the first nine months of 2007 relates largely to the A&H and other liability lines along with relatively smaller increases in several other lines, offset in part by a significant decrease in the auto liability line. The overall increases in net premiums written in both the third quarter and the first nine months periods were due in part to increases of $17.0 million and $47.6 million, respectively, resulting from changes in foreign currency exchange rates between the U.S. dollar and the currencies in which premiums were written in the 2007 periods as compared to the same prior year periods.

Income before income taxes in the three and nine month periods ended September 30, 2007 increased compared to the same 2006 periods due primarily to increases in underwriting profit and net investment income, partially offset by an increase in realized net capital losses. The increase in underwriting profit in the 2007 periods compared to the same 2006 periods is due to generally improved loss experience. Underwriting profit improved in the 2007 nine month period compared to the same prior year period despite a significant increase in catastrophe costs in the 2007 period. The increases in net investment income in the third quarter and first nine months periods are due in part to increases of $2.1 million and $5.7 million, respectively, resulting from changes in foreign currency exchange rates between the U.S. dollar and the currencies in which investments are denominated.

The third quarter and first nine months of 2007 includes approximately $2.2 million and $52.5 million, respectively, of net catastrophe costs. Net catastrophe costs for the first nine months of 2007 principally related to Windstorm Kyrill in Europe and floods in the U.K. The third quarter and first nine months of 2006 includes approximately $1.4 million and $18.2 million, respectively, of net catastrophe costs principally relating to events occurring in 2005.

(c) International – Other (Miami (serving Latin America and the Caribbean), Toronto, Hong Kong and Tokyo branches):

Revenues for the third quarter of 2007 increased slightly compared to the third quarter of 2006 due to increases in net premiums earned (reflecting a reduction in unearned premiums, partially offset by a reduction of net premiums written) and net investment income, partially offset by a decrease in realized net capital gains (losses). In addition, net premiums written decreased slightly in the third quarter of 2007, with the Miami branch reporting most of the decrease. The largest decreases in net premiums written in the third quarter period occurred in the property, other liability and auto liability lines, partially offset by an increase in the commercial multiple peril line. Revenues for the first nine months of 2007 decreased compared to the same prior year period due primarily to a decrease in net premiums written, net of the change in unearned premiums. The decrease in net premiums written occurred primarily in the Miami and Hong Kong branches. The decrease in net premiums written for the first nine months of 2007 occurred in the auto liability lines along with relatively smaller decreases in several other lines. The overall decreases in net premiums written in both the third quarter and first nine months periods were partially offset by the change in foreign currency exchange rates between the U.S. dollar and the currencies in which premiums were written in the 2007 periods as compared to the same prior year periods.

Income before income taxes in the three and nine month periods ended September 30, 2007 decreased compared to the same 2006 periods primarily due to a decrease in underwriting profit, most significantly in the Miami branch. The decreases in underwriting profit were due, in part, to increased loss activity in the 2007 periods, including, in the nine month period only, higher net catastrophe costs.

The third quarter and first nine months of 2007 include approximately ($0.7) million and ($0.1) million, respectively, of net catastrophe costs relating to catastrophe events occurring in 2005. The third quarter and first nine months of 2006 include approximately $0.1 million and ($5.6) million, respectively, of net catastrophe costs, each relating to catastrophe events occurring in prior years.

FINANCIAL CONDITION AND LIQUIDITY

As a holding company, the Company's assets consist primarily of the stock of TRC. The Company’s liabilities consist primarily of the Senior Notes and related interest payable. The Company's future cash flows depend on the availability of dividends or other statutorily permissible payments from TRC and its wholly-owned operating subsidiaries, TRZ and Putnam. In the third quarter of 2007 and 2006, the Company received cash dividends from TRC of $11.0 million and $20.4 million, respectively. For the first nine months of 2007 and 2006, the Company received cash dividends from TRC of $50.0 million and $58.0 million, respectively. The Company uses cash primarily to pay interest to the holders of the Senior Notes, dividends to its common stockholders and, to a lesser extent, operating expenses.

Sources of funds for the operating subsidiaries consist primarily of premiums, reinsurance recoverables, investment income, proceeds from sales, redemptions and the maturing of investments and the receipt of securities lending collateral. Funds are applied by the operating subsidiaries primarily to payments of claims, commissions, ceded reinsurance premiums, insurance operating expenses, income taxes and securities lending payables and the purchase of investments. Premiums are generally received substantially in advance of related claims payments. Cash and cash equivalents, which are principally interest-bearing, are maintained for the payment of claims and expenses as they become due. TRH does not anticipate any material capital expenditures in the foreseeable future.

While the expected payout pattern of liabilities is considered in the investment management process, it is not the only factor considered as TRH has historically funded its claims payments from current operating cash flows. As a result of such funding history, TRH has not historically maintained a credit facility. However, TRH is considering a credit facility that would provide a line of credit as well as letters of credit in support of its reinsurance operations. TRH's primary investment goal is to maximize after-tax income through a high quality diversified taxable fixed maturity and tax-exempt municipal fixed maturity portfolio, while maintaining an adequate level of liquidity. See discussion later in this section of the potential liquidity strain that could arise as a result of significant acceleration of paid losses beyond TRH's ability to fund such payments.

At September 30, 2007, total investments and cash were $12.37 billion compared to $11.34 billion at December 31, 2006. The increase was caused in large part by $712.7 million of cash provided by operating activities and $199.5 million from the net receipt of collateral from securities lending activities, offset by changes in net unrealized appreciation (depreciation) of investments which decreased investments and cash by $128.3 million (see discussion of the change in unrealized appreciation of investments, net of tax, below). In addition, the impact of foreign currency exchange rate changes between the U.S. dollar and certain currencies in which investments and cash are denominated increased total investments and cash by approximately $205 million.

TRH's fixed maturity investments, approximately 73.2% of total investments and cash as of September 30, 2007, are predominantly investment grade, liquid securities, approximately 95.4% of which will mature in less than 10 years. The average duration of the fixed maturity portfolio was 5.7 years as of September 30, 2007. Also as of that date, approximately 6.9% of total investments and cash was in common and nonredeemable preferred stocks, approximately 2.0% of total investments and cash was in other invested assets, which includes investments in limited partnerships, approximately 15.5% of total investments and cash was in securities lending collateral, approximately 0.6% of total investments and cash consisted of short-term investments and the remaining 1.8% consisted of cash and cash equivalents, primarily interest-bearing. Based on the foregoing, TRH considers its liquidity to be adequate through the end of 2007 and thereafter for a period the length of which is difficult to predict, but which TRH believes will be at least one year.

Activity within the fixed maturities available for sale portfolio for the periods under discussion generally represented strategic portfolio realignments to maximize after-tax income. TRH adjusts its mix of taxable and tax-exempt investments, as appropriate, generally as a result of strategic investment and tax planning considerations. TRH maintains a portfolio of certain fixed maturities which are classified as held-to-maturity and carried at amortized cost as TRH has the positive intent and ability to hold each of these securities to maturity. TRH purchases certain equities, which are classified as trading, to meet short term investment objectives. In addition, TRH engages in a securities lending program managed by a subsidiary of AIG, whereby certain securities (principally fixed maturities and common stocks available for sale) from its portfolio are loaned to third parties. In these transactions, initial collateral, principally cash, is received by TRH in an amount exceeding the fair value of the loaned security. Collateral related to lending of securities from TRH's international operations, which at September 30, 2007 represented the great majority of securities loaned, are invested in a pooled account of the program manager and collateral related to the lending of securities of TRH's Domestic operations is invested in a segregated account of individual securities and cash. The investment of securities lending collateral is shown on the balance sheet at fair value. A liability is recorded in an amount equal to the collateral received to recognize TRH's obligation to return such funds when the related loaned securities are returned. The fair values of fixed maturities available for sale, common stocks available for sale and equities trading that are on loan are reflected parenthetically as pledged on the balance sheet and totaled $1,846.3 million, $34.9 million and $4.3 million, respectively, as of September 30, 2007.

At September 30, 2007, gross unrealized gains and losses on all fixed maturities (including those held to maturity and carried at amortized cost) amounted to $129.1 million and $78.0 million, respectively. The majority of the decrease in gross unrealized gains and increase in gross unrealized losses since the prior year-end relates to an increase in market interest rates on municipal bonds. At September 30, 2007, gross unrealized gains and losses on equities available for sale amounted to $46.3 million and $20.3 million, respectively.

As of September 30, 2007, 95.3% of the fixed maturity portfolio was rated Aaa or Aa, 4.0% was rated A, an additional 0.4% was also rated investment grade and 0.3% was not rated.

TRH periodically evaluates its securities for other-than-temporary impairments of valuation. As a matter of policy, the determination that a security has incurred an other-than-temporary decline in value and the amount of any loss recognition requires the judgment of TRH's management and a continual review of its investments.

A security is considered a candidate for other-than-temporary impairment if it meets any of the following criteria:

- Trading at a significant (25% or more) discount to par or amortized cost (if lower) for an extended period of time (nine months or longer);

- The occurrence of a discrete credit event resulting in the debtor defaulting or seeking bankruptcy or insolvency protection or voluntary reorganization; or

- The probability of non-realization of a full recovery on its investment, irrespective of the occurrence of one of the foregoing events.

At each balance sheet date, TRH evaluates its securities holdings in an unrealized loss position. Where TRH does not intend to hold such securities until they have fully recovered their carrying value based on the circumstances present at the date of evaluation, TRH records the unrealized loss in income. If events or circumstances change, such as unexpected changes in creditworthiness of the obligor, unanticipated changes in interest rates, tax laws, statutory capital positions and unforeseen liquidity events, among others, TRH revisits its intent. Further, if a loss is recognized from a sale subsequent to a balance sheet date pursuant to these unexpected changes in circumstances, the loss is recognized in the period in which the intent to hold the securities to recovery no longer exists.

In periods subsequent to the recognition of an other-than-temporary impairment loss for fixed maturity securities, TRH amortizes the discount or reduced premium over the remaining life of the security in a prospective manner based on the amount and timing of estimated future cash flows.

TRH has the ability to hold any fixed maturity security to its stated maturity, including fixed maturities classified as available for sale. Therefore, the decision to sell any such fixed maturity security classified as available for sale reflects the judgment of management that the security sold is unlikely to provide, on a relative value basis, as attractive a return in the future as alternative securities entailing comparable risks. With respect to distressed securities, the sale decision reflects management's judgment that the risk-discounted anticipated ultimate recovery is less than the value achievable on sale. (See OPERATIONAL REVIEW for a discussion of realized capital losses resulting from write-downs of securities for other than temporary declines in fair value.)

Generally, reserve changes result from the setting of reserves on current accident year business, the adjustment of prior accident year reserves based on new information (*i.e.,* reserve development), payments of losses and LAE for which reserves were previously established and the impact of changes in foreign currency exchange rates.

At September 30, 2007, gross loss reserves totaled $7.68 billion, an increase of $211.3 million, or 2.8%, over December 31, 2006. The increase in gross loss reserves includes the impact of net changes in foreign currency exchange rates since the end of 2006 and gross loss reserve development.

The components of gross loss reserves as of September 30, 2007 consisted of $3.79 billion of reported amounts (“case reserves”) and $3.89 billion of IBNR amounts. Gross loss reserves represent the accumulation of estimates for losses occurring on or prior to the balance sheet date. Gross case reserves are principally based on reports and individual case estimates received from ceding companies. The IBNR portion of gross loss reserves is based on past experience and other factors. The methods used to determine such estimates and to establish the resulting reserves are continually reviewed and updated. Any adjustments are reflected in income currently.

At September 30, 2007, reinsurance recoverable on gross loss reserves totaled $1.01 billion (a component of reinsurance recoverable on paid and unpaid losses on the Consolidated Balance Sheet, which is net of an allowance for uncollectible reinsurance recoverable of approximately $12 million), a decrease of $250.2 million, or 19.8%, from the prior year-end. The decrease in reinsurance recoverable on gross loss reserves from year-end 2006 is due largely to a decrease in reinsurance recoverable on ceded losses relating to catastrophes occurring in 2005 and a decrease in reinsurance recoverable on ceded losses relating to reinsurance business written by TRH that, by prearrangement with TRH, is almost entirely retroceded to non-affiliated retrocessionaires.

Net loss reserves totaled $6.67 billion at September 30, 2007, an increase of $461.5 million, or 7.4%, from the prior year-end. The third quarter and first nine months of 2007 included paid losses and LAE, net of reinsurance recovered, relating to net catastrophe losses of approximately $54 million and $56 million, respectively, relating to events occurring in 2005 and 2007. The third quarter and first nine months of 2006 included paid losses and LAE, net of reinsurance recovered, relating to net catastrophe losses of approximately $22 million and $207 million, respectively, principally relating to events occurring in 2005.

An analysis of the change in net loss reserves for the first nine months of 2007, with comparable 2006 data, follows:

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
	(in millions)	
At beginning of year:		
Gross loss reserves	$ 7,467.9	$ 7,113.3
Less reinsurance recoverable	(1,260.7)	(1,422.9)
Net loss reserves	6,207.2	5,690.4
Net losses and LAE incurred (including estimated net adverse development on losses occurring in prior years of: 2007 - $47 million; 2006 - $89 million)	1,947.6	1,860.3
Net losses and LAE paid	1,540.9	1,545.8
Foreign exchange effect	54.8	113.0
At end of period:		
Net loss reserves	6,668.7	6,117.9
Plus reinsurance recoverable	1,010.6	1,326.1
Gross loss reserves	$ 7,679.3	$ 7,444.0

Because the reserving process is inherently difficult and subjective, actual losses may materially differ from reserves and related reinsurance recoverables reflected in TRH’s consolidated financial statements, and, accordingly, may have a material effect on future results of operations. And while there is also the possibility of changes in statutes, laws, regulations and other factors that could have a material effect on these liabilities and, accordingly, future earnings, TRH believes that its loss reserves carried at September 30, 2007 are adequate.

See CRITICAL ACCOUNTING ESTIMATES for a discussion of the significant assumptions and factors considered in the reserve setting process.

In the ordinary course of business, TRH is involved in lawsuits, arbitrations and other formal and informal dispute resolution procedures, the outcomes of which will determine TRH's rights and obligations under reinsurance agreements and other more general contracts. In some disputes, TRH seeks to enforce its rights under an agreement or to collect funds owing to it. In other matters, TRH is resisting attempts by others to enforce alleged rights. Such disputes are resolved through formal and informal means, including litigation, arbitration and mediation.

In all such matters, TRH believes that its positions are legally and commercially reasonable. TRH also regularly evaluates those positions, and where appropriate, establishes or adjusts loss reserves to reflect its evaluation. TRH's aggregate loss reserves take into account the possibility that TRH may not ultimately prevail in each and every disputed matter. TRH takes into consideration changes in judicial interpretation of legal liability and policy coverages, changes in claims handling practices and inflation. TRH considers not only monetary increases in the cost of what it reinsures, but also changes in societal factors that influence jury verdicts and case law, TRH's approach to claim resolution, and, in turn, claim costs. TRH believes its aggregate loss reserves reduce the potential that an adverse resolution of one or more of these matters, at any point in time, would have a material impact on TRH's financial condition or results of operations. However, there can be no assurance that adverse resolutions of such matters in any one period or in the aggregate will not result in a material adverse effect on TRH's results of operations.

For the first nine months of 2007, TRH's operating cash flows were $712.7 million, an increase of $79.2 million from the same 2006 period. The increase results, in part, from increased cash flows from underwriting activities, including increased collections of reinsurance recoverable, and investment income received, partially offset by increased income taxes paid.

As a significant amount of losses from catastrophes occurring in 2005 and 2007 remain unpaid, TRH expects that payments relating to these events will have a material adverse impact on operating cash flows in the remaining quarter of 2007 and perhaps thereafter.

If paid losses accelerated significantly beyond TRH's ability to fund such paid losses from current operating cash flows, TRH would be compelled to liquidate a portion of its investment portfolio and/or arrange for financing. Such events that may cause such a liquidity strain could be the result of several catastrophic events occurring in a relatively short period of time. Additional strain on liquidity could occur if the investments sold to fund such paid losses were sold in a depressed marketplace and/or reinsurance recoverable on such paid losses became uncollectible.

Of total consolidated operating cash flows, $307.1 million and $270.1 million were derived from international operations in the first nine months of 2007 and 2006, respectively. In each of these periods, London was the most significant source of international operating cash flows.

TRH believes that its balance of cash and cash equivalents of $226.1 million as of September 30, 2007 and its future cash flows will be sufficient to meet TRH's cash requirements through the end of 2007 and thereafter for a period the length of which is difficult to predict, but which TRH believes will be at least one year.

TRH's operations are exposed to market risk. Market risk is the risk of loss of fair value resulting from adverse fluctuations in interest rates, equity prices and foreign currency exchange rates. (See Part I – Item 3 for further discussion.)

TRH's stockholders' equity totaled $3.29 billion at September 30, 2007, an increase of $334.7 million from year-end 2006. The net increase consisted primarily of net income of $374.6 million, partially offset by cash dividends declared of $30.0 million and a decrease in accumulated other comprehensive income of $24.2 million.

The abovementioned decrease in accumulated other comprehensive income consisted of net unrealized depreciation of investments, net of income taxes, of $83.4 million, partially offset by a net unrealized foreign currency translation gain from functional currencies, net of income taxes, of $59.2 million. The net unrealized depreciation of investments, net of income taxes, which occurred mostly in the 2007 second quarter, is composed principally of decreases of $57.9 million in unrealized appreciation of fixed maturities available for sale, the majority of which relates to an increase in market interest rates on municipal bonds, $7.8 million in unrealized appreciation of equities available for sale and of $11.1 million in net unrealized depreciation on the investment of securities lending collateral.

Net unrealized appreciation (depreciation) of investments, net of income taxes, is subject to significant volatility resulting from changes in the fair value of fixed maturities and equities available for sale and other invested assets. Fair values may fluctuate due to changes in general economic and political conditions, market interest rates, prospects of investee companies and other factors.

OTHER MATTERS

U.S. Residential Mortgage Market Disruption

The U.S. residential mortgage market is experiencing serious disruption due to credit quality deterioration in a significant portion of loans originated, primarily to non-prime and sub-prime borrowers.

At September 30, 2007, none of TRH’s asset-backed or mortgage-backed holdings were secured by sub-prime mortgage collateral. All securities are reviewed as part of the ongoing monitoring process for other-than-temporary impairments of securities.

While there are no direct investments in sub-prime backed securities as of September 30, 2007, if the market disruption continues and/or expands beyond the U.S. sub-prime residential mortgage market, these events could have a material adverse effect on TRH's operations, value of its investment portfolio, results of operations, financial position and cash flows.

The European Union ("EU") Reinsurance Directive of November 2005 (the "Directive")

Within the EU, the Directive was intended to be implemented by all member states by December 10, 2007. At present, not all EU member states will implement the Directive prior to December 10, 2007. This directive will lift barriers to trade within the EU for companies that are domiciled in an EU country. TRH currently operates branches within the EU. The treatment to be accorded to non-EU headquartered reinsurers like TRH will remain a matter of national law in each EU member state (subject to the Directive's requirement that no member state should grant preferential treatment to non-EU headquartered reinsurers) and that treatment could differ from one member state to another. TRH has reviewed the regulatory environment in the EU member states in which most of TRH's European premium income arise and believes that implementation of the Directive will not require any changes to its operating structure at this time. TRH will continue to monitor its position in the member states where the implementing measures for the Directive have yet to become public in order to determine whether the implementing measures in those EU member states could affect its operations in the future. TRH cannot predict the impact that the implementing measures of EU member states will have on its EU operations.

RECENT ACCOUNTING STANDARDS

For further discussion of the following recent accounting standards and their application to TRH see Note 9.

(a) Adoption of Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109" ("FIN 48")

In July 2006, the FASB issued FIN 48. TRH adopted FIN 48 on January 1, 2007.

(b) Future Application of Accounting Standards

(i) In September 2007, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position No. 07-1, ''Clarification of the Scope of the Audit and Accounting Guide 'Audits of Investment Companies' and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies'' ("SOP 07-1").

(ii) In February 2007, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159").

(iii) In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157").

TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Transatlantic Holdings, Inc. and its subsidiaries (collectively, “TRH”) operations are exposed to market risk. Market risk is the risk of loss of fair value resulting from adverse fluctuations in interest rates, equity prices and foreign currency exchange rates. TRH’s market risk exposures arise from the following:

- TRH is a globally diversified enterprise with capital employed in a variety of currencies.
- Much of TRH’s capital is invested in fixed income or equity securities.

TRH analyzes market risk using Value at Risk (“VaR”). VaR is a summary statistical measure that applies the estimated volatility and correlation of market factors of TRH’s market position. The output from the VaR calculation is the maximum loss that could occur over a defined period of time given a certain probability. VaR measures not only the size of the individual exposures but also the interaction between different market exposures, thereby providing a portfolio approach to measuring market risk.

While VaR models are relatively sophisticated, the quantitative market risk information generated is limited by the assumptions and parameters established in creating the related models. TRH believes that statistical models alone do not provide a reliable method of monitoring and controlling market risk. Therefore, such models are tools and do not substitute for the experience or judgment of senior management.

TRH has performed VaR analyses to estimate the maximum potential loss of fair value for financial instruments for each type of market risk. In this analysis, financial instrument assets include investments and cash and accrued investment income. Financial instrument liabilities include unpaid losses and loss adjustment expenses and unearned premiums, each net of reinsurance, and the Senior Notes.

TRH calculated the VaR with respect to net fair values as of September 30, 2007 and December 31, 2006. The VaR number represents the maximum potential loss as of those dates that could be incurred with a 95% confidence (*i.e.,* only 5% of historical scenarios show losses greater than the VaR figures) within a one-month holding period. TRH uses the historical simulation methodology that entails re-pricing all assets and liabilities under explicit changes in market rates within a specific historical time period. TRH uses the most recent three years of historical market information for interest rates, equity index prices and foreign currency exchange rates. For each scenario, each transaction is re-priced. Scenario values are then calculated by netting the values of all underlying assets and liabilities.

The following table presents the period-end, average, high and low VaRs on a diversified basis and of each component of market risk for the nine months ended September 30, 2007 and for the year-ended December 31, 2006. The diversified VaR is usually smaller than the sum of its components due to correlation effects.

Market Risk
(in millions)

	2007				2006			
		Nine Months Ended, September 30,				Year Ended, December 31,		
	As of September 30,	Average	High	Low	As of December 31,	Average	High	Low
Diversified	$ 188	$ 178	$ 190	$ 163	$ 173	$ 190	$ 211	$ 173
Interest rate	172	164	177	153	153	183	207	153
Equity	53	51	53	49	49	47	50	42
Currency	19	18	19	18	19	19	21	17

TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES
CONTROLS AND PROCEDURES

Transatlantic Holdings, Inc. and its subsidiaries (collectively, “TRH”) disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that TRH files or submits under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission (the “SEC”). Disclosure controls and procedures include controls and procedures reasonably designed to ensure that information required to be disclosed by TRH in the reports that it files or submits under the Exchange Act is accumulated and communicated to TRH's management, including TRH's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. TRH's management, with the participation of TRH's Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of TRH's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, TRH's Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report to provide reasonable assurance that the information required to be disclosed in the reports TRH files or submits under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. In addition, there has been no change in TRH's internal control over financial reporting that occurred during the third fiscal quarter of 2007 that has materially affected, or is reasonably likely to materially affect, TRH's internal control over financial reporting.

Part II – Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In November 2000, the Board of Directors authorized the purchase of up to 200,000 shares (375,000 shares after adjustment for subsequent stock splits) of Transatlantic Holdings, Inc.'s common stock in the open market or through negotiated transactions. The purchase program has no set expiration or termination date. As of September 30, 2007, 170,050 shares may still be purchased pursuant to this authorization. No shares were purchased in the third quarter of 2007. The preceding does not include 3,110 and 57,624 shares relating to options exercised in the three and nine months ended September 30, 2007, respectively, that were attested to in satisfaction of the exercise price by holders of Transatlantic Holdings, Inc.'s employee or director stock options.

Part II – Item 6. Exhibits

See accompanying Exhibit Index.

Omitted from this Part II are items which are inapplicable or to which the answer is negative for the period covered.

SIGNATURES

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

TRANSATLANTIC HOLDINGS, INC.
(Registrant)

/s/ STEVEN S. SKALICKY
Steven S. Skalicky
On behalf of the registrant and in his capacity as Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Dated: November 8, 2007

<u>EXHIBIT INDEX</u>

Exhibit Number	Description	Location
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, by Robert F. Orlich, President and Chief Executive Officer.	Filed herewith.
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, by Steven S. Skalicky, Executive Vice President and Chief Financial Officer.	Filed herewith.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Robert F. Orlich, President and Chief Executive Officer.	Provided herewith.
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Steven S. Skalicky, Executive Vice President and Chief Financial Officer.	Provided herewith.

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, Robert F. Orlich, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Transatlantic Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ROBERT F. ORLICH

Robert F. Orlich
President and Chief Executive Officer

Date: November 8, 2007

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, Steven S. Skalicky, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Transatlantic Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STEVEN S. SKALICKY

Steven S. Skalicky
Executive Vice President and Chief Financial Officer

Date: November 8, 2007

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2007 of Transatlantic Holdings, Inc. (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert F. Orlich, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ ROBERT F. ORLICH

Robert F. Orlich
President and Chief Executive Officer

Date: November 8, 2007

The foregoing is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being filed as part of this Quarterly Report on Form 10-Q or as a separate disclosure document.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2007 of Transatlantic Holdings, Inc. (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven S. Skalicky, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STEVEN S. SKALICKY

Steven S. Skalicky
Executive Vice President and Chief Financial Officer

Date: November 8, 2007

The foregoing is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being filed as part of this Quarterly Report on Form 10-Q or as a separate disclosure document.