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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2006

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of September 30, 2006. 65,970,441

TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES

INDEX TO FORM 10-Q

# TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES
## CONSOLIDATED BALANCE SHEETS
### As of September 30, 2006 and December 31, 2005
(Unaudited)

| | 2006 | 2005 |
|---|---|---|
| **ASSETS** | (in thousands, except share data) | |
| Investments and cash: | | |
| Fixed maturities: | | |
| Held to maturity, at amortized cost (market value: 2006-$1,290,639; 2005-$1,284,826) | $ 1,255,019 | $ 1,257,941 |
| Available for sale, at market value (amortized cost: 2006-$6,660,732; 2005-$6,143,063) (pledged, at market value: 2006-$1,606,825; 2005-$562,007) | 6,796,104 | 6,297,675 |
| Equities: | | |
| Available for sale, at market value: | | |
| Common stocks (cost: 2006-$573,680; 2005-$574,362) (pledged, at market value: 2006-$40,484; 2005-$23,054) | 602,807 | 606,325 |
| Nonredeemable preferred stocks (cost: 2006-$229,066; 2005-$12,390) | 236,366 | 12,420 |
| Trading, at market value, principally common stocks (cost: 2006-$40,034; 2005-$48,124) | 40,097 | 46,493 |
| Other invested assets | 173,239 | 172,869 |
| Short-term investment of funds received under securities loan agreements | 1,711,812 | 606,882 |
| Short-term investments, at cost (approximates market value) | 60,436 | 43,112 |
| Cash and cash equivalents | 189,109 | 198,120 |
| Total investments and cash | 11,064,989 | 9,241,837 |
| Accrued investment income | 132,592 | 107,431 |
| Premium balances receivable, net | 699,650 | 782,880 |
| Reinsurance recoverable on paid and unpaid losses and loss adjustment expenses: | | |
| Affiliates | 431,576 | 294,957 |
| Other | 1,072,425 | 1,196,516 |
| Deferred acquisition costs | 224,837 | 217,709 |
| Prepaid reinsurance premiums | 101,302 | 61,291 |
| Deferred income taxes | 321,906 | 302,451 |
| Other assets | 104,658 | 159,604 |
| Total assets | $ 14,153,935 | $ 12,364,676 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Unpaid losses and loss adjustment expenses | $ 7,444,026 | $ 7,113,294 |
| Unearned premiums | 1,150,450 | 1,082,282 |
| Payable under securities loan agreements | 1,711,812 | 606,882 |
| 5.75% senior notes due December 14, 2015: | | |
| Affiliates | 447,937 | 447,812 |
| Other | 298,625 | 298,541 |
| Other liabilities | 268,152 | 271,914 |
| Total liabilities | 11,321,002 | 9,820,725 |
| 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: 2006-66,959,341; 2005-66,900,085 | 66,959 | 66,900 |
| Additional paid-in capital | 223,198 | 214,700 |
| Accumulated other comprehensive income | 28,426 | 35,729 |
| Retained earnings | 2,536,269 | 2,248,541 |
| Treasury Stock, at cost; 988,900 shares of common stock | (21,919) | (21,919) |
| Total stockholders' equity | 2,832,933 | 2,543,951 |
| Total liabilities and stockholders' equity | $ 14,153,935 | $ 12,364,676 |

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, 2006 | Three Months Ended September 30, 2005 | Nine Months Ended September 30, 2006 | Nine Months Ended September 30, 2005 |
|---|---|---|---|---|
| | (in thousands, except per share data) | | | |
| Revenues: | | | | |
| Net premiums written | $895,271 | $858,175 | $2,723,277 | $2,627,209 |
| Decrease (increase) in net unearned premiums | 323 | (13,682) | (10,821) | (33,115) |
| Net premiums earned | 895,594 | 844,493 | 2,712,456 | 2,594,094 |
| Net investment income | 106,773 | 87,566 | 317,020 | 256,143 |
| Realized net capital gains | 2,097 | 13,508 | 6,477 | 24,429 |
| Total revenues | 1,004,464 | 945,567 | 3,035,953 | 2,874,666 |
| Expenses: | | | | |
| Net losses and loss adjustment expenses | 608,611 | 974,674 | 1,860,306 | 2,232,187 |
| Net commissions | 225,728 | 226,920 | 681,591 | 645,639 |
| Other underwriting expenses | 25,710 | 20,519 | 69,993 | 60,124 |
| Increase in deferred acquisition costs | (77) | (3,118) | (7,128) | (5,247) |
| Interest on senior notes | 10,852 | - | 32,552 | - |
| Other, net | 2,496 | 2,849 | 7,629 | 7,897 |
| Total expenses | 873,320 | 1,221,844 | 2,644,943 | 2,940,600 |
| Income (loss) before income taxes | 131,144 | (276,277) | 391,010 | (65,934) |
| Income taxes (benefits) | 24,201 | (132,070) | 77,655 | (90,317) |
| Net income (loss) | $106,943 | ($144,207) | $313,355 | $24,383 |
| Net income (loss) per common share: | | | | |
| Basic | $1.62 | ($2.19) | $4.75 | $0.37 |
| Diluted | 1.61 | (2.19) | 4.73 | 0.37 |
| Dividends per common share | 0.135 | 0.120 | 0.390 | 0.340 |
| Weighted average common shares outstanding: | | | | |
| Basic | 65,961 | 65,844 | 65,940 | 65,831 |
| Diluted | 66,267 | 65,844 | 66,242 | 66,161 |

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, | |
|---|---|---|
| | 2006 | 2005 |
| | (in thousands) | |
| Net cash provided by operating activities | $633,502 | $561,432 |
| Cash flows from investing activities: | | |
| Proceeds of fixed maturities available for sale sold | 457,477 | 354,242 |
| Proceeds of fixed maturities available for sale redeemed or matured | 271,484 | 286,786 |
| Proceeds of equities available for sale sold | 745,784 | 627,584 |
| Purchase of fixed maturities held to maturity | - | (169,893) |
| Purchase of fixed maturities available for sale | (1,156,588) | (992,659) |
| Purchase of equities available for sale | (942,388) | (636,638) |
| Net sale of other invested assets | 5,654 | 16,194 |
| Net (purchase) sale of short-term investment of funds received under securities loan agreements | (1,074,090) | 47,572 |
| Net (purchase) sale of short-term investments | (16,298) | 4,368 |
| Change in other liabilities for securities in course of settlement | 4,175 | 13,484 |
| Other, net | 7,351 | 3,226 |
| Net cash used in investing activities | (1,697,439) | (445,734) |
| Cash flows from financing activities: | | |
| Net funds received (disbursed) under securities loan agreements | 1,074,090 | (47,572) |
| Dividends to stockholders | (24,729) | (21,068) |
| Proceeds from common stock issued | 1,993 | 1,576 |
| Acquisition of treasury stock | - | (6,138) |
| Other, net | 317 | (815) |
| Net cash provided by (used in) financing activities | 1,051,671 | (74,017) |
| Effect of exchange rate changes on cash and cash equivalents | 3,255 | (3,564) |
| Change in cash and cash equivalents | (9,011) | 38,117 |
| Cash and cash equivalents, beginning of period | 198,120 | 143,435 |
| Cash and cash equivalents, end of period | $189,109 | $181,552 |
| Supplemental cash flow information: | | |
| Income taxes paid, net | $42,177 | $44,834 |
| Interest paid on senior notes | 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 (LOSS)**
(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | (in thousands) | | | |
| Net income (loss) | $106,943 | ($144,207) | $313,355 | $24,383 |
| Other comprehensive income (loss): | | | | |
| Net unrealized appreciation (depreciation) of investments, net of tax: | | | | |
| Net unrealized holding gains (losses) | 148,955 | (34,832) | (10,848) | (3,035) |
| Deferred income tax (charge) benefit on above | (52,136) | 12,191 | 3,795 | 1,063 |
| Reclassification adjustment for gains included in net income (loss) | (3,912) | (13,508) | (8,219) | (24,429) |
| Deferred income tax charge on above | 1,370 | 4,728 | 2,877 | 8,550 |
| | 94,277 | (31,421) | (12,395) | (17,851) |
| Net unrealized foreign currency translation (loss) gain, net of tax: | | | | |
| Net unrealized foreign currency translation (loss) gain | (2,426) | 4,907 | 7,834 | (47,024) |
| Deferred income tax benefit (charge) on above | 849 | (1,718) | (2,742) | 16,458 |
| | (1,577) | 3,189 | 5,092 | (30,566) |
| Other comprehensive income (loss) | 92,700 | (28,232) | (7,303) | (48,417) |
| Comprehensive income (loss) | $199,643 | ($172,439) | $306,052 | ($24,034) |

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

1. General

The condensed consolidated financial statements are unaudited, but have been prepared on the basis of accounting principles generally accepted in the United States of America and, in the opinion of management, reflect all adjustments (consisting of only normal recurring accruals) necessary for a fair statement of results for such periods. The results of operations and cash flows for any interim period are not necessarily indicative of results for the full year. As such, these financial statements should be read in conjunction with the audited consolidated financial statements of Transatlantic Holdings, Inc. included in the Form 10-K for the year ended December 31, 2005. In addition, for further information, refer to the Transatlantic Holdings, Inc. Form 10-Q filings for the quarters ended March 31, 2006 and June 30, 2006.

These financial statements include the accounts of Transatlantic Holdings, Inc. (the Company, and collectively with its subsidiaries, TRH) and its subsidiaries. All material intercompany accounts and transactions have been eliminated. Certain reclassifications have been made to conform the prior year's presentation with 2006.

2. Net Income (Loss) Per Common Share

Net income (loss) 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, | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | (in thousands, except per share data) | | | |
| Net income (loss) (numerator) | $106,943 | ($144,207) | $313,355 | $24,383 |
| Weighted average common shares outstanding used in the computation of net income (loss) per share: | | | | |
| Average shares issued | 66,950 | 66,805 | 66,929 | 66,765 |
| Less: Average shares in treasury | 989 | 961 | 989 | 934 |
| Average outstanding shares - basic (denominator) | 65,961 | 65,844 | 65,940 | 65,831 |
| Average potential shares, principally stock options (a) | 306 | - | 302 | 330 |
| Average outstanding shares - diluted (denominator) | 66,267 | 65,844 | 66,242 | 66,161 |
| Net income (loss) per common share: | | | | |
| Basic | $1.62 | ($2.19) | $4.75 | $0.37 |
| Diluted | 1.61 | (2.19) | 4.73 | 0.37 |

(a) The three and nine months ended September 30, 2006 exclude the effect of performance-based restricted stock units whose performance period has not yet begun and 1.2 million anti-dilutive shares (from a total of 2.8 million potential shares). As the impact of potential shares for the three months ended September 30, 2005 is anti-dilutive (*i.e.,* reduces the net loss per common share), potential shares are not included in the diluted net loss per common share calculation for that period. The nine months ended September 30, 2005 excludes the effect of 0.9 million anti-dilutive potential shares (from a total of 2.7 million potential shares).

3. Impact of Significant Catastrophe Events

There were no significant net catastrophe costs for events occurring during the first nine months of 2006.

The third quarter of 2005 includes net catastrophe costs of $395.0 million, or $255.8 million after tax. Net catastrophe costs for the third quarter of 2005 consists of net catastrophe losses incurred of $354.6 million (gross $681.0 million; ceded $326.4 million) and net ceded reinstatement premiums of $40.4 million (gross $71.0 million; ceded $111.4 million) related principally to Hurricanes Katrina (approximately $300 million on a pre-tax basis) and Rita (approximately $50 million on a pre-tax basis), each of which occurred in the third quarter of 2005. The first nine months of 2005 includes net catastrophe costs of $444.5 million, or $291.7 million after tax. Net catastrophe costs for the first nine months of 2005 consists of net catastrophe losses incurred of $385.0 million (gross $742.0 million; ceded $357.0 million) and net ceded reinstatement premiums of $59.5 million (gross $71.0 million; ceded $130.5 million) related principally to Hurricanes Katrina and Rita. The costs recorded for these events represented TRH's estimate of, or net changes in prior estimates of, aggregate ultimate losses related to significant catastrophe events based upon information available at that time.

Net ceded reinstatement premiums serve to reduce net premiums written and earned by such amounts in their respective periods. Reinstatement premiums may arise on assumed and ceded business as a result of contractual provisions found in many excess-of-loss catastrophe 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.

A summary of pre-tax net catastrophe costs for the three and nine month periods ended September 30, 2006 and 2005 is presented below:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | (in millions) | | | |
| Domestic | $2.6 | $315.8 | $6.2 | $344.4 |
| International: | | | | |
| Europe | 1.4 | 75.5 | 18.2 | 91.4 |
| Other | 0.1 | 3.7 | (5.6) | 8.7 |
| Total International | 1.5 | 79.2 | 12.6 | 100.1 |
| Total | $4.1 | $395.0 | $18.8 | $444.5 |

4. Stock-Based Compensation Plans

Effective January 1, 2006, TRH adopted Statement of Financial Accounting Standards (SFAS) No. 123 (revised), "Share-Based Payment" (SFAS No. 123R) utilizing the Modified Prospective Application method. The Modified Prospective Application method entails using a fair-value method of expensing all stock compensation awards granted or modified after the adoption of SFAS No. 123R and the unvested portions of awards granted prior to adoption of SFAS No. 123R. Financial statement amounts for periods prior to January 1, 2006 have not been restated. The impact of adopting SFAS No. 123R was not material to income (loss) before income taxes, net income (loss) (including basic and diluted net income (loss) per share amounts), financial condition or cash flows in the third quarter or first nine months of 2006 (see Note 11).

At September 30, 2006, TRH had six stock-based compensation plans, the Transatlantic Holdings, Inc. 1995 Stock Option Plan (the 1995 Plan), the Transatlantic Holdings, Inc. 2000 Stock Option Plan, as amended, (the 2000 Plan and collectively with the 1995 Plan, the Stock Option Plans), the Transatlantic Holdings, Inc. 2003 Stock Incentive Plan, as amended, (the Stock Incentive Plan), the Transatlantic Holdings, Inc. Partners Plan (the Partners Plan), the Transatlantic Holdings, Inc. Senior Partners Plan (the Senior Partners Plan) and the Transatlantic Holdings, Inc. 1990 Employee Stock Purchase Plan, as amended (the Stock Purchase Plan). In addition, certain TRH employees participate in past stock-based compensation plans of Starr International Company, Inc. (SICO) and certain American International Group, Inc. (AIG) stock-based compensation plans.

4. Stock-Based Compensation Plans (continued)

Expenses related to stock-based compensation arrangements totaled $2.7 million and $1.9 million for the third quarter of 2006 and 2005, respectively, and $7.6 million and $5.1 million for the first nine months of 2006 and 2005, respectively. Income tax benefits recognized related to stock-based compensation arrangements totaled $0.8 million and $0.6 million for the third quarter of 2006 and 2005, respectively, and $2.3 million and $1.5 million for the first nine months of 2006 and 2005, respectively.

Total cash received from exercises of stock-based compensation was $0.6 million and $0.3 million during the third quarter of 2006 and 2005, respectively, and $2.0 million and $1.6 million during the first nine months of 2006 and 2005, respectively. TRH has not paid out any cash to settle share-based payment awards during the first nine months of 2006 or 2005. Cash savings resulting from excess tax benefits, as defined by SFAS No. 123R, for the three and nine months ended September 30, 2006 totaled $1.9 million.

Income tax benefits realized on stock-based compensation exercises were insignificant for the first nine months of 2006 and totaled $1.5 million for the first nine months of 2005.

If TRH had adopted the provisions of SFAS No. 123R for recognizing compensation expense commencing at the date of grant for all awards, the effect would not have been material to net income (loss) or basic or diluted net income (loss) per share for the three and nine month periods ended September 30, 2005.

Historically, TRH has settled stock-based compensation exercises through the issuance of new shares.

The impact on the financial statements of the Stock Purchase Plan and TRH employees' participation in certain AIG stock-based compensation plans was not material to TRH in the third quarter and first nine months of 2006 and 2005. A discussion of the more significant stock-based compensation plans follows.

(a) Stock Option Plans

In 2000, the Company's Board of Directors (the Board) adopted, and the stockholders approved, the 2000 Plan. In 2006, the Board adopted, and the stockholders approved, amendments to the 2000 Plan increasing the maximum number of options which may be granted under the plan to 3,712,500 and increasing the maximum number of options which may be granted to any one employee to 600,000. This plan provides that options to purchase the Company's common stock (TRH shares) may be granted to certain key employees and non-employee directors at prices not less than their fair market value at the date of grant.

For options granted under the 2000 Plan, in general, 25% of the options become exercisable on the anniversary date of the grant in each of the four years following the grant and expire 10 years from the date of grant. Options granted under the 1995 Plan operate under substantially similar terms as options granted under the 2000 Plan. At September 30, 2006, 1,587,876 shares were available for future grants under the 2000 Plan. No further options can be granted under the 1995 Plan, although options outstanding continue in force until exercise, expiration or forfeiture. No options were granted in the first nine months of 2006 or 2005.

A summary of the status of the Stock Option Plans as of September 30, 2006 and the changes since January 1, 2006 are presented below:

| | Number of Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life | Aggregate Intrinsic Value (in thousands) |
|---|---|---|---|---|
| Outstanding at January 1, 2006 | 2,658,417 | $ 55.18 | | |
| Granted | - | - | | |
| Exercised | (60,188) | 34.12 | | |
| Forfeited or expired | (9,123) | 70.30 | | |
| Outstanding at September 30, 2006 | 2,589,106 | $ 55.62 | 5.7 years | $ 18,693 |
| Exercisable at September 30, 2006 | 1,774,130 | $ 52.23 | 4.6 years | $ 17,821 |

4. Stock-Based Compensation Plans (continued)

The aggregate intrinsic value of options exercised (the aggregate amount by which the market price of TRH shares at the time of exercise exceeds the exercise price of options exercised) was $0.3 million and $0.2 million in the third quarter of 2006 and 2005, respectively, and $1.5 million and $4.3 million in the first nine months of 2006 and 2005, respectively. There were no options vested in the third quarter of 2006 and 2005. The aggregate fair values of options vested in the first nine months of 2006 and 2005 were insignificant.

As of September 30, 2006, there was $7.5 million of total unrecognized compensation costs related to options granted but not yet vested under the 2000 Plan. Compensation expense for options granted under the 2000 Plan is recognized on a straight-line basis. These costs are expected to be recognized over a weighted average period of 2.3 years.

(b) Stock Incentive Plan, Partners Plan and Senior Partners Plan

In 2003, the Board adopted, and the stockholders approved, the Stock Incentive Plan. In 2006, the Board adopted, and the stockholders approved, certain amendments which increased the maximum number of shares available for grant under the Stock Incentive Plan to 925,000, increased the maximum number of awards a grantee may receive in any one year to 60,000 and allowed for flexibility in determining the vesting terms of grants. This plan provides that equity-based or equity-related awards can be granted to officers, directors, employees and other individuals as determined by the Board. No award may be made to directors who are not employees of the Company without stockholder approval.

Pursuant to the Stock Incentive Plan, service-based restricted stock units (RSU) have been granted and, as part of the Partners Plan and Senior Partners Plan, performance-based restricted stock units (Performance RSU) have been granted. As of September 30, 2006, there were 526,683 shares of common stock available for issuance in connection with future grants of awards under the Stock Incentive Plan. Shares available for future issuance assume participants in the Partners Plan and the Senior Partners Plan will earn the maximum number of Performance RSUs until the actual amounts are determined, at which time, such shares available amount will be adjusted accordingly.

A summary of the status of the RSUs and Performance RSUs granted pursuant to the Stock Incentive Plan as of September 30, 2006 and the changes since January 1, 2006 are presented below:

| | Number of Units | | Weighted Average Grant Date Fair Value | |
|---|---|---|---|---|
| | RSUs | Performance RSUs | RSUs | Performance RSUs |
| Unvested at January 1, 2006 | 151,905 | - | $ 67.41 | $ - |
| Granted | 26,350 | 142,608 | 55.40 | 57.42 |
| Vested | - | - | - | - |
| Forfeited or expired | - | - | - | - |
| Unvested at September 30, 2006 | 178,255 | 142,608 | $ 65.73 | $ 57.42 |

| As of September 30, 2006 | RSUs | Performance RSUs |
|---|---|---|
| Weighted Average Remaining Contractual Life | 2.7 years | 5.9 years |
| Aggregate Intrinsic Value (in thousands) | $ 10,768 | $ 8,615 |

(i) RSU

The great majority of RSUs will vest on the fourth anniversary of the date of grant for those grantees with continued employment through such date. The Company reserves the right to make payment for the RSUs in TRH shares or the cash equivalent of the market value of such shares on the date of vesting.

4. Stock-Based Compensation Plans (continued)

The fair value of each RSU grant is estimated on the date of grant based on the closing market price of TRH shares on the date of grant discounted for expected dividends during the vesting period. In the nine month period ended September 30, 2006, 26,350 RSUs were granted. The weighted average grant date fair value of the RSUs granted was estimated using the following weighted average assumptions: risk-free interest rate of 4.9%; expected dividend yield of 1.0%. No awards were granted under the Stock Incentive Plan in the first nine months of 2005.

No RSUs vested in the first nine months of 2006 and 150 RSUs vested in the first nine months of 2005.

As of September 30, 2006, there was $7.3 million of total unrecognized compensation costs related to RSUs granted but not yet vested under the Stock Incentive Plan. These costs are expected to be recognized over a weighted average period of 2.8 years.

(ii) Partners Plan and Senior Partners Plan

In August 2006, the Compensation Committee of the Board (the Committee) adopted the Partners Plan for purposes of incentivizing performance of certain of TRH's senior executives. Under the Partners Plan, the Committee awards to senior executives Performance RSUs that pay out in TRH shares if performance goals for a specified period are satisfied. Each Performance RSU converts into one TRH share. The Partners Plan operates on the basis of successive overlapping two year performance periods, with a new period beginning each year. Awards were granted in the third quarter of 2006. The first award's performance period runs from January 1, 2006 through December 31, 2007 and the second award's performance period runs from January 1, 2007 through December 31, 2008.

During the performance periods ending in 2007 and 2008, Partners Plan participants earn Performance RSUs based on the compound annual growth rate in adjusted book value per share of TRH shares (BVPS Growth) during the performance period. In the third quarter of 2006, 42,925 performance RSUs were awarded under the Partners Plan with respect to the performance period beginning in 2006 and 87,683 performance RSUs were awarded with respect to the performance period beginning in 2007. Based on the percentage of the BVPS Growth target achieved over the performance period, participants can earn from 25% to 150% of the awarded number of performance RSUs. The maximum number of Performance RSUs that can be earned is 64,388 for the performance period beginning in 2006 and 131,525 for the performance period beginning in 2007. No Performance RSUs will be earned if BVPS Growth is less than 25% of target. Earned Performance RSUs will vest equally on the fourth and sixth anniversaries of the beginning of the performance period, generally so long as the participant is then employed by TRH.

In August 2006, the Committee also adopted the Senior Partners Plan designed for TRH's senior most executives. The Senior Partners Plan generally operates in the same manner as the Partners Plan, except that the performance period is three years, participants can earn from 25% to 200% of the awarded number of Performance RSUs and no Performance RSUs will be earned if BVPS growth is less than 50% of target. In the third quarter of 2006, 12,000 Performance RSUs were awarded under the Senior Partners Plan with respect to the performance period beginning in 2006. The maximum number of Performance RSUs that can be earned is 24,000 for the performance period beginning in 2006.

The fair value of each Performance RSU grant under the Partners Plan and the Senior Partners Plan is estimated on the date of grant based on the closing market price of TRH shares on the date of grant discounted for expected dividends during the vesting period. The weighted average grant date fair value of the Performance RSUs granted was estimated using the following weighted average assumptions: risk-free interest rate of 4.8%; expected dividend yield of 0.9%.

There were no performance RSUs vested in the first nine months of 2006.

As of September 30, 2006, there was $8.0 million of total unrecognized compensation costs related to performance RSUs granted but not yet vested under the Senior Partners Plan and in the first and second awards under the Partners Plan. Compensation expense for Performance RSUs is recognized on a straight-line basis. These costs are expected to be recognized over a weighted average period of 5.9 years. Because the performance period for the second award under the Partners Plan does not begin until January 1, 2007, the second award is not included in TRH's 2006 compensation expense.

4. Stock-Based Compensation Plans (continued)

(c) Compensation to Certain TRH Employees from SICO

In 1975, the voting shareholders and Board of Directors of SICO (see Note 9(b)), a private holding company which has no direct ownership interest in TRH, decided that a portion of the capital value of SICO (AIG shares or their cash equivalent) should be used to provide an incentive plan for current and succeeding management of all American International companies, including TRH. Past SICO Deferred Compensation Profit Participation Plans (the SICO Plans) provided that shares currently held by SICO are held aside for the benefit of participants and distributed upon retirement. None of the costs of the various benefits provided under past SICO Plans were paid by TRH.

In 2005, AIG included, for the first time, in its restated financial statements for 2000 through 2003 and its financial statements for 2004 (as included in AIG's Annual Report on Form 10-K for the year ended December 31, 2004), adjustments attributable to compensation expense related to past SICO Plans. TRH then determined that, as a subsidiary of AIG, it was appropriate to record the compensation expense related to its employees' participation in such plans.

Compensation expense recorded related to past SICO Plans in the third quarter and first nine months of 2006 was \$0.3 million and \$0.7 million, respectively, and in the third quarter and first nine months of 2005 was \$0.9 million and \$2.0 million, respectively. As of September 30, 2006, there was \$9.8 million of total unrecognized compensation costs related to past SICO Plans. These costs are expected to be recognized over a weighted average period of 10.4 years.

5. Reinsurance

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

| | Three Months Ended September 30, 2006 | Three Months Ended September 30, 2005 | Nine Months Ended September 30, 2006 | Nine Months Ended September 30, 2005 |
|---|---|---|---|---|
| | (in thousands) | | | |
| Gross premiums written | $ 973,255 | $ 1,032,019 | $ 3,014,163 | $ 3,003,529 |
| Reinsurance premiums ceded | (77,984) | (173,844) | (290,886) | (376,320) |
| Net premiums written | $ 895,271 | $ 858,175 | $ 2,723,277 | $ 2,627,209 |
| Gross premiums earned | $ 982,796 | $ 1,022,952 | $ 2,963,331 | $ 2,973,355 |
| Reinsurance premiums ceded | (87,202) | (178,459) | (250,875) | (379,261) |
| Net premiums earned | $ 895,594 | $ 844,493 | $ 2,712,456 | $ 2,594,094 |
| Gross incurred losses and loss adjustment expenses | $ 633,013 | $ 1,444,061 | $ 2,201,336 | $ 2,795,132 |
| Reinsured losses and loss adjustment expenses ceded | (24,402) | (469,387) | (341,030) | (562,945) |
| Net losses and loss adjustment expenses | $ 608,611 | $ 974,674 | $ 1,860,306 | $ 2,232,187 |

Gross premiums written and earned and reinsurance premiums ceded for the third quarter and first nine months of 2005 include gross and ceded reinstatement premiums, as appropriate, related to catastrophe losses as discussed in Note 3. Gross incurred losses and loss adjustment expenses and reinsured losses and loss adjustment expenses ceded for the third quarter and first nine months of 2005 include gross and ceded catastrophe losses incurred, as appropriate, as discussed in Note 3.

6. Cash Dividends

In the third quarter of 2006, the Board declared a dividend of $0.135 per common share, or approximately $8.9 million in the aggregate, payable on December 8, 2006.

7. Income Taxes (Benefits)

The U.S. federal income tax rate is 35% for 2006 and was 35% for 2005. Actual tax expense (benefit) on income (loss) before income taxes for the nine months ended September 30, 2006 and 2005 differ from the "expected" amount computed by applying the U.S. federal income tax rate because of the following:

| | Nine Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2006 | | 2005 | |
| | Amount | Percent of Income Before Income Taxes | Amount | Percent of Loss Before Income Taxes |
| | (dollars in thousands) | | | |
| Expected Tax Expense (Benefit) | $136,854 | 35.0 % | ($23,077) | 35.0 % |
| Adjustments: | | | | |
| Tax Exempt Interest | (57,119) | (14.6) | (46,895) | 71.1 |
| Dividends Received Deduction | (3,005) | (0.8) | (2,566) | 3.9 |
| Effect of Changes in Estimated Annual Tax Rate Due to Significant Catastrophe Losses | - | - | (19,149) | 29.1 |
| Other | 925 | 0.3 | 1,370 | (2.1) |
| Actual Tax Expense (Benefit) | $77,655 | 19.9 % | ($90,317) | 137.0 % |

Under the effective tax rate method, the estimated full year effective tax rate is applied to the interim year to date income (loss) before income taxes to determine the income tax expense (benefit) for the year to date period. Tax expense (benefit) for any quarter represents the difference between the current year to date period amount less the immediately preceding year to date period amount. In estimating the full year effective tax rate, management takes into account the estimated impact of all known events, including those that have occurred subsequent to the end of the interim period, such as catastrophe losses. Under this method, the full impact of known events are reflected in the full year effective tax rate. As a result, application of the effective tax rate method serves to include the full year tax expense (benefit) related to such known events over the current and remaining interim periods of the year.

The determination of the tax benefit for the first nine months of 2005 included estimated pre-tax costs of $100 million related to Hurricane Wilma, which occurred in the fourth quarter of 2005. While such costs were reflected in the 2005 fourth quarter results, they significantly impacted the expected full year effective tax rate for 2005, which was used to determine the tax benefit for the first nine months of 2005. Such change in expected 2005 pre-tax (loss) income and related tax (benefit) expense increased the amount of tax benefit recorded in the third quarter of 2005 by $19.1 million. The 2005 full year tax benefit associated with Hurricane Wilma in excess of $19.1 million (*i.e.,* the amount included in the 2005 third quarter results) was recorded in the fourth quarter of 2005.

8. Segment Information

The Domestic segment includes financial data from branches in the United States that underwrite primarily domestic business, as well as stock-based compensation expense and other general corporate revenues and expenses. 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 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 branches in the Americas, other than those in the United States which underwrite primarily domestic business, (*i.e.,* the Toronto branch and the Miami branch (which serves Latin America and the Caribbean)) and from branches in the Asia Pacific region are grouped as International – Other and represent the aggregation of non-material segments.

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | (in thousands) | | | |
| Domestic: | | | | |
| Net premiums written(a) | $ 419,892 | $ 383,217 | $ 1,309,734 | $ 1,182,623 |
| Net premiums earned(a)(b) | 434,328 | 367,985 | 1,278,021 | 1,133,734 |
| Net investment income | 69,852 | 56,315 | 211,399 | 163,436 |
| Realized net capital gains | 3,432 | 12,161 | 5,692 | 22,852 |
| Revenues | 507,612 | 436,461 | 1,495,112 | 1,320,022 |
| Net losses and loss adjustment expenses(c) | 336,779 | 617,846 | 989,991 | 1,214,877 |
| Underwriting expenses(d) | 109,269 | 100,442 | 334,715 | 301,532 |
| Underwriting loss(e)(f) | (15,298) | (346,649) | (38,522) | (370,986) |
| Income (loss) before income taxes | 44,644 | (280,596) | 138,169 | (192,098) |
| International-Europe: | | | | |
| Net premiums written(a) | $ 356,167 | $ 369,187 | $ 1,048,823 | $ 1,125,449 |
| Net premiums earned(a)(b) | 356,620 | 377,410 | 1,045,814 | 1,139,013 |
| Net investment income | 29,424 | 26,371 | 85,444 | 78,531 |
| Realized net capital (losses) gains | (1,763) | 5 | (2,524) | 83 |
| Revenues(g) | 384,281 | 403,786 | 1,128,734 | 1,217,627 |
| Net losses and loss adjustment expenses(c) | 228,679 | 308,658 | 690,378 | 841,435 |
| Underwriting expenses(d) | 100,009 | 111,132 | 295,097 | 295,796 |
| Underwriting profit (loss)(e)(f) | 28,073 | (44,422) | 64,743 | (4,373) |
| Income (loss) before income taxes | 55,733 | (18,288) | 147,700 | 73,839 |
| International-Other:(h) | | | | |
| Net premiums written(a) | $ 119,212 | $ 105,771 | $ 364,720 | $ 319,137 |
| Net premiums earned(a)(b) | 104,646 | 99,098 | 388,621 | 321,347 |
| Net investment income | 7,497 | 4,880 | 20,177 | 14,176 |
| Realized net capital gains | 428 | 1,342 | 3,309 | 1,494 |
| Revenues | 112,571 | 105,320 | 412,107 | 337,017 |
| Net losses and loss adjustment expenses(c) | 43,153 | 48,170 | 179,937 | 175,875 |
| Underwriting expenses(d) | 42,160 | 35,865 | 121,772 | 108,435 |
| Underwriting profit(e)(f) | 22,847 | 16,569 | 81,473 | 36,750 |
| Income before income taxes | 30,767 | 22,607 | 105,141 | 52,325 |

8. Segment Information (continued)

| | Three Months Ended September 30, 2006 | Three Months Ended September 30, 2005 | Nine Months Ended September 30, 2006 | Nine Months Ended September 30, 2005 |
|---|---|---|---|---|
| | (in thousands) | | | |
| Consolidated: | | | | |
| Net premiums written(a) | $ 895,271 | $ 858,175 | $ 2,723,277 | $ 2,627,209 |
| Net premiums earned(a)(b) | 895,594 | 844,493 | 2,712,456 | 2,594,094 |
| Net investment income | 106,773 | 87,566 | 317,020 | 256,143 |
| Realized net capital gains | 2,097 | 13,508 | 6,477 | 24,429 |
| Revenues(g) | 1,004,464 | 945,567 | 3,035,953 | 2,874,666 |
| Net losses and loss adjustment expenses(c) | 608,611 | 974,674 | 1,860,306 | 2,232,187 |
| Underwriting expenses(d) | 251,438 | 247,439 | 751,584 | 705,763 |
| Underwriting profit (loss)(e)(f) | 35,622 | (374,502) | 107,694 | (338,609) |
| Income (loss) before income taxes | 131,144 | (276,277) | 391,010 | (65,934) |

(a) Net ceded reinstatement premiums (a component of catastrophe costs) were not significant in the third quarter or first nine months of 2006. Net ceded reinstatement premiums totaled $40.4 million (representing $37.0 million from Domestic operations and $3.4 million from International - Europe) in the third quarter of 2005 and $59.5 million (representing $43.0 million from Domestic operations, $9.4 million from International - Europe and $7.1 million from International - Other) in the first nine months of 2005, which amounts served to reduce net premiums written and earned.

(b) Net premiums earned from affiliates approximate $87 million and $113 million for the three months ended September 30, 2006 and 2005, respectively, and approximate $290 million and $320 million for the nine months ended September 30, 2006 and 2005, respectively, and are included mainly in Domestic operations.

(c) There were no significant pre-tax net catastrophe losses occurring in the three and nine months ended September 30, 2006. Net losses and loss adjustment expenses for the three months ended September 30, 2005 included pre-tax net catastrophe losses of $354.6 million (representing $278.9 million from Domestic operations, $72.0 million from International - Europe and $3.7 million from International - Other). Net losses and loss adjustment expenses for the nine months ended September 30, 2005 included pre-tax net catastrophe losses of $385.0 million (representing $301.4 million from Domestic operations, $81.9 million from International - Europe and $1.7 million from International - Other).

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

(e) 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.

(f) See Footnote 3 for net catastrophe costs by segment.

(g) Revenues from the London, England office totaled $209.7 million and $221.1 million for the three months ended September 30, 2006 and 2005, respectively, and $610.2 million and $645.7 million for the nine months ended September 30, 2006 and 2005, respectively. Revenues from Trans Re Zurich totaled $95.3 million and $100.2 million for the three months ended September 30, 2006 and 2005, respectively, and $273.8 million and $294.7 million for the nine months ended September 30, 2006 and 2005, respectively.

(h) As the Miami branch segment data is considered significant to segment data, certain key Miami data elements which are included in International - Other as follows: Revenues - third quarter 2006 $49.4 million; third quarter 2005 $48.7 million; first nine months 2006 $202.3 million; first nine months 2005 $161.3 million; Income before income taxes - third quarter 2006 $10.8 million; third quarter 2005 $12.8 million; first nine months 2006 $46.7 million; first nine months 2005 $21.7 million. As the Toronto branch segment data is considered significant to segment data in the 2006 periods only, certain key Toronto data elements which are included in International - Other in the 2006 periods are as follows: Revenue - third quarter $28.9 million; first nine months $83.9 million; Income before income taxes - third quarter $9.1 million; first nine months $32.8 million.

9. Related Party Transactions

(a) Transactions with AIG and its Subsidiaries

As of September 30, 2006 and 2005 and for the nine month periods then ended, AIG beneficially owned approximately 60% of Transatlantic Holdings, Inc.'s outstanding common stock.

9. Related Party Transactions (continued)

Approximately $130.7 million (13.4%) and $104.2 million (10.1%) in the third quarter of 2006 and 2005, respectively, and $459.2 million (15.2%) and $413.8 million (13.8%) in the first nine months of 2006 and 2005, respectively, of gross premiums written by TRH were attributable to reinsurance purchased by other subsidiaries of AIG. (The preceding amounts include transactions with C.V. Starr & Co., Inc. (Starr) as described in Note 9(b).) In the 2006 periods, the great majority of such gross premiums written were recorded in the property, other liability and medical malpractice lines. In the 2005 periods, the great majority of such gross premiums written were recorded in the property, other liability, marine and aviation and, in the nine months period only, medical malpractice lines.

Of the amounts above, $52.2 million and $31.1 million in the third quarter of 2006 and 2005, respectively, and $208.7 million and $159.5 million in the first nine months of 2006 and 2005, respectively, represent premiums resulting from certain insurance business written by AIG subsidiaries that, by prearrangement with TRH, is almost entirely reinsured by TRH (of which, $26.3 million and $8.5 million in the third quarter of 2006 and 2005, respectively, and $130.6 million and $84.9 million in the first nine months of 2006 and 2005, respectively, were subsequently ceded in an equal amount to other AIG subsidiaries).

(b) Transactions with Starr

According to the Schedule 13D filed on May 26, 2006 by Starr, SICO, Edward E. Matthews, Maurice R. Greenberg, the Maurice R. and Corinne P. Greenberg Family Foundation, Inc., Maurice R. and Corinne P. Greenberg Joint Tenancy Company, LLC and the Universal Foundation, Inc., these reporting persons may be deemed to beneficially own 393.2 million shares of AIG common stock. Based on the shares of AIG common stock outstanding as of July 31, 2006, this ownership represents approximately 15% of the voting stock of AIG. Although these reporting persons have made filings under Section 16 of the Securities Exchange Act of 1934 reporting sales of shares of AIG common stock, no amendment to the Schedule 13D has been filed to report a change in the percentage of this ownership. Throughout 2005, certain directors of TRH were also stockholders, executive officers or directors of Starr. In 2006, no TRH directors are stockholders, executive officers or directors of Starr.

In the normal course of business, certain of Starr's subsidiaries operate as insurance agencies or brokers for insurance subsidiaries of AIG and, in such capacity, have produced reinsurance business for TRH. Commissions paid to such Starr subsidiaries are insignificant for the third quarter and first nine months of 2006. TRH paid commissions to Starr subsidiaries of $3.4 million and $8.6 million in the third quarter and first nine months of 2005, respectively, for such reinsurance purchased by subsidiaries of AIG totaling $15.1 million and $46.5 million for the third quarter and first nine months of 2005.

(c) Stock-Based Compensation

Certain TRH employees participate in past stock-based compensation plans of SICO and in certain AIG stock-based compensation plans (see Note 4).

10. Contingencies

Various regulators including the United States Department of Justice (DOJ), the Securities and Exchange Commission (SEC), the Office of the New York State Attorney General (NYAG) and the New York State Department of Insurance (DOI) have been conducting investigations relating to certain 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 has reached a resolution of claims and matters under investigation with the DOJ, SEC, NYAG and DOI. AIG stated that the settlements resolve outstanding litigation filed by the SEC, NYAG and DOI against AIG and conclude 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.

10. Contingencies (continued)

As part of its 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 and the remediation plan that AIG has implemented as a result of its own internal review. TRH, as a subsidiary of AIG, will cooperate with the terms of the settlement that are applicable to TRH.

In April 2005, TRH received subpoenas from the Insurance Departments of Florida and Georgia seeking information relating to finite insurance and reinsurance transactions. In addition, TRH has received a subpoena from the Insurance Department of New York 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 and continues to cooperate with these regulatory requests. There have been no further inquiries concerning the matters raised by the subpoenas received from the States of Florida and Georgia. 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.

11. Recent Accounting Standards

(a) Change in Accounting Principle

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123R. SFAS No. 123R and its related interpretive guidance replaced SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123) and superceded Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123 as originally issued in 1995, established as preferable a fair-value method of accounting for share-based payment transactions with employees. SFAS No. 123R requires share-based payment transactions with employees to be accounted for using a fair-value based method and broadens the recognition provisions to include share based payments awarded to an employee by related parties or other holders of an economic interest in the reporting entity.

On January 1, 2003, TRH adopted the recognition provisions of SFAS No. 123 using the prospective method of transition. For the period from January 1, 2003 through December 31, 2005, TRH accounted for share-based payment transactions with employees under SFAS No. 123. Effective January 1, 2006, TRH adopted SFAS No. 123R using the Modified Prospective Application method. The Modified Prospective Application method provides for the recognition of the fair value with respect to stock-based compensation for shares granted or modified on or after January 1, 2006 and for all previously granted but unvested awards as of January 1, 2006. Accordingly, financial statement amounts for the 2005 periods presented in this Form 10-Q have not been restated. The impact of adopting SFAS No. 123R was not material to income before income taxes, net income (loss) (including basic and diluted net income (loss) per share amounts), financial condition or cash flows in the third quarter and first nine months of 2006. (See Note 4 for a discussion of stock-based compensation plans.)

(b) Other Accounting Standards

(i) In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. TRH is currently assessing the effect of implementing this guidance.

(ii) In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106 and 132(R)" (SFAS No. 158). SFAS No. 158 requires an employer to prospectively recognize the over funded or under funded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through other comprehensive income. SFAS No. 158 also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions.

11. Recent Accounting Standards (continued)

Under SFAS No. 158, TRH will be required to recognize the funded status of defined benefit and other postretirement plans, including the estimated portion of the funded status of AIG's defined benefit and other postretirement plans associated with TRH employees. Based on review efforts to date, the estimated cumulative impact on TRH's Consolidated Balance Sheet at December 31, 2006 as a result of the adoption of this standard is a net after-tax reduction in accumulated other comprehensive income, a component of stockholders' equity, of less than $10 million. The actual cumulative impact to stockholders' equity at December 31, 2006 may differ from the above estimate due to changes in economic assumptions such as the discount rate in effect on December 31, 2006 and the actual fair value of plan assets at year-end, among other factors. SFAS No. 158 will be effective for fiscal years ending after December 15, 2006.

(iii) In September 2006, the SEC issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" (SAB No. 108). SAB No. 108 provides interpretive guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. SAB No. 108 requires that registrants quantify errors using both a balance sheet and an income statement approach and evaluate whether either approach results in quantifying a misstatement that when all relevant quantitative and qualitative factors are considered, is material. SAB No. 108 is effective for registrants' financial statements for fiscal years ending on or after November 15, 2006, with early application encouraged. The adoption of SAB No. 108 is not expected to have a material effect on TRH's consolidated financial statements.

(iv) In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting for uncertainty in 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 refund. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and additional disclosures. The effective date of this implementation guidance is January 1, 2007, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. Based on review efforts to date, TRH does not expect the adoption of FIN 48 to have a material effect on its results of operations, financial position or cash flows.

(v) In September 2005, the American Institute of Certified Public Accountants (AICPA) issued, and the FASB cleared, Statement of Position 05-1, "Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts" (SOP 05-1). SOP 05-1 provides guidance on accounting for deferred acquisition costs on internal replacements of insurance and investment contracts other than those specifically described in SFAS No. 97, "Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments." SOP 05-1 defines an internal replacement as a modification in product benefits, features, rights or coverage that occurs by the exchange of a contract for a new contract, or by amendment, endorsement or rider to a contract, or by the election of a feature or coverage within a contract. The effective date of the implementation guidance is January 1, 2007. TRH is currently assessing the effect of implementing this guidance.

## TRANSATLANTIC HOLDINGS, INC. AND SUBSIDIARIES
## 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" and 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 Transatlantic Holdings, Inc. Annual Report on Form 10-K for the year ended December 31, 2005 and in Part II, Item 1A of the Transatlantic Holdings, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2006. 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, 2006

Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations (Management's Discussion), Transatlantic Holdings, Inc. and its subsidiaries (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, 2006 and December 31, 2005 and for the three and nine month periods ended September 30, 2006 and 2005, which are presented elsewhere herein. Financial data discussed below have been affected by certain transactions between TRH and related parties. (See Notes 4 and 9 of Notes to Condensed Consolidated Financial Statements.)

## 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, along with catastrophe-exposed (natural and man-made) property and casualty risks, 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. Financial data from branches in the United States that underwrite primarily domestic business, as well as stock-based compensation expense and general corporate revenues and expenses, are reported in the Domestic segment. In addition, assets purchased with the proceeds from the $750 million aggregate principal amount of senior notes (issued in December 2005), 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 branches in the Americas, other than those in the United States which underwrite primarily domestic business, (*i.e.*, the Toronto branch and the Miami branch (which serves Latin America and the Caribbean)) and from branches in the Asia Pacific region are grouped together 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 also 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 (except for the acquisition of TRZ in 1996). 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 60% of the common stock of the Company as of September 30, 2006.

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 6.0 years as of September 30, 2006. In general, premiums are received significantly in advance of related claims payments. The following table summarizes TRH's revenues, income (loss) before income taxes and net income (loss) for the periods indicated:

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2006 | 2005 | Change | 2006 | 2005 | Change |
| | (dollars in millions) | | | | | |
| Revenues | $ 1,004.5 | $ 945.6 | 6.2 % | $ 3,036.0 | $ 2,874.7 | 5.6 % |
| Income (loss) before income taxes | 131.1 | (276.3) | | 391.0 | (65.9) | |
| Net income (loss) | 106.9 | (144.2) | | 313.4 | 24.4 | |

CONSOLIDATED RESULTS AND MARKET CONDITIONS

Revenues for the third quarter of 2006 increased compared to the same prior year periods, principally due to increases in Domestic net premiums earned and consolidated net investment income offset, in part, by decreases in International – Europe net premiums earned and consolidated realized net capital gains. The London branch reported the great majority of the decrease in International – Europe net premiums earned. Net investment income increased in the third quarter of 2006 due largely to an increase in fixed maturity investment income, resulting from continued positive operating cash flow and the investment of the net proceeds from the issuance of $750 million principal amount senior notes in December 2005.

Revenues for the first nine months of 2006 increased compared to the same prior year period, principally due to increases in Domestic and, to a lesser extent, International – Other net premiums earned and consolidated net investment income offset, in part, by a decrease in International – Europe net premiums earned. The increase in International – Other net premiums earned occurred principally in the Miami (serving Latin America and the Caribbean) and, to lesser extents, in the Hong Kong and Toronto branches. Each of the London and Paris branches and TRZ reported a significant portion of the decrease in International – Europe net premiums earned in the first nine months of 2006. Net investment income increased in the first nine months of 2006 due largely to an increase in fixed maturity investment income and, to a lesser extent, to an increase in partnership income. The increase in fixed maturity investment income was a result of investment returns from continued positive operating cash flow and the investment of the net proceeds from the issuance of $750 million principal amount senior notes in December 2005.

There were no significant net catastrophe costs for events occurring in the first nine months of 2006. The third quarter of 2005 includes net catastrophe costs of $395.0 million ($255.8 million after tax), including $40.4 million of net ceded reinstatement premiums. The first nine months of 2005 includes net catastrophe costs of $444.5 million ($291.7 million after tax), including $59.5 million of net ceded reinstatement premiums. Reinstatement premiums may arise on both assumed and ceded business as a result of contractual provisions found in many excess-of-loss catastrophe 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 ceded reinstatement premiums served to reduce net premiums written and earned.

Income (loss) before income taxes and net income (loss) increased in the third quarter and first nine months of 2006 as compared to the same prior year periods principally due to increased underwriting profit (loss) and net investment income, offset, in part, by interest expense on TRH's senior notes and decreased net realized capital gains. The increased underwriting profit (loss) in the 2006 periods reflect an improved combined ratio resulting largely from reduced significant net catastrophe costs and, to a much lesser extent, lower net adverse loss reserve development. Decreases in net catastrophe costs and lower net adverse loss reserve development in the aggregate increased underwriting profit (loss) by approximately $400.8 million and $465.2 million in the third quarter and first nine months of 2006, respectively, as compared to the same year ago periods. The reasons for the increase in net investment income are as discussed earlier.

Underwriting profit (loss) is defined as 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. (See OPERATIONAL REVIEW for further discussion.)

Market conditions were generally softening in property and many casualty lines in 2005 prior to the occurrence of record catastrophe losses in the second half of the year. Pricing, terms and conditions on catastrophe-affected short tail lines of business, such as property and certain marine lines, improved significantly in the United States and, to some degree, outside the United States, after Hurricanes Katrina, Rita and Wilma. The improvements were driven by several factors, including the amount of industry capital consumed by the losses, market-wide adjustments for the failure of traditional property catastrophe models to accurately capture the severity of a Hurricane Katrina type flood loss and the modification of capital adequacy models by certain rating agencies to increase capital charges related to catastrophe exposure. Firming was also observed in certain casualty lines as well, but to a much lesser extent.

In 2006, market conditions continued to improve in the property sector, most significantly in catastrophe-exposed areas. Changes in the property sector were more significant domestically. In addition, in some classes, increased ceding company retentions served to mitigate premium growth in 2006. The catastrophe reinsurance contracts written in mid-year 2006 saw greater increases in rates and ceding company retentions versus the January 2006 improvements. Terms on international catastrophe business also began to modestly improve in the second half of the year. Casualty rates have remained flat or have shown some weakness domestically, while internationally, casualty rates have weakened more meaningfully from their recent peaks. Casualty terms and conditions generally held firm.

The existence of favorable market conditions in certain regions and lines of business do 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 related to items discussed in this EXECUTIVE OVERVIEW may be found throughout this Management's Discussion.

## CRITICAL ACCOUNTING ESTIMATES

This discussion and analysis of financial condition and results of operations are based on TRH's consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States of America. 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 follow:

### 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 related 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 net income. 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, so additional actuarial judgment is employed in the selection of methodologies to best incorporate the potential impact of this situation.

Generally, for each longer tail 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 and LAE ratios for subsequent accident years based on the projected loss and LAE 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.

- **Expected loss and LAE ratios** for the latest accident years generally reflect the expected loss and LAE ratios 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 directors' and officers' liability (D&O), expected loss and LAE ratios 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.

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 related 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.

Net loss reserves also include amounts resulting from the September 11, 2001 terrorist attack. These amounts are subject to significant uncertainty due to a variety of issues such as coverage disputes, the assignment of liability and a potentially long latency period for claims due to respiratory disorders and stress.

In addition, net loss reserves include amounts resulting from Hurricane Katrina, which principally related to property and ocean marine coverages. Due to the unprecedented nature of Hurricane Katrina, including the related legal and regulatory uncertainty, there is significant uncertainty at this time as to the ultimate costs that TRH will bear.

See discussion of net adverse development on losses occurring in prior years under RESULTS OF OPERATIONS and for discussion about loss and LAE 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. Generally for excess-of-loss treaty contracts, premiums are 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 assumed and reinsurance ceded, 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, 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 net income. 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 related 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 net income.

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, | | |
|---|---|---|---|---|---|---|
| | 2006 | 2005 | Change | 2006 | 2005 | Change |
| | (dollars in millions) | | | | | |
| Net premiums written | $ 895.3 | $ 858.2 | 4.3 % | $ 2,723.3 | $ 2,627.2 | 3.7 % |
| Net premiums earned | 895.6 | 844.5 | 6.1 | 2,712.5 | 2,594.1 | 4.6 |
| Net investment income | 106.8 | 87.6 | 21.9 | 317.0 | 256.1 | 23.8 |

The increase in net premiums written for the third quarter and first nine months of 2006 compared with the same prior year periods occurred in Domestic and, to a lesser extent, International – Other operations offset, in part, by decreased net premiums written from International – Europe. The changes in net premiums written between the 2006 and 2005 periods generally reflect TRH's underwriting philosophy and prevailing market conditions. On a worldwide basis, casualty lines business represented 73.1% of net premiums written in the nine months ended September 30, 2006 versus 70.8% in the same 2005 period. The balance represented property lines. Treaty business represented 95.0% of net premiums written in the first nine months of 2006 versus 95.5% in the 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 three and nine month periods ended September 30, 2006 compared to the same 2005 periods:

| | Three Months Ended September 30 | Nine Months Ended September 30 |
|---|---|---|
| Increase in orignal currency | 3.5 % | 4.0 % |
| Foreign exchange effect | 0.8 | (0.3) |
| Increase as reported in U.S. dollars | 4.3 | 3.7 |

Domestic net premiums written increased in the third quarter of 2006 by $36.7 million, or 9.6%, compared to the third quarter of 2005, to $419.9 million. Significant increases in domestic net premiums written were recorded in the other liability ($54.5 million), medical malpractice ($24.5 million) and accident and health (A&H) ($21.7 million) lines. These increases were offset, in part, by significant decreases in the property ($39.6 million) line, principally homeowners', along with relatively minor decreases spread among several other lines. Domestic net premiums written increased in the first nine months of 2006 by $127.1 million, or 10.7%, compared to the same prior year period, to $1,309.7 million. Significant increases in net premiums written were recorded in the other liability ($99.7 million), A&H ($33.2 million) and medical malpractice ($20.4 million) lines. These increases were partially offset by a significant decrease in the ocean marine and aviation ($17.9 million) line along with relatively minor decreases spread among several other lines. A significant reduction of net ceded reinstatement premiums, mostly affecting the property line (as discussed later in this section) contributed to the increase in Domestic net premiums written for the 2006 third quarter and first nine months.

International net premiums written in the third quarter of 2006 totaled $475.4 million, remaining level with the same prior year period. Significant increases in the Miami and Toronto branches of $8.7 million and $7.5 million, respectively, were offset by a significant decrease in TRZ of $14.2 million. In the third quarter of 2006 compared to the same 2005 quarter, international net premiums written increased significantly in the property line ($16.2 million), offset by significant decreases in the medical malpractice line ($14.2 million). International net premiums written decreased in the first nine months of 2006 by $31.0 million, or 2.1%, compared to the same prior year period, to $1,413.5 million. TRZ and the Paris and London branches experienced the largest declines with decreases of $31.9 million, $23.2 million and $21.6 million, respectively, offset, in part, by a significant increase in the Miami and Toronto branches of $33.2 million and $15.1 million, respectively. In the first nine months of 2006 compared to the same 2005 period, international net premiums written decreased significantly in the auto liability ($55.7 million), property ($26.4 million) and other liability ($17.4 million) lines, partially offset by significant increases in the ocean marine and aviation ($43.5 million) and A&H ($12.8 million) lines along with relatively minor increases spread among several other lines. The decrease in international net premiums written in the first nine months of 2006 compared to the same 2005 period was partially offset by a significant reduction of net ceded reinstatement premiums in the 2006 period. The overall change in international net premiums written in the three and nine month periods include the impact of changes in foreign currency exchange rates between the U.S. dollar and the currencies in which TRH does business as discussed earlier. International business represented 51.9% and 55.0% of worldwide net premiums written for the first nine months of 2006 and 2005 period, respectively.

Net reinstatement premiums were not significant in the third quarter or first nine months of 2006. Net premiums written and earned in the third quarter of 2005 include net ceded reinstatement premiums of $40.4 million related to catastrophe losses from 2005. Net premiums written and earned in the first nine months of 2005 include net ceded reinstatement premiums of $59.5 million, respectively, related to catastrophe losses from 2005 and 2004.

Generally, the reasons for changes in gross premiums written between periods are similar to those for net premiums written, except as discussed earlier as regards reinstatement premiums. A significant portion of the decrease in ceded premiums written in the third quarter and first nine months of 2006 compared to the same 2005 periods is due to a reduction in ceded reinstatement premiums related to 2005 and 2004 catastrophes, partially offset by increases in premiums assumed from an affiliate that, by prearrangement, were ceded in an equal amount to other affiliates. The amounts of gross and ceded reinstatement premiums from significant catastrophe events included in the 2005 third quarter and first nine months are included in Note 3 of Notes to Condensed Consolidated Financial Statements. Reinstatement premiums from significant catastrophe events for the comparable 2006 periods are not significant.

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 2006 as compared to the same prior year periods due generally to investment returns from continued positive operating cash flow, the investment of the net proceeds from issuance of $750 million principal amount senior notes in December 2005 and, for the nine months period only, increases in partnership income. 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, | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | (in millions) | | | |
| Fixed maturities | $ 88.8 | $ 75.5 | $ 262.1 | $ 223.0 |
| Equities | 9.5 | 5.3 | 24.8 | 19.3 |
| Other invested assets (principally partnerships) | 4.0 | 4.0 | 22.2 | 11.3 |
| Other | 7.1 | 4.7 | 16.3 | 9.4 |
| Total investment income | 109.4 | 89.5 | 325.4 | 263.0 |
| Investment expenses | (2.6) | (1.9) | (8.4) | (6.9) |
| Net investment income | $ 106.8 | $ 87.6 | $ 317.0 | $ 256.1 |

The pre-tax effective yield on investments was 4.0% for the three month period ending September 30, 2006 compared to 4.1% for the same prior year period. The pre-tax effective yield on investments was 4.2% for the first nine months of 2006 compared to 4.0% for the same prior year period. The pre-tax effective yield on investments represents annualized pre-tax net investment income for the periods indicated divided by the average balance sheet carrying value of investments and interest-bearing cash for such periods.

Realized net capital gains totaled $2.1 million and $13.5 million for the third quarter of 2006 and 2005, respectively. Realized net capital gains totaled $6.5 million and $24.4 million for the first nine months of 2006 and 2005, respectively. Realized net capital gains include 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 market value that was other than temporary. In the third quarter and first nine months of 2006, pre-tax realized net capital gains includes charges for write-downs of $1.1 million related to fixed maturities available for sale and an insignificant amount related to common stocks available for sale. There were no such write-downs in the third quarter of 2005. Such charges were insignificant in the first nine months of 2005. 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 and first nine months of 2006 were reduced by net foreign currency transaction losses related to non-functional currencies of $1.8 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 and LAE ratio represents net losses and LAE incurred divided by 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 and LAE ratio and the underwriting expense ratio.

The following table presents loss and LAE 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, | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| Consolidated: | | | | |
| Loss and LAE ratio | 67.9 % | 115.4 % | 68.6 % | 86.0 % |
| Underwriting expense ratio | 28.1 | 28.8 | 27.6 | 26.9 |
| Combined ratio | 96.0 | 144.2 | 96.2 | 112.9 |
| Domestic: | | | | |
| Loss and LAE ratio | 77.6 % | 167.9 % | 77.5 % | 107.2 % |
| Underwriting expense ratio | 26.0 | 26.2 | 25.5 | 25.5 |
| Combined ratio | 103.6 | 194.1 | 103.0 | 132.7 |
| International: | | | | |
| Loss and LAE ratio | 58.9 % | 74.9 % | 60.7 % | 69.6 % |
| Underwriting expense ratio | 29.9 | 30.9 | 29.5 | 28.0 |
| Combined ratio | 88.8 | 105.8 | 90.2 | 97.6 |

The improvement in the loss and LAE ratio for consolidated TRH in the third quarter and first nine months of 2006 as compared to the same 2005 periods relates to a lower loss and LAE ratio from international and domestic operations. Two factors in the improvement in the loss and LAE ratio for consolidated TRH are lower net catastrophe costs and, to a much lesser extent, lower net adverse loss reserve development, primarily from domestic operations.

There were no significant net catastrophe costs for events occurring during the first nine months of 2006. The third quarter and first nine months of 2005 includes net catastrophe costs of $395.0 million and $444.5 million, respectively. Such net catastrophe costs include net ceded reinstatement premiums of $40.4 million and $59.5 million in the third quarter and first nine months of 2005, respectively. 2005 third quarter and first nine months net catastrophe costs principally arose from Hurricane Katrina (approximately $300 million) and Hurricane Rita (approximately $50 million). Net catastrophe costs in the aggregate added 0.5%, 0.6% and 0.3% to the third quarter of 2006 and 0.7%, 0.5% and 0.9% to the first nine months of 2006 combined ratios for consolidated, domestic and international, respectively. Net catastrophe costs in the aggregate added 46.6%, 86.5% and 16.5% to the third quarter of 2005 and 17.0%, 30.4% and 6.8% to the first nine months of 2005 combined ratios for consolidated TRH, domestic and international, respectively. (See discussion under Note 3 of Notes to Condensed Consolidated Financial Statements 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 costs, 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.

TRH writes a significant amount of non-proportional assumed casualty reinsurance as well as proportional assumed reinsurance of excess casualty business for such volatile classes as medical malpractice and D&O. 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.

Consolidated net losses and LAE includes net adverse development related to losses occurring in prior years which, in total, approximated $24 million and $89 million for the third quarter and first nine months of 2006, respectively. The net adverse loss reserve development for the first nine months of 2006 was comprised of approximately $227 million related to losses occurring in 2002 and prior, partially offset by favorable development of approximately $138 million related primarily to losses occurring in 2005. Net adverse development related to losses occurring in prior years totaled approximately $30 million and $120 million for the three and nine month periods ended September 30, 2005, respectively. The great majority of such development in both the 2006 and 2005 periods relates to domestic operations. For both the 2006 and 2005 periods, significant adverse loss reserve development was related to non-proportional assumed casualty reinsurance as well as proportional assumed reinsurance of excess casualty business for such classes as D&O.

Additionally, included in the above total net adverse development amounts are amounts related to the net adverse development of significant catastrophe losses occurring in prior years, a component of net catastrophe costs. Such net adverse development for the three and nine months ended September 30, 2006 totaled approximately $4 million and $24 million, respectively, related principally to catastrophe loss events occurring in 2005. There was no significant net adverse loss reserve development related to prior significant catastrophe losses in the third quarter of 2005. For the first nine months of 2005, approximately $15 million of net adverse loss reserve development related to significant catastrophe losses, principally related to events occurring in 2004.

The main reason for the decrease in gross and ceded losses and LAE incurred in the three and nine month periods ended September 30, 2006 compared to the same prior year periods is the decrease in gross and ceded catastrophe losses in the 2006 periods (see Note 3 of Notes to Condensed Consolidated Financial Statements), partially offset, in the 9 months period only, by an approximately $190 million increase in gross and ceded losses and LAE incurred related to business assumed from an affiliate which, by prearrangement with TRH, were then ceded in an equal amount to other affiliates.

The underwriting expense ratio for consolidated TRH decreased in the third quarter of 2006 compared to the same 2005 quarter. The decrease is comprised of a decrease of 1.2% in the commission expense component, partially offset by an increase of 0.5% in the other underwriting expense component. The underwriting expense ratio for consolidated TRH increased in the first nine months of 2006 compared to the same prior year period. The increase is principally comprised of an increase of 0.4% in the commission expense component and an increase of 0.3% in the other underwriting expense component. The increase in the commission expense component for the first nine months is due largely to higher commission costs from London operations, primarily related to pro rata business.

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.

In December 2005, the Company completed a public offering of $750 million principal amount of its 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.

Expenses related to stock compensation agreements totaled $2.7 million and $1.9 million in the third quarter of 2006 and 2005, respectively, and $7.6 million and $5.1 million for the first nine months of 2006 and 2005, respectively. The majority of such expenses are in "other, net" in the Consolidated Statements of Operations. "Other, net" also contains general corporate expenses and other miscellaneous items.

Income (loss) before income taxes amounted to $131.1 million and $391.0 million for the three and nine months ended September 30, 2006, respectively, compared to ($276.3) million and ($65.9) million in the same 2005 periods. The increases in income (loss) before income taxes in the 2006 periods compared to the amounts in the same prior year periods were due to higher underwriting profit (loss) and increased net investment income in the 2006 periods, offset, in part, by interest expense related to the Senior Notes and decreased net realized capital gains in the 2006 periods. The higher underwriting profit (loss) was due primarily to decreases in net catastrophe costs and, to a much lesser extent, lower net adverse loss reserve development, which in the aggregate increased underwriting profit (loss) by approximately $400.8 million and $465.2 million in the three and nine month periods, respectively.

Federal and foreign income tax expense (benefit) of $24.2 million and ($132.1) million were recorded in the third quarter of 2006 and 2005, respectively. Federal and foreign income tax expense (benefit) of $77.7 million and ($90.3) million were recorded in the first nine months of 2006 and 2005, respectively. The Company and its domestic subsidiaries, TRC (which includes foreign operations) and Putnam, 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.

Income tax expenses (benefits) recorded for all interim periods consider the estimated impact of all then-currently known events, including those that have occurred subsequent to the end of the period, such as Hurricane Wilma for the 2005 periods, for purposes of computing the estimated full year effective tax rates. Such effective tax rates are used in the determination of the interim period income tax expenses (benefits), pursuant to the application of the effective tax rate method. All other 2005 estimated impacts on the financial statements of TRH related to Hurricane Wilma were recorded in the period of occurrence (*i.e.*, the fourth quarter of 2005).

The effective tax rates, which represent income taxes (benefits) divided by income (loss) before income taxes, were 18.5% and 47.8% in the third quarter of 2006 and 2005, respectively, and were 19.9% and 137.0% in the first nine months of 2006 and 2005, respectively. The unusual effective tax rates in the 2005 periods are due to significant tax benefits recorded in those periods related to costs resulting from catastrophe loss events. (See Note 7 of Notes to Condensed Consolidated Financial Statements for a discussion of taxes recorded in the comparable quarter and year to date periods, including a reconciliation between the statutory tax rate of 35% and effective rates used by TRH for each of the nine month periods of 2006 and 2005.)

Through the application of the effective tax rate method, TRH recognized tax benefits of $139.2 million and $152.8 million related to net catastrophe costs in the third quarter and first nine months of 2005, respectively, and recognized certain minimal additional amounts of tax benefits related to such costs from such periods in the fourth quarter of 2005. Tax benefits related to net catastrophe costs were not material in the third quarter and first nine months of 2006.

Net income for the third quarter of 2006 was $106.9 million, or $1.61 per common share (diluted), compared to net loss of ($144.2) million, or ($2.19) per common share (diluted), in the 2005 third quarter. Net income for the first nine months of 2006 was $313.4 million, or $4.73 per common share (diluted), compared to net income of $24.4 million, or $0.37 per common share (diluted), in the same 2005 period. Reasons for the changes in the components of net income (loss) between periods are as discussed earlier in RESULTS OF OPERATIONS.

SEGMENT RESULTS

(a) Domestic:

Comparing the results for the three month and nine month periods ended September 30, 2006 with the same prior year periods, revenues increased due primarily to increases in net premiums written, as discussed earlier in RESULTS OF OPERATIONS, and increased net investment income, partially offset by a decrease in net realized capital gains. A significant portion of the increase in net investment income is due to the investment of the net proceeds from the issuance of the Senior Notes in the fourth quarter of 2005 and, for the nine months period only, increases in partnership income.

Income (loss) before income taxes increased in both the third quarter and first nine months of 2006 as compared to the same 2005 periods primarily due to a reduction in underwriting loss and, to a lesser extent, an increase in net investment income, offset, in part, by interest expense on the Senior Notes and a decrease in net realized capital gains in the 2006 periods. The reduced underwriting loss in the 2006 periods is due principally to lower net catastrophe costs.

The third quarter and first nine months of 2006 include approximately $2.6 million and $6.2 million, respectively, of net catastrophe costs. The third quarter and first nine months of 2005 include approximately $315.8 million and $344.4 million, respectively, of net catastrophe costs primarily related to Hurricane Katrina and, to a much lesser extent, Hurricane Rita.

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

Revenues for the three month period ended September 30, 2006 decreased compared to the same 2005 quarter due primarily to decreases in net premiums written, net of the change in unearned premiums, with the largest decrease in the London branch. The decrease in net premiums written for the third quarter of 2006 relates largely to the medical malpractice, auto liability and other liability lines offset, in part, by an increase in the ocean marine line. The overall decrease in net premiums written for the three month period was offset, in part, by the change in foreign currency exchange rates between the U.S. dollar and the currencies in which premiums were written in the 2006 period as compared to the same prior year period. Comparing the nine month period ended September 30, 2006 with the same prior year period, revenues decreased due primarily to a decrease in net premiums written, net of the change in unearned premiums, in each branch and TRZ. The decrease in net premiums written for the nine month period relates largely to the auto liability, property and other liability lines offset, in part, by increases in the ocean marine and aviation and A&H lines. The overall decrease in net premiums written for the nine month period was offset, in part, by a significant reduction in net ceded reinstatement premiums in the 2006 period as compared to the same 2005 period.

Income (loss) before income taxes in the third quarter and first nine months of 2006 increased compared to the same 2005 periods due primarily to increased underwriting profit (loss) and, to a much lesser extent, increased net investment income. The increase in underwriting profit (loss) in the 2006 periods compared to the same 2005 periods is due principally to lower net catastrophe costs.

The third quarter and first nine months of 2006 include approximately $1.4 million and $18.2 million, respectively, of net catastrophe costs. The third quarter and first nine months of 2005 include approximately $75.5 million and $91.4 million of net catastrophe costs, respectively, principally related to Hurricane Katrina, Central European floods and European Windstorm Erwin.

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

Revenues for the third quarter of 2006 increased compared to the same 2005 period due primarily to increased net premiums written, net of the change in unearned premiums, with the largest increases in the Toronto branch. Significant increases in net premiums written occurred in the property lines. Revenues for the first nine months of 2006 increased compared to the same 2005 period due primarily to increased net premiums written, net of the change in unearned premiums, with the largest increases in the Miami and, to lesser extents, in the Hong Kong and Toronto branches. Significant increases in net premiums written occurred in the property, auto liability and other liability lines.

Income before income taxes in the three and nine month periods ended September 30, 2006 increased compared to the comparable 2005 periods primarily due to increases in underwriting profit, resulting largely from improved loss experience including lower net catastrophe costs, and increased net investment income.

The third quarter and first nine months of 2006 includes approximately $0.1 million and ($5.6) million, respectively, of net catastrophe costs. The third quarter and first nine months of 2005 includes approximately $3.7 million and $8.7 million, respectively, of net catastrophe costs.

## 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 and its ability to make interest payments (approximately $43 million annually) on the Senior Notes 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 2006 and 2005, the Company received cash dividends from TRC of $20.4 million and $9.5 million, respectively. For the first nine months of 2006 and 2005, the Company received cash dividends from TRC of $58.0 million and $28.5 million, respectively.

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 funds received under securities loan agreements. Funds are applied by the operating subsidiaries primarily to payments of claims, commissions, ceded reinsurance premiums, insurance operating expenses, income taxes and investments in fixed income and equity securities, as well as the short-term investment of funds received under securities loan agreements. Premiums are generally received substantially in advance of related claims payments. Cash and cash equivalents 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 overall duration 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 does not maintain a credit facility. 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, 2006, total investments and cash were $11.06 billion compared to $9.24 billion at December 31, 2005. The increase was caused, in large part, by $633.5 million of cash provided by operating activities, $1,074.1 million of net funds received under securities loan agreements and by an increase of approximately $160 million due to the foreign exchange impact of the weakening U.S. dollar against certain currencies in which the investments are denominated over the first nine months of 2006, offset, in part, by a decrease in unrealized appreciation of investments of $19.1 million (see discussion of the change in unrealized appreciation of investments, net of tax, below).

TRH's fixed maturity investments, approximately 74.0% of total investments as of September 30, 2006, are predominantly investment grade, liquid securities, approximately 97.1% of which will mature in less than 10 years. The average duration of the fixed maturity portfolio was 6.0 years as of September 30, 2006. Also as of that date, approximately 8.1% of total investments were in common and nonredeemable preferred stocks, approximately 1.6% of total investments were in other invested assets, consisting of investments in partnerships, approximately 15.7% of total investments were in the short-term investment of funds received under securities loan agreements, and the remaining 0.6% consisted of short-term investments. Based on the foregoing, TRH considers its liquidity to be adequate through the end of 2006 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 purchases certain fixed maturities which are classified as held-to-maturity and carried at amortized cost if 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 the second quarter of 2006, TRH increased its holdings in nonredeemable preferred stocks, consistent with its overall investment objectives. In addition, TRH engages in securities lending transactions whereby certain securities (*i.e.*, fixed maturities and common stocks available for sale) from its portfolio were loaned to third parties. In these transactions, initial collateral, principally cash, is received by TRH in an amount exceeding the market value of the loaned security and is invested in a pooled account (shown on the balance sheet at cost, which approximates market value) of the lending agent, an AIG subsidiary, in these transactions. 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 market values of fixed maturities and common stocks available for sale that are on loan are reflected parenthetically as pledged on the balance sheet and totaled $1,606.8 million and $40.5 million, respectively, as of September 30, 2006. The increase in short-term investment of funds received under securities loan agreements reflects increased demand to borrow securities denominated in certain European currencies.

At September 30, 2006, pre-tax gross unrealized gains and losses on all fixed maturities (including those held to maturity and carried at amortized cost) amounted to $187.5 million and $16.5 million, respectively. While the changes in such gross unrealized gains and losses are modest for the first nine months of 2006, gross unrealized gains increased $103.6 million and gross unrealized losses decreased $56.6 million in the third quarter of 2006 principally due to a reduction of market interest rates during the quarter. At September 30, 2006, gross unrealized gains and losses on equities available for sale amounted to $42.2 million and $5.8 million, respectively.

As of September 30, 2006, 95.7% of the fixed maturity portfolio was rated Aaa or Aa, 3.8% was rated A, an additional 0.4% was also rated investment grade and 0.1% was not rated. Also, as of September 30, 2006, TRH had no derivative instruments.

Management reviews TRH's investments on a continual basis for evidence of other than temporary declines in market value, exercising its judgment in making such a determination, and calculates the amount of loss recognition (as a realized capital loss) resulting from investment write-downs.

In general, a security is considered a candidate for such a write-down if it meets any of the following criteria:

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

- The occurrence of a discrete credit event resulting in (i) the issuer defaulting on a material outstanding obligation; or (ii) the issuer seeking protection from creditors under the bankruptcy laws or any similar laws intended for the court supervised reorganization of insolvent enterprises; or (iii) the issuer proposing a voluntary reorganization pursuant to which creditors are asked to exchange their claims for cash or securities having a fair value substantially lower than par value of their claims; or

- In the opinion of management, it is probable that TRH may not realize 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, general interest rate environment, tax circumstances, liquidity events and statutory capital management considerations among others, TRH revisits its intent to determine if a loss should be recorded in income. Further, if a loss is recognized from a sale subsequent to a balance sheet date pursuant to these changes in circumstances, the loss is recognized in the period in which the intent to hold the securities no longer exists.

Once a security has been identified as other than temporarily impaired, the amount of such impairment is determined by reference to that security's contemporaneous market price and recorded as a realized capital loss.

TRH has the ability to hold any security to its stated maturity. Therefore, the decision to sell 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 market 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 (reserve development) and payments of losses and loss adjustment expenses for which reserves were previously established.

At September 30, 2006, unpaid losses and loss adjustment expenses (gross loss reserves) totaled $7.44 billion, an increase of $330.7 million, or 4.6%, as compared to December 31, 2005. The increase in gross loss reserves includes the net impact of changes in foreign currency exchange rates since the end of 2005 of $113 million and gross loss reserve development.

The components of gross loss reserves as of September 30, 2006 consisted of $4.12 billion of reported amounts (case reserves) and $3.32 billion of IBNR amounts. Gross loss reserves represent the accumulation of estimates for losses occurring on or prior to the balance sheet date. Gross loss 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, 2006, reinsurance recoverable on gross loss reserves totaled $1.31 billion (a component of reinsurance recoverable on paid and unpaid losses on the Balance Sheet which is net of an allowance for uncollectible reinsurance recoverable of approximately $13 million), a decrease of $96.7 million, or 6.9%, from the prior year end. The decrease in reinsurance recoverable on gross loss reserves from year end 2005 is due, in part, to a decrease in reinsurance recoverable on ceded losses related to catastrophes occurring principally in 2005.

Net loss reserves totaled $6.12 billion at September 30, 2006, an increase of $427.5 million, or 7.5%, from the prior year end. The increase in loss reserves includes the impacts of foreign currency exchange rate changes of $113 million and net loss reserve development. The first nine months of 2006 included paid losses and loss adjustment expenses, net of reinsurance recovered, related to net catastrophe losses of approximately $207 million principally related to events occurring in 2005. The first nine months of 2005 included paid losses and loss adjustment expenses, net of reinsurance recovered, related to net catastrophe losses of approximately $168 million principally related to events occurring in 2004. The change in net loss reserves is charged to income as incurred.

An analysis of the change in gross and net loss reserves for the first nine months of 2006, with comparable 2005 data, follows:

| | Nine Months Ended September 30, 2006 | Nine Months Ended September 30, 2005 |
|---|---|---|
| | (in millions) | |
| At beginning of year: | | |
| Gross loss reserves | $ 7,113.3 | $ 5,941.5 |
| Less reinsurance recoverable | (1,422.9) | (960.9) |
| Net loss reserves | 5,690.4 | 4,980.6 |
| Net losses and LAE incurred (including net adverse development on losses occurring in prior years of: 2006 - $89 million; 2005 - $120 million) | 1,860.3 | 2,232.2 |
| Net losses and loss adjustment expenses paid | 1,545.8 | 1,573.4 |
| Foreign exchange effect | 113.0 | (83.6) |
| At end of period: | | |
| Net loss reserves | 6,117.9 | 5,555.8 |
| Plus reinsurance recoverable | 1,326.1 | 1,421.3 |
| Gross loss reserves | $ 7,444.0 | $ 6,977.1 |

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, 2006 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 2006, TRH's operating cash flow was $633.5 million, an increase of $72.1 million from the same 2005 period. The increase in operating cash flow, which emanated from domestic sources, is primarily due to increased investment income received and increased recoveries of reinsurance recoverables, partially offset by interest paid on the Senior Notes.

As significant losses from catastrophes occurring in 2005, the September 11, 2001 terrorist attack and Enron reinsurance exposure remain unpaid, TRH expects that payments related to these events will have an adverse impact on operating cash flows in the remaining quarter of 2006 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, $270.1 million and $283.1 million were derived from international operations in the first nine months of 2006 and 2005, 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 $189.1 million as of September 30, 2006 and its future cash flows will be sufficient to meet TRH's cash requirements through the end of 2006 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 market 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 $2.83 billion at September 30, 2006, an increase of $289.0 million from year end 2005. The net increase consisted primarily of net income of $313.4 million, partially offset by cash dividends declared of $25.6 million and a decrease in accumulated other comprehensive income of $7.3 million.

The abovementioned decrease in accumulated other comprehensive income consisted of net unrealized depreciation of investments, net of income taxes, of $12.4 million, partially offset by a net unrealized foreign currency translation gain from functional currencies, net of income taxes, of $5.1 million. The net unrealized depreciation of investments, net of income taxes, is composed principally of a decrease of $12.5 million in unrealized appreciation of fixed maturities available for sale offset, in part, by an increase of $2.9 million in unrealized appreciation of equities available for sale.

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

## RECENT ACCOUNTING STANDARDS

(a) Change in Accounting Principle

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), "Share-Based Payments" (SFAS No. 123R). SFAS No. 123R and its related interpretive guidance replaced SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123) and supercedes Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123 as originally issued in 1995, established as preferable a fair-value method of accounting for share-based payment transactions with employees. SFAS No. 123R requires share-based payment transactions with employees to be accounted for using a fair-value based method and broadens the recognition provisions to include share based payments awarded to an employee by related parties or other holders of an economic interest in the reporting entity.

On January 1, 2003, TRH adopted the recognition provisions of SFAS No. 123 using the prospective method of transition. For the period from January 1, 2003 through December 31, 2005, TRH accounted for share-based payment transactions with employees under SFAS No. 123. Effective January 1, 2006, TRH adopted SFAS No. 123R using the Modified Prospective Application method. The Modified Prospective Application method provides for the recognition of the fair value with respect to stock-based compensation for shares granted or modified on or after January 1, 2006 and for all previously granted but unvested awards as of January 1, 2006. Accordingly, financial statement amounts for the 2005 periods presented in this Form 10-Q have not been restated. The impact of adopting SFAS No. 123R was not material to income (loss) before income taxes, net income (loss) (including basic and diluted net income (loss) per share amounts), financial condition or cash flows in the third quarter and first nine months of 2006.

(b) Other Accounting Standards

(i) In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" (SFAS No. 157). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. TRH is currently assessing the effect of implementing this guidance.

(ii) In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106 and 132(R)" (SFAS No. 158). SFAS No. 158 requires an employer to prospectively recognize the over funded or under funded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through other comprehensive income. SFAS No. 158 also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions.

Under SFAS No. 158, TRH will be required to recognize the funded status of defined benefit and other postretirement plans, including the estimated portion of the funded status of AIG's defined benefit and other postretirement plans associated with TRH employees. Based on review efforts to date, the estimated cumulative impact on TRH's Consolidated Balance Sheet at December 31, 2006 as a result of the adoption of this standard is a net after-tax reduction in accumulated other comprehensive income, a component of stockholders' equity, of less than $10 million. The actual cumulative impact to stockholders' equity at December 31, 2006 may differ from the above estimate due to changes in economic assumptions such as the discount rate in effect on December 31, 2006 and the actual fair value of plan assets at year-end, among other factors. SFAS No. 158 will be effective for fiscal years ending after December 15, 2006.

(iii) In September 2006, the SEC issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" (SAB No. 108). SAB No. 108 provides interpretive guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. SAB No. 108 requires that registrants quantify errors using both a balance sheet and an income statement approach and evaluate whether either approach results in quantifying a misstatement that when all relevant quantitative and qualitative factors are considered, is material. SAB No. 108 is effective for registrants' financial statements for fiscal years ending on or after November 15, 2006, with early application encouraged. The adoption of SAB No. 108 is not expected to have a material effect on TRH's consolidated financial statements.

(iv) In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting for uncertainty in 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 refund. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and additional disclosures. The effective date of this implementation guidance is January 1, 2007, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. Based on review efforts to date, TRH does not expect the adoption of FIN 48 to have a material effect on its results of operations, financial position or cash flows.

(v) In September 2005, the American Institute of Certified Public Accountants (AICPA) issued, and the FASB cleared, Statement of Position 05-1, "Accounting by Insurance Enterprises for Deferred Acquisition Costs in Connection with Modifications or Exchanges of Insurance Contracts" (SOP 05-1). SOP 05-1 provides guidance on accounting for deferred acquisition costs on internal replacements of insurance and investment contracts other than those specifically described in SFAS No. 97, "Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments." SOP 05-1 defines an internal replacement as a modification in product benefits, features, rights or coverage that occurs by the exchange of a contract for a new contract, or by amendment, endorsement or rider to a contract, or by the election of a feature or coverage within a contract. The effective date of the implementation guidance is January 1, 2007. TRH is currently assessing the effect of implementing this guidance.

# 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 market value resulting from adverse fluctuations in interest rates, equity prices and foreign currency exchange rates.

Measuring potential losses in fair values is a major focus of risk management efforts by many companies. Such measurements are performed through the application of various statistical techniques. One such technique is Value at Risk (VaR). VaR is a summary statistical measure that uses changes in historical interest rates, equity prices and foreign currency exchange rates to calculate the maximum loss that could occur over a defined period of time given a certain probability.

TRH believes that statistical models alone do not provide a reliable method of monitoring and controlling 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. 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 all 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 has calculated the VaR for the first nine months of 2006 and the year ending December 31, 2005 using historical simulation. The historical simulation methodology entails re-pricing all assets and liabilities under explicit changes in market rates within a specific historical time period. In this case, the most recent three years of historical market information for interest rates, equity index prices and foreign currency exchange rates are used to construct the historical scenarios. For each scenario, each transaction is re-priced. Consolidated totals are calculated by netting the values of all the underlying assets and liabilities. The final VaR number represents the maximum potential loss incurred with 95% confidence (*i.e.,* only 5% of historical scenarios show losses greater than the VaR figure). A one-month holding period is assumed in computing the VaR figure.

The following table presents the VaR on a combined basis and of each component of market risk for the nine months ended September 30, 2006 and for the year ended December 31, 2005. VaR with respect to combined operations cannot be derived by aggregating the individual risk amounts presented herein.

Market Risk
(in millions)

| | 2006 | | | | 2005 | | | |
|---|---|---|---|---|---|---|---|---|
| | As of September 30, | Average | High | Low | As of December 31, | Average | High | Low |
| Combined | $ 179 | $ 194 | $ 211 | $ 179 | $ 199 | $ 191 | $ 199 | $ 181 |
| Interest rate | 169 | 191 | 207 | 169 | 205 | 212 | 228 | 205 |
| Equity | 50 | 46 | 50 | 42 | 46 | 54 | 65 | 46 |
| Currency | 21 | 19 | 21 | 17 | 17 | 15 | 19 | 12 |

## 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 (Exchange Act), is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission (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 2006 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, 2006, 170,050 shares may still be purchased pursuant to this authorization. No shares were purchased in the third quarter of 2006.

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, 2006

EXHIBIT INDEX

| Exhibit Number | Description | Location |
|---|---|---|
| 10.1 | Transatlantic Holdings, Inc. Partners Plan. | Filed herewith. |
| 10.2 | Transatlantic Holdings, Inc. Senior Partners Plan. | Filed herewith. |
| 10.3 | Transatlantic Holdings, Inc. Annual Bonus Plan. | Filed herewith. |
| 10.4 | Form of Transatlantic Holdings, Inc. Partners Plan Performance RSU Award Agreement. | Filed herewith. |
| 10.5 | Form of Transatlantic Holdings, Inc. Senior Partners Plan Performance RSU Award Agreement. | Filed herewith. |
| 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 10.1

# TRANSATLANTIC HOLDINGS, INC.

## PARTNERS PLAN

### 1. PURPOSE

The Compensation Committee of the Board of Directors (the "Committee") of Transatlantic Holdings, Inc. ("TRH") has determined that certain key employees of TRH and its subsidiaries (together, the "Employer") contribute substantially to the long-term growth and profitability of TRH. TRH has created this TRH Partners Plan (this "Plan") to reward these individuals and to provide incentives for their continued contribution to the long-term performance of TRH.

### 2. PERFORMANCE PERIODS

This Plan will operate for successive overlapping two-year periods (each, a "Performance Period"). The first Performance Period will be from January 1, 2006 through December 31, 2007. The second Performance Period will be from January 1, 2007 through December 31, 2008. Thereafter, each Performance Period will be for successive two calendar-year periods until the Plan is terminated by the Committee.

### 3. PERFORMANCE RSUS AND PARTICIPANTS

A. PERFORMANCE RSUS. Performance-based Restricted Stock Units awarded pursuant to this Plan ("Performance RSUs") will provide holders the opportunity to earn shares of Common Stock of TRH ("Shares") based on the growth in TRH's Book Value per Share during the Performance Period to which the Performance RSUs relate.

B. PARTICIPANTS. The Committee will, from time to time, determine (1) the key employees of the Employer who will be awarded Performance RSUs under this Plan (the "Participants"), (2) the number of Performance RSUs awarded to each Participant and (3) the Performance Period to which the Performance RSUs relate.

C. STATUS OF PERFORMANCE RSUS. Performance RSUs awarded pursuant to this plan are issued under the TRH 2003 Stock Incentive Plan or any successor plan, as amended from time to time (the "SIP"). Each Performance RSU constitutes an unfunded and unsecured promise of TRH to deliver (or cause to be delivered) one Share at the relevant delivery date. Until such delivery, a holder of Performance RSUs will have only the rights of a general unsecured creditor and no rights as a shareholder of TRH. TRH may, at its option deliver cash in lieu of Shares otherwise deliverable under earned Performance RSUs. References in this Plan to Shares include cash in lieu thereof.

### 4. PERFORMANCE TARGETS AND EARNED RSUS

A. PERFORMANCE TARGETS. The Committee will, from time to time, determine the "Target", "Threshold" and "Maximum" performance targets for each Performance Period, based on Growth in Book Value per Share over the Performance Period or based on one or more of the other Performance Objectives as set forth in the SIP.

B. EARNED PERFORMANCE RSUS. At the end of each Performance Period, the Committee will determine the number of Performance RSUs earned for the Performance Period. Subject to the conditions of this Plan, the number of Performance RSUs earned for a Performance Period will be determined as follows:

| GROWTH IN BOOK VALUE PER SHARE FOR THE PERFORMANCE PERIOD | PERCENTAGE OF PERFORMANCE RSUS EARNED |
|---|---|
| Performance less than Threshold | 0% |
| Performance at least Threshold | 25% |
| Performance at Target | 100% |
| Performance at or above Maximum | 150% |

The percentage of Performance RSUs earned for performance between Threshold and Target and between Target and Maximum will be determined on a straight-line basis.

C. DEFINITIONS.

(1) "Growth in Book Value per Share" means, for any Performance Period, the compounded annual growth rate in Book Value Per Share measured at the end of the second year of the Performance Period over the Book Value Per Share measured at the end of the year prior to the beginning of the Performance Period.

(2) "Book Value per Share" means, for any year, Book Value per Share of TRH common stock calculated on a consolidated basis in accordance with U.S. Generally Accepted Accounting Principles (a) without giving effect to (i) the effect of Statement of Financial Accounting Standards No. (“SFAS”) 115 on investments, (ii) the cumulative effect of changes in accounting treatment during the relevant periods, net of tax, (iii) the cumulative effect of changes in tax laws during the relevant periods, (iv) SFAS 133 gains and losses, excluding realized capital gains or losses, net of tax or (v) extraordinary items related to acquisition, restructuring and related charges, net of tax; (b) with adjustments for any stock split or stock dividend during the relevant period and (c) with adjustments in the case of acquisitions to equalize the effect of acquisitions for cash and acquisitions for TRH common stock.

5. VESTING OF EARNED PERFORMANCE RSUS

A. GENERAL. Earned Performance RSUs will vest in two equal installments promptly after the fourth and sixth anniversaries of the first day of the Performance Period to which the Performance RSUs relate (each a "Scheduled Vesting Date"). Except as provided in Sections 5B, 6 and 7A, if a Participant's employment with the Employer is terminated for any reason, the Participant's rights in respect of any Performance RSUs that would vest on a future Scheduled Vesting Date will be forfeited and terminate.

B. DEATH, DISABILITY OR RETIREMENT AFTER AGE 65. If a Participant dies, becomes subject to permanent disability or retires at or after age 65, in each case while actively employed by the Employer, any outstanding earned Performance RSUs will vest. For this purpose "permanent disability" has the meaning defined in the American International Group, Inc. Long-Term Insurance Policy (applicable to TRH employees) as in effect on the relevant date (or, if none, will be determined by the Committee in its sole discretion).

C. DELAY OF VESTING. Participants may, in the Committee's sole discretion, be permitted to elect to defer vesting of Performance RSUs under a separate TRH deferral program in accordance with Section 409A of the Internal Revenue Code (the “Code”). In addition, the Committee may, in its sole discretion, determine to defer vesting of Performance RSUs in accordance with Section 409A of the Code.

6. VESTING DURING A PERFORMANCE PERIOD

A. GENERAL. Except as provided in Section 6B, if a Participant's employment with the Employer is terminated for any reason during a Performance Period, all of the Participant's Performance RSUs relating to the Performance Period will be forfeited and terminate.

B. DEATH, DISABILITY OR RETIREMENT AFTER AGE 65. If a Participant dies, becomes subject to permanent disability or retires at or after age 65 during a Performance Period, in each case while actively employed by the Employer, the Participant will be eligible to receive a pro-rated amount (based upon the number of whole or partial months the Participant was employed during the Performance Period relative to 24 months) of the Performance RSUs earned for such Performance Period based on TRH’s performance during the entire Performance Period.

7. ADMINISTRATION OF THIS PLAN

A. GENERAL. This Plan will be administered by the Committee. Actions of the Committee may be taken by the vote of a majority of its members. The Committee will have power to interpret this Plan, to make regulations for carrying out its purpose and to make all other determinations in connection with its administration, all of which will, unless otherwise determined by the Committee, be final, binding and conclusive. The Committee will have the power to decrease the number of a Participants' Performance RSUs that are earned for a Performance Period.

B. NON-UNIFORM DETERMINATIONS. The Committee's determinations under this Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Performance RSUs under this Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Committee will be entitled, among other things, to make non-uniform and selective determinations as to (1) the persons to become Participants and (2) whether a Participant's employment with the Employer has been terminated for purposes of this Plan.

C. AMENDMENTS. The Committee will have the power to amend this Plan in any manner and at any time, including in a manner adverse to the rights of the Participants.

D. NO LIABILITY. No member of the Board of Directors of TRH or the Committee or any employee of the Employer (each, a "Covered Person") will have any liability to any person (including any Participant) for any action taken or omitted to be taken or any determination made in good faith with respect to this Plan or any Participant's participation in it. Each Covered Person will be indemnified and held harmless by TRH against and from any loss, cost, liability, or expense (including attorneys' fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under this Plan and against and from any and all amounts paid by such Covered Person, with TRH's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person, provided that TRH will have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once TRH gives notice of its intent to assume the defense, TRH will have sole control over such defense with counsel of TRH's choice. The foregoing right of indemnification will not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful misconduct. The foregoing right of indemnification will not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under TRH's Restated Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any other power that TRH may have to indemnify such persons or hold them harmless.

E. ADJUSTMENTS. The Committee shall adjust equitably outstanding and/or earned Performance RSUs to preserve the benefits or potential benefits intended to be made available to Participants for any change in the TRH common stock resulting from a recapitalization, combination or exchange of shares of TRH common stock, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares of TRH. In addition, the Committee shall recompute the BVPS or other Performance Objective in connection with any restatement of TRH’s financial statements.

8. GENERAL RULES

A. SIP. All terms of the SIP shall apply to Performance RSUs. Notwithstanding any other provision existing within this Plan, the Performance RSUs awarded pursuant to this Plan will not exceed any per person per period award limit under the SIP.

B. ONLY WHOLE RSUS. Only whole Performance RSUs will be earned by Participants. Fractional Performance RSUs that would otherwise be earned with respect to a Performance Period will be rounded down to the nearest whole Performance RSU, and any such fractional Performance RSUs will be forfeited.

C. NO RIGHTS TO OTHER PAYMENTS. The provisions of this Plan provide no right or eligibility to a Participant to any other payouts from TRH or its subsidiaries under any other alternative plans, schemes, arrangements or contracts TRH may have with any employees or group of employees of TRH or its subsidiaries.

D. NO EFFECT ON BENEFITS. Grants and payments under this Plan will constitute special discretionary incentive payments to the Participants and will not be required to be taken into account in computing the amount of salary or compensation of the Participants for the purpose of determining any contributions to or any benefits under any pension, retirement, profit-sharing, bonus, life insurance, severance or other benefit plan of the Employer or under any agreement with a Participant, unless the Employer specifically provides otherwise.

E. SECTION 409A PAYMENT DELAY. Notwithstanding any provision to the contrary in this Plan, to the extent any payment to be made to a Participant in connection with the Participant's termination of service with the Employer would be subject to the additional tax of Section 409A of the Code, the payment will be delayed until six months after a Participant's termination of service with the Employer (or earlier death or disability (within the meaning of Section 409A of the Code)).

F. SEVERABILITY. If any of the provisions of this Plan is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision will be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions will not be affected thereby; provided, that if any of such provisions is finally held to be invalid, illegal, or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such provision will be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder.

G. ENTIRE AGREEMENT. This Plan contains the entire agreement of the parties with respect to the subject matter thereof and supersedes all prior agreements, promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral with respect to the subject matter thereof.

H. WAIVER OF CLAIMS. Each Participant recognizes and agrees that prior to being selected by the Committee to receive an award of Performance RSUs he or she has no right to any benefits under this Plan. Accordingly, in consideration of the Participant's receipt of any Performance RSUs hereunder, he or she expressly waives any right to contest the amount of any Performance RSUs, the terms of this Plan, any determination, action or omission hereunder by the Committee or TRH or any amendment to this Plan.

I. NO THIRD PARTY BENEFICIARIES. Except as expressly provided therein, this Plan will not confer on any person other than TRH and the Participant any rights or remedies there under. The exculpation and indemnification provisions of Section 7D will inure to the benefit of a Covered Person's estate and beneficiaries and legatees.

J. TRH'S SUCCESSORS AND ASSIGNS. The terms of this Plan will be binding upon and inure to the benefit of TRH and its successors and assigns.

K. RIGHT OF OFFSET. TRH will have the right to offset against the obligation to pay an amount to any Participant, any outstanding amounts (including, without limitation, travel and entertainment or advance account balances, loans or amounts repayable to it pursuant to tax equalization, housing, automobile or other employee programs) such Participant then owes to the Employer.

L. NONASSIGNABILITY. The Performance RSUs will not be assignable, transferable, pledged, hedged or in any manner alienated, whether by operation of law or otherwise, except as a result of death or incapacity where such rights are passed pursuant to a will or by operation of law. Any assignment, transfer, pledge, or other disposition in violation of the provisions of this Section 8L will be null and void and any Performance RSUs that are hedged in any manner will immediately be forfeited.

M. RIGHT TO DISCHARGE. Nothing contained in this Plan or in any award of Performance RSUs will confer on any Participant any right to be continued in the employ of the Employer or to be included in any future plans of a similar nature.

N. CONSENT. If the Committee will at any time determine that any consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the awarding, earning or vesting of any Performance RSUs, the delivery of Shares in respect thereof or the payment of any amount under this Plan, or the taking of any other action there under (each such action, a "plan action"), then such plan action will not be taken, in whole or in part, unless and until such consent will have been effected or obtained to the full satisfaction of the Committee.

The term "consent" as used in this paragraph includes (1) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state, or local law, or law, rule or regulation of a jurisdiction outside the United States, (2) any other matter, which the Committee may deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made, (3) any and all other consents, clearances and approvals in respect of a plan action by any governmental or other regulatory body or any stock exchange or self-regulatory agency and (4) any and all consents required by the Committee.

O. SUBJECT TO ANY TRH SECTION 162(m) PLAN. TRH has proposed and had approved by the TRH shareholders the SIP in accordance with Section 162(m) of the Code and Treasury Regulation Section 1.162-27(e) (4). This Plan is a sub-plan under the TRH Section 162(m) Plan, whereby performance compensation amounts payable will not be subject to the deduction limitation of Section 162(m) of the Code.

P. ADOPTION. This plan was adopted on August 15, 2006 by the Committee.

9. DISPUTES

A. GOVERNING LAW. This Plan will be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflict of laws.

B. DISPUTE RESOLUTION AND RELATED PROVISIONS. TRH agrees to the following provisions. By the acceptance of any award of Performance RSUs, each Participant agrees to accept the provisions of this Plan, including, without limitations, the following:

(1) ARBITRATION. Subject to the provisions of this Section 9, any dispute, controversy or claim between TRH and a Participant, arising out of or relating to or concerning this Plan or any Performance RSUs will be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the "NYSE") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the "AAA") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by a Participant must first be submitted to the Committee in accordance with claims procedures determined by the Committee.

(2) JURISDICTION. TRH and each Participant hereby irrevocably submit to the exclusive jurisdiction of a state or federal court of appropriate jurisdiction located in the Borough of Manhattan, the City of New York over any suit, action or proceeding arising out of or relating to or concerning this Plan or any Performance RSUs that are not otherwise arbitrated or resolved according to Section 9B (1). TRH and each Participant acknowledge that the forum designated by this section has a reasonable relation to this Plan and to such Participant's relationship with TRH.

(3) WAIVER. TRH and each Participant waive, to the fullest extent permitted by applicable law, any objection which TRH and such Participant now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Section 9B(2). TRH and each Participant undertake not to commence any action, suit or proceeding arising out of or relating to or concerning this Plan or any Performance RSUs in any forum other than a forum described in Section 9B(2).

(4) SERVICE OF PROCESS. Each Participant irrevocably appoints the Secretary of TRH at 70 Pine Street, New York, New York 10270, U.S.A. as his or her agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning this Plan or any Performance RSUs that are not otherwise arbitrated or resolved according to Section 9B (1). The Secretary will promptly advise the Participant of any such service of process.

C. CONFIDENTIALITY. By the acceptance of any award of Performance RSUs, each Participant agrees to keep confidential any information concerning any grant made under this Plan and any dispute, controversy or claim relating to this Plan, except that a Participant may disclose information concerning a dispute or claim to the court that is considering such dispute or to such Participant's legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

10. TERM OF PLAN

This Plan will continue until suspended or terminated by the Committee in its sole discretion. Any termination of this Plan will be done in a manner that the Committee determines complies with Section 409A of the Code.

Exhibit 10.2

TRANSATLANTIC HOLDINGS, INC.

SENIOR PARTNERS PLAN

1. PURPOSE

The Compensation Committee of the Board of Directors (the "Committee") of Transatlantic Holdings, Inc. ("TRH") has determined that certain key employees of TRH and its subsidiaries (together, the "Employer") contribute substantially to the long-term growth and profitability of TRH. TRH has created this TRH Senior Partners Plan (this "Plan") to reward these individuals and to provide incentives for their continued contribution to the long-term performance of TRH.

2. PERFORMANCE PERIODS

This Plan will operate for successive overlapping three-year periods (each, a "Performance Period"). The first Performance Period will be from January 1, 2006 through December 31, 2008. The second Performance Period will be from January 1, 2007 through December 31, 2009. Thereafter, each Performance Period will be for successive three calendar-year periods until the Plan is terminated by the Committee.

3. PERFORMANCE RSUS AND PARTICIPANTS

A. PERFORMANCE RSUS. Performance-based Restricted Stock Units awarded pursuant to this Plan ("Performance RSUs") will provide holders the opportunity to earn shares of Common Stock of TRH ("Shares") based on the growth in TRH's Book Value per Share during the Performance Period to which the Performance RSUs relate.

B. PARTICIPANTS. The Committee will, from time to time, determine (1) the key employees of the Employer who will be awarded Performance RSUs under this Plan (the "Participants"), (2) the number of Performance RSUs awarded to each Participant and (3) the Performance Period to which the Performance RSUs relate.

C. STATUS OF PERFORMANCE RSUS. Performance RSUs awarded pursuant to this plan are issued under the TRH 2003 Stock Incentive Plan or any successor plan, as amended from time to time (the "SIP"). Each Performance RSU constitutes an unfunded and unsecured promise of TRH to deliver (or cause to be delivered) one Share at the relevant delivery date. Until such delivery, a holder of Performance RSUs will have only the rights of a general unsecured creditor and no rights as a shareholder of TRH. TRH may, at its option deliver cash in lieu of Shares otherwise deliverable under earned Performance RSUs. References in this Plan to Shares include cash in lieu thereof.

4. PERFORMANCE TARGETS AND EARNED RSUS

A. PERFORMANCE TARGETS. The Committee will, from time to time, determine the "Target", "Threshold" and "Maximum" performance targets for each Performance Period, based on Growth in Book Value per Share over the Performance Period or based on one or more of the other Performance Objectives as set forth in the SIP.

B. EARNED PERFORMANCE RSUS. At the end of each Performance Period, the Committee will determine the number of Performance RSUs earned for the Performance Period. Subject to the conditions of this Plan, the number of Performance RSUs earned for a Performance Period will be determined as follows:

| GROWTH IN BOOK VALUE PER SHARE FOR THE PERFORMANCE PERIOD | PERCENTAGE OF PERFORMANCE RSUS EARNED |
|---|---|
| Performance less than Threshold | 0% |
| Performance at least Threshold | 25% |
| Performance at Target | 100% |
| Performance at or above Maximum | 200% |

The percentage of Performance RSUs earned for performance between Threshold and Target and between Target and Maximum will be determined on a straight-line basis.

C. DEFINITIONS.

(1) "Growth in Book Value per Share" means, for any Performance Period, the compounded annual growth rate in Book Value Per Share measured at the end of the third year of the Performance Period over the Book Value Per Share measured at the end of the year prior to the beginning of the Performance Period.

(2) "Book Value per Share" means, for any year, Book Value per Share of TRH common stock calculated on a consolidated basis in accordance with U.S. Generally Accepted Accounting Principles (a) without giving effect to (i) the effect of Statement of Financial Accounting Standards No. ("SFAS") 115 on investments, (ii) the cumulative effect of changes in accounting treatment during the relevant periods, net of tax, (iii) the cumulative effect of changes in tax laws during the relevant periods, (iv) SFAS 133 gains and losses, excluding realized capital gains or losses, net of tax or (v) extraordinary items related to acquisition, restructuring and related charges, net of tax; (b) with adjustments for any stock split or stock dividend during the relevant period and (c) with adjustments in the case of acquisitions to equalize the effect of acquisitions for cash and acquisitions for TRH common stock.

D. PARTNERS PLAN CONDITION. Notwithstanding Section 4A, the Growth in Book Value per Share of a Performance Period will be zero if the conditions are not satisfied for the funding threshold of the TRH Partners Plan for the period beginning with the same year as the Performance Period. The Committee will, from time to time, designate the TRH Partners Plan and the funding threshold condition that will apply for this Section 4D.

5. VESTING OF EARNED PERFORMANCE RSUS

A. GENERAL. Earned Performance RSUs will vest in two equal installments promptly after the fourth and sixth anniversaries of the first day of the Performance Period to which the Performance RSUs relate (each a "Scheduled Vesting Date"). Except as provided in Sections 5B, 6 and 7A, if a Participant's employment with the Employer is terminated for any reason, the Participant's rights in respect of any Performance RSUs that would vest on a future Scheduled Vesting Date will be forfeited and terminate.

B. DEATH, DISABILITY OR RETIREMENT AFTER AGE 65. If a Participant dies, becomes subject to permanent disability or retires at or after age 65, in each case while actively employed by the Employer, any outstanding earned Performance RSUs will vest. For this purpose "permanent disability" has the meaning defined in the American International Group, Inc. Long-Term Insurance Policy (applicable to TRH employees) as in effect on the relevant date (or, if none, will be determined by the Committee in its sole discretion).

C. DELAY OF VESTING. Participants may, in the Committee's sole discretion, be permitted to elect to defer vesting of Performance RSUs under a separate TRH deferral program in accordance with Section 409A of the Internal Revenue Code (the "Code"). In addition, the Committee may, in its sole discretion, determine to defer vesting of Performance RSUs in accordance with Section 409A of the Code.

6. VESTING DURING A PERFORMANCE PERIOD

A. GENERAL. Except as provided in Section 6B, if a Participant's employment with the Employer is terminated for any reason during a Performance Period, all of the Participant's Performance RSUs relating to the Performance Period will be forfeited and terminate.

B. DEATH, DISABILITY OR RETIREMENT AFTER AGE 65. If a Participant dies, becomes subject to permanent disability or retires at or after age 65 during a Performance Period, in each case while actively employed by the Employer, the Participant will be eligible to receive a pro-rated amount (based upon the number of whole or partial months the Participant was employed during the Performance Period relative to 36 months) of the Performance RSUs earned for such Performance Period based on TRH's performance during the entire Performance Period.

7. ADMINISTRATION OF THIS PLAN

A. GENERAL. This Plan will be administered by the Committee. Actions of the Committee may be taken by the vote of a majority of its members. The Committee will have power to interpret this Plan, to make regulations for carrying out its purpose and to make all other determinations in connection with its administration, all of which will, unless otherwise determined by the Committee, be final, binding and conclusive. The Committee will have the power to decrease the number of a Participants' Performance RSUs that are earned for a Performance Period.

B. NON-UNIFORM DETERMINATIONS. The Committee's determinations under this Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Performance RSUs under this Plan (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Committee will be entitled, among other things, to make non-uniform and selective determinations as to (1) the persons to become Participants and (2) whether a Participant's employment with the Employer has been terminated for purposes of this Plan.

C. AMENDMENTS. The Committee will have the power to amend this Plan in any manner and at any time, including in a manner adverse to the rights of the Participants.

D. NO LIABILITY. No member of the Board of Directors of TRH or the Committee or any employee of the Employer (each, a "Covered Person") will have any liability to any person (including any Participant) for any action taken or omitted to be taken or any determination made in good faith with respect to this Plan or any Participant's participation in it. Each Covered Person will be indemnified and held harmless by TRH against and from any loss, cost, liability, or expense (including attorneys' fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under this Plan and against and from any and all amounts paid by such Covered Person, with TRH's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person, provided that TRH will have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once TRH gives notice of its intent to assume the defense, TRH will have sole control over such defense with counsel of TRH's choice. The foregoing right of indemnification will not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful misconduct. The foregoing right of indemnification will not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under TRH's Restated Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any other power that TRH may have to indemnify such persons or hold them harmless.

E. ADJUSTMENTS. The Committee shall adjust equitably outstanding and/or earned Performance RSUs to preserve the benefits or potential benefits intended to be made available to Participants for any change in the TRH common stock resulting from a recapitalization, combination or exchange of shares of TRH common stock, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares of TRH. In addition, the Committee shall recompute the BVPS or other Performance Objective in connection with any restatement of TRH’s financial statements.

8. GENERAL RULES

A. SIP. All terms of the SIP shall apply to Performance RSUs. Notwithstanding any other provision existing within this Plan, the Performance RSUs awarded pursuant to this Plan will not exceed any per person per period award limit under the SIP.

B. ONLY WHOLE RSUS. Only whole Performance RSUs will be earned by Participants. Fractional Performance RSUs that would otherwise be earned with respect to a Performance Period will be rounded down to the nearest whole Performance RSU, and any such fractional Performance RSUs will be forfeited.

C. NO RIGHTS TO OTHER PAYMENTS. The provisions of this Plan provide no right or eligibility to a Participant to any other payouts from TRH or its subsidiaries under any other alternative plans, schemes, arrangements or contracts TRH may have with any employees or group of employees of TRH or its subsidiaries.

D. NO EFFECT ON BENEFITS. Grants and payments under this Plan will constitute special discretionary incentive payments to the Participants and will not be required to be taken into account in computing the amount of salary or compensation of the Participants for the purpose of determining any contributions to or any benefits under any pension, retirement, profit-sharing, bonus, life insurance, severance or other benefit plan of the Employer or under any agreement with a Participant, unless the Employer specifically provides otherwise.

E. SECTION 409A PAYMENT DELAY. Notwithstanding any provision to the contrary in this Plan, to the extent any payment to be made to a Participant in connection with the Participant's termination of service with the Employer would be subject to the additional tax of Section 409A of the Code, the payment will be delayed until six months after a Participant's termination of service with the Employer (or earlier death or disability (within the meaning of Section 409A of the Code)).

F. SEVERABILITY. If any of the provisions of this Plan is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision will be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability and the remaining provisions will not be affected thereby; provided, that if any of such provisions is finally held to be invalid, illegal, or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such provision will be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder.

G. ENTIRE AGREEMENT. This Plan contains the entire agreement of the parties with respect to the subject matter thereof and supersedes all prior agreements, promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral with respect to the subject matter thereof.

H. WAIVER OF CLAIMS. Each Participant recognizes and agrees that prior to being selected by the Committee to receive an award of Performance RSUs he or she has no right to any benefits under this Plan. Accordingly, in consideration of the Participant's receipt of any Performance RSUs hereunder, he or she expressly waives any right to contest the amount of any Performance RSUs, the terms of this Plan, any determination, action or omission hereunder by the Committee or TRH or any amendment to this Plan.

I. NO THIRD PARTY BENEFICIARIES. Except as expressly provided therein, this Plan will not confer on any person other than TRH and the Participant any rights or remedies there under. The exculpation and indemnification provisions of Section 7D will inure to the benefit of a Covered Person's estate and beneficiaries and legatees.

J. TRH'S SUCCESSORS AND ASSIGNS. The terms of this Plan will be binding upon and inure to the benefit of TRH and its successors and assigns.

K. RIGHT OF OFFSET. TRH will have the right to offset against the obligation to pay an amount to any Participant, any outstanding amounts (including, without limitation, travel and entertainment or advance account balances, loans or amounts repayable to it pursuant to tax equalization, housing, automobile or other employee programs) such Participant then owes to the Employer.

L. NONASSIGNABILITY. The Performance RSUs will not be assignable, transferable, pledged, hedged or in any manner alienated, whether by operation of law or otherwise, except as a result of death or incapacity where such rights are passed pursuant to a will or by operation of law. Any assignment, transfer, pledge, or other disposition in violation of the provisions of this Section 8L will be null and void and any Performance RSUs that are hedged in any manner will immediately be forfeited.

M. RIGHT TO DISCHARGE. Nothing contained in this Plan or in any award of Performance RSUs will confer on any Participant any right to be continued in the employ of the Employer or to be included in any future plans of a similar nature.

N. CONSENT. If the Committee will at any time determine that any consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the awarding, earning or vesting of any Performance RSUs, the delivery of Shares in respect thereof or the payment of any amount under this Plan, or the taking of any other action there under (each such action, a "plan action"), then such plan action will not be taken, in whole or in part, unless and until such consent will have been effected or obtained to the full satisfaction of the Committee.

The term "consent" as used in this paragraph includes (1) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state, or local law, or law, rule or regulation of a jurisdiction outside the United States, (2) any other matter, which the Committee may deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made, (3) any and all other consents, clearances and approvals in respect of a plan action by any governmental or other regulatory body or any stock exchange or self-regulatory agency and (4) any and all consents required by the Committee.

O. SUBJECT TO ANY TRH SECTION 162(m) PLAN. TRH has proposed and had approved by the TRH shareholders the SIP in accordance with Section 162(m) of the Code and Treasury Regulation Section 1.162-27(e) (4). This Plan is a sub-plan under the TRH Section 162(m) Plan, whereby performance compensation amounts payable will not be subject to the deduction limitation of Section 162(m) of the Code.

P. ADOPTION. This plan was adopted on August 15, 2006 by the Committee.

9. DISPUTES

A. GOVERNING LAW. This Plan will be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflict of laws.

B. DISPUTE RESOLUTION AND RELATED PROVISIONS. TRH agrees to the following provisions. By the acceptance of any award of Performance RSUs, each Participant agrees to accept the provisions of this Plan, including, without limitations, the following:

(1) ARBITRATION. Subject to the provisions of this Section 9, any dispute, controversy or claim between TRH and a Participant, arising out of or relating to or concerning this Plan or any Performance RSUs will be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the "NYSE") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the "AAA") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by a Participant must first be submitted to the Committee in accordance with claims procedures determined by the Committee.

(2) JURISDICTION. TRH and each Participant hereby irrevocably submit to the exclusive jurisdiction of a state or federal court of appropriate jurisdiction located in the Borough of Manhattan, the City of New York over any suit, action or proceeding arising out of or relating to or concerning this Plan or any Performance RSUs that are not otherwise arbitrated or resolved according to Section 9B (1). TRH and each Participant acknowledge that the forum designated by this section has a reasonable relation to this Plan and to such Participant's relationship with TRH.

(3) WAIVER. TRH and each Participant waive, to the fullest extent permitted by applicable law, any objection which TRH and such Participant now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Section 9B(2). TRH and each Participant undertake not to commence any action, suit or proceeding arising out of or relating to or concerning this Plan or any Performance RSUs in any forum other than a forum described in Section 9B(2).

(4) SERVICE OF PROCESS. Each Participant irrevocably appoints the Secretary of TRH at 70 Pine Street, New York, New York 10270, U.S.A. as his or her agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning this Plan or any Performance RSUs that are not otherwise arbitrated or resolved according to Section 9B (1). The Secretary will promptly advise the Participant of any such service of process.

C. CONFIDENTIALITY. By the acceptance of any award of Performance RSUs, each Participant agrees to keep confidential any information concerning any grant made under this Plan and any dispute, controversy or claim relating to this Plan, except that a Participant may disclose information concerning a dispute or claim to the court that is considering such dispute or to such Participant's legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

## 10. TERM OF PLAN

This Plan will continue until suspended or terminated by the Committee in its sole discretion. Any termination of this Plan will be done in a manner that the Committee determines complies with Section 409A of the Code.

Exhibit 10.3

TRANSATLANTIC HOLDINGS, INC.
ANNUAL BONUS PLAN

1. Purpose. The purpose of the Transatlantic Holdings, Inc. Annual Bonus Plan (the "Plan") is to enhance the ability of Transatlantic Holdings, Inc. and its subsidiaries (the "Company") to attract, motivate, reward, and retain key employees, to strengthen their commitment to the success of the Company and to align their interests with those of the Company's shareholders by providing additional compensation to designated key employees of the Company based on the achievement of performance objectives. To this end, the Plan provides a means of rewarding participants based on the annual performance of the Company in succeeding fiscal years, beginning with the Fiscal year ending on December 31, 2006. (the "Fiscal Year").

2. Administration. The Plan shall be administered by the Committee. The Committee shall have full authority to establish the rules and regulations relating to the Plan, to interpret the Plan and those rules and regulations, to select Participants in the Plan, to determine the performance objectives of the Company and corresponding Award opportunities for each Participant for each Fiscal Year, to approve all Awards, to decide the facts in any case arising under the Plan and to make all other determinations and to take all other actions necessary or appropriate for the proper administration of the Plan, including the delegation of such authority or power, where appropriate. The Committee shall have the power to decrease the amount payable to any Participant.

3. Eligible Employees. Those employees of the Company selected by the Committee shall participate in the Plan for the Fiscal Year.

4. Payment of Awards. As soon as practicable after the close of the Fiscal Year and prior to the payment of any Award, the Committee shall review the Company's performance and certify in writing the extent to which the applicable performance objectives have been achieved. Each Award to the extent earned shall be paid in a single lump sum cash payment, less applicable withholding taxes, in March of the year immediately following the end of the Fiscal Year.

5. Awards. A Participant may earn an Award up to a percentage of Target Bonus as determined by the Committee based upon achievement of performance goals determined by the Committee. Notwithstanding anything to the contrary in the Plan, the aggregate amount that can be paid pursuant to Awards for the Fiscal Year cannot exceed 150% of the aggregate of the Target Bonuses for all Participants.

6. Termination of Employment. Subject to the Committee's discretion, no Award for the Fiscal Year shall be payable to any Participant unless he or she is employed by the Company or one of its subsidiaries on the payment date for Awards unless the Participant's employment was terminated because of his or her (i) death, (ii) permanent disability or (iii) retirement, if such termination occurs after the end of the Fiscal Year and prior to the payment date of the Award otherwise payable in respect of the Fiscal Year. For this purpose "permanent disability" has the meaning defined in the American International Group, Inc. Long-Term Insurance Policy (applicable to TRH employees) as in effect on the relevant date (or, if none, will be determined by the Committee in its sole discretion).

7. Designation of Beneficiary. In the event of a Participant's death prior to full payment of any Award hereunder, unless such Participant shall have designated a beneficiary or beneficiaries in accordance with this Section 7, payment of any Award due under the Plan shall be made to the beneficiary or beneficiaries designated by the Participant under the Company's basic life insurance program, or if no beneficiary has been designated under the basic life insurance program, or if the Participant's designated beneficiary dies prior to receiving any payment of an Award or if such designation shall for any reason be illegal or ineffective, Awards payable under the Plan shall be paid to the Participant's estate. A beneficiary designation under this Plan, or revocation of a prior beneficiary designation, will be effective only if it is made in writing on a form provided by the Company, signed by the Participant and received by the Benefits Department of the Company. If a beneficiary has been designated under this Plan and such beneficiary dies prior to receiving any payment of an Award or if such designation shall for any reason be illegal or ineffective, Awards payable under the Plan shall be paid to the Participant's estate.

8. Amendment or Termination. The Committee may amend or terminate the Plan at any time in its discretion.

9. Miscellaneous Provisions

(a) Neither the establishment of this Plan, nor any action taken hereunder, shall be construed as giving any Participant any right to be retained in the employ of the Company or any of its subsidiaries.

(b) A Participant's rights and interests under the Plan may not be assigned or transferred, except as provided in Section 7, and any attempted assignment or transfer shall be null and void and shall extinguish, in the Company's sole discretion, the Company's obligation under the Plan to pay Awards with respect to the Participant.

(c) The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund, or to make any other segregation of assets, to assure payment of Awards.

(d) The Company shall have the right to deduct from Awards paid any taxes or other amounts required by law to be withheld.

(e) Nothing contained in the Plan shall limit or affect in any manner or degree the normal and usual powers of management, exercised by the officers and the Board or committees thereof, to change the duties or the character of employment of any employee of the Company or any of its subsidiaries or to remove the individual from the employment of the Company or any of its subsidiaries at any time, all of which rights and powers are expressly reserved.

10. Definitions.

(a) "Award" shall mean the cash incentive award for which a Participant is eligible under the Plan for the Fiscal Year.

(b) "Base Salary" shall mean the Participant's base salary paid by the Company and/or any of its subsidiaries and received by the Participant during the Fiscal Year. Annual base salary does not include (i) Awards under the Plan, (ii) long-term incentive awards, (iii) signing bonuses or any similar bonuses, (iv) imputed income from such programs as executive life insurance, or (v) nonrecurring earnings such as moving expenses, and is based on salary earnings before reductions for such items as contributions under Sections 125 or 401(k) of the Code or pursuant to any nonqualified deferred compensation plan or agreement.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(e) "Committee" shall mean the Compensation Committee of the Board or such other committee appointed by the Board from time to time to administer the Plan and to perform the functions set forth herein.

(f) "Maximum Target Combined Ratio" shall mean the Combined Ratio, excluding the impact of Catastrophes, set as the maximum target as determined by the Committee.

(g) "Maximum Target Earnings Per Share" shall mean the earnings per share amount set as the maximum target as determined by the Committee.

(h) "Officer" shall mean any officer of the Company or any of its subsidiaries.

(i) "Participant" shall mean those individuals selected by the Committee to participate in the Plan.

(j) "Target Bonus" shall mean the percentage of a Participant's Base Salary as determined by the Committee.

(k) "Target Combined Ratio" shall mean the Combined Ratio, excluding the impact of Catastrophes, set as the target as determined by the Committee.

(l) "Target Earnings Per Share" shall mean the earnings per share amount set as the target as determined by the Committee.

(m) "Threshold Target Combined Ratio" shall mean the Combined Ratio, excluding the impact of Catastrophes, set as the threshold as determined by the Committee.

(n) "Threshold Target Earnings Per Share" shall mean the earnings per share amount set as the threshold as determined by the Committee.

Exhibit 10.4

**TRANSATLANTIC HOLDINGS, INC.**
**PARTNERS PLAN**
**PERFORMANCE RSU AWARD AGREEMENT**

This award agreement (this "Award Agreement") sets forth the terms and conditions of an award (this "Award") of performance-based restricted stock units ("Performance RSUs") awarded to you pursuant to the Transatlantic Holdings, Inc. Partners Plan (the "Partners Plan") and issued to you under the Transatlantic Holdings, Inc. Amended and Restated 2003 Stock Incentive Plan (the "SIP").

1. The SIP. This Award is issued under the SIP, the terms of which are incorporated in this Award Agreement. Capitalized terms used in this Award Agreement that are not defined in this Award Agreement, or in the attached Glossary of Terms, have the meanings as used or defined in the SIP.

2. Award.

(a) ***Award of Performance RSUs.*** The number of Performance RSUs initially subject to this Award, the Date of Grant and the Performance Period are set forth at the end of this Award Agreement. At the end of the Performance Period, the Committee will determine and certify in writing the number of Performance RSUs earned under this Award in accordance with the terms of the Partners Plan and will advise you of the number (such earned Performance RSUs, the "Earned RSUs"). The number of Earned RSUs may range from 0% to 150% of the Performance RSUs initially subject to this Award.

(b) ***Status of Earned RSUs.*** Each Earned RSU constitutes an unfunded and unsecured promise of Transatlantic Holdings, Inc. (“TRH” or the “Company”) to deliver (or cause to be delivered) to you, subject to the terms of this Award Agreement, one share of Common Stock (the "Share" or the "Shares" as the context requires) on the Scheduled Vesting Date as provided herein. Until such delivery, you have only the rights of a general unsecured creditor and no rights as a shareholder, of TRH. THIS AWARD IS SUBJECT TO ALL TERMS, CONDITIONS AND PROVISIONS OF THE PARTNERS PLAN, THE SIP AND THIS AWARD AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN PARAGRAPH 15.

3. Vesting and Delivery.

(a) ***Vesting.*** Except as provided in this Paragraph 3 and in Paragraphs 4 and 6, you shall become vested in the Earned RSUs, and the Shares underlying the Earned RSUs shall be delivered, in two equal installments promptly after the fourth and sixth anniversaries of the first day of the Performance Period for this Award (each, a "Scheduled Vesting Date" for this Award). Unless the Committee determines otherwise, and except as provided in Paragraph 6, if your Employment terminates for any reason prior to a Scheduled Vesting Date, your rights in respect of all of your unvested Performance RSUs shall be forfeited and terminate, and no Shares shall be delivered in respect of such Performance RSUs.

(b) ***Delivery.*** Except as provided in this Paragraph 3 and in Paragraphs 4, 6, 8 and 9, the Shares underlying the vested Earned RSUs shall be delivered on the respective Scheduled Vesting Date. You shall be deemed the beneficial owner of the Shares at the close of business on the Scheduled Vesting Date and shall be entitled to any dividend or distribution that has not already been made with respect to such Shares if the record date for such dividend or distribution is after the close of business on the Scheduled Vesting Date.

(c) ***Death.*** Notwithstanding any other provision of this Award Agreement, if you die:

(i) during the Performance Period, and provided your rights in respect of your Performance RSUs have not yet terminated, (A) the Earned RSUs in respect of your Performance RSUs will be determined on a pro-rata basis (based upon the number of whole or partial months you were employed during the Performance Period relative to 24) and the performance of the Company during the entire Performance Period and (B) when the Earned RSUs have been determined, the Shares corresponding to such Earned RSUs shall be delivered to the representative of your estate as soon as practicable after the date of such determination and after such documentation as may be requested by the Committee is provided to the Committee; or

(ii) at any time prior to a Scheduled Vesting Date but after completion of the Performance Period, and provided your rights in respect of your Earned RSUs have not yet terminated, the Shares corresponding to your outstanding Earned RSUs shall be delivered to the representative of your estate as soon as practicable after the date of death and after such documentation as may be requested by the Committee is provided to the Committee.

4. Termination of Performance RSUs and Earned RSUs; Non-Delivery of Shares.

(a) ***Termination on Separation from Service.*** Except as provided in Paragraphs 3(c) and 6, if your Employment with the Company terminates for any reason or you are otherwise no longer actively employed by the Company:

(i) during the Performance Period, your rights in respect of your outstanding Performance RSUs shall immediately terminate, there will be no Earned RSUs with respect thereto and no Shares shall be delivered in respect thereof; or

(ii) at any time prior to a Scheduled Vesting Date but after the completion of the Performance Period, unless the Committee determines otherwise, your rights in respect of your outstanding unvested Earned RSUs shall immediately terminate, and no Shares shall be delivered in respect of such unvested Earned RSUs.

(b) ***Termination on Other Events.*** Except as provided in Paragraph 6, your rights in respect of all of your Performance RSUs or Earned RSUs (whether or not vested) shall immediately terminate, and no Shares shall be delivered in respect of Performance RSUs or Earned RSUs, if at any time prior to the Scheduled Vesting Date:

(i) you attempt to have any dispute under this Award Agreement, the Partners Plan or the SIP resolved in any manner that is not provided for by Paragraph 15; or

(ii) any event that constitutes Cause has occurred; or

(iii) you in any manner, directly or indirectly, (A) Solicit any Client to transact business with a Competitive Enterprise or to reduce or refrain from doing any business with the Company or (B) interfere with or damage (or attempt to interfere with or damage) any relationship between the Company and any such Client or (C) Solicit any person who is an employee of the Company to resign from the Company or to apply for or accept employment with any Competitive Enterprise; or

(iv) you fail to certify to TRH, in accordance with procedures established by the Committee, with respect to a Scheduled Vesting Date that you have complied, or the Committee determines that you have failed as of a Scheduled Vesting Date to comply, with all of the terms and conditions of this Award Agreement. By accepting the delivery of Shares under this Award Agreement, you shall be deemed to have represented and certified at such time that you have complied with all the terms and conditions of this Award Agreement.

(c) ***Termination on Failure* to *Certify.*** Unless the Committee determines otherwise, if a Scheduled Vesting Date in respect of any of your outstanding Earned RSUs occurs, and Shares with respect to such outstanding Earned RSUs would be deliverable under the terms and conditions of this Award Agreement, except that you have not complied with the conditions or your obligations under Paragraph 4(b)(iv), all of your rights with respect to your outstanding Earned RSUs shall terminate no later than the Scheduled Vesting Date for such Shares.

5. Repayment. If, following the delivery of Shares, the Committee determines that all terms and conditions of this Award Agreement in respect of such delivery were not satisfied, the Company shall be entitled to receive, and you shall be obligated to pay the Company immediately upon demand therefore, the Fair Market Value of the Shares (determined as of the Scheduled Vesting Date) delivered with respect to the Scheduled Vesting Date, without reduction for any Shares applied to satisfy withholding tax or other obligations in respect of such Shares.

6. Disability and Retirement.

(a) ***During the Performance Period.*** Notwithstanding any other provision of this Award Agreement, but subject to Paragraph 6(c), if your employment with the Company is terminated by reason of Disability or Retirement during the Performance Period, (i) the Earned RSUs in respect of your Performance RSUs will be determined on a pro-rata basis (based upon the number of whole or partial months you were employed during the Performance Period relative to 24) and the performance of the Company during the entire Performance Period and (ii)when the Earned RSUs have been determined in accordance with Paragraph 6(a)(i) and Paragraph 2(b), the condition set forth in Paragraph 4(a) shall be waived with respect to any such Earned RSUs (as a result of which any such Earned RSUs shall vest and shares corresponding to the Earned RSUs shall be delivered to you as soon as practicable after the date of termination and after such documentation as may be requested by the Committee is provided to the Committee), but all other conditions of this Award Agreement shall continue to apply.

(b) ***After the End of the Performance Period.*** Notwithstanding any other provision of this Award Agreement, but subject to Paragraph 6(c), if your employment with the Company is terminated by reason of Disability or Retirement after the completion of the Performance Period, the condition set forth in Paragraph 4(a) shall be waived with respect to your then outstanding unvested Earned RSUs (as a result of which any such then unvested outstanding Earned RSUs shall vest and shares corresponding to the Earned RSUs shall be delivered to you as soon as practicable after the date of termination and after such documentation as may be requested by the Committee is provided to the Committee), but all other conditions of this Award Agreement shall continue to apply.

(c) ***Termination of Rights Following Disability* or *Retirement.*** Without limiting the application of Paragraph 4(b) or Paragraph 4(c), your rights in respect of any outstanding Earned RSUs that become vested solely by reason of Paragraph 6(a) immediately shall terminate, and no Shares shall be delivered in respect of such outstanding Earned RSUs if, following the termination of your Employment with the Company by reason of Disability or Retirement and prior to the Scheduled Vesting Date, you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Competitive Enterprise or (ii) associate in any capacity (including, but not limited to, association as an officer, employee, partner, director, consultant, agent or advisor) with any Competitive Enterprise.

7. Non-transferability. Except as otherwise may be provided by the Committee, the limitations set forth in Section 8L of the Partners Plan shall apply. Any assignment in violation of the provisions of this Paragraph 7 shall be null and void.

8. Withholding, Consents and Legends.

(a) The delivery of Shares is conditioned on your satisfaction of any applicable withholding taxes (in accordance with Section 3.2 of the SIP).

(b) Your rights in respect of your Performance RSUs and Earned RSUs are conditioned on the receipt to the full satisfaction of the Committee of any required consents (as defined in Section 8N of the Partners Plan) that the Committee may determine to be necessary or advisable (including, without limitation, your consenting to deductions from your wages, or another arrangement satisfactory to the Committee, to reimburse the Company for advances made on your behalf to satisfy withholding and other tax obligations in connection with this Award).

(c) TRH may affix to Certificates representing Shares issued pursuant to this Award Agreement any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement with TRH). TRH may advise the transfer agent to place a stop transfer order against any legend Shares.

9. Right of Offset. The Company shall have the right to offset against the obligation to deliver Shares under this Award Agreement any outstanding amounts (including, without limitation, travel and entertainment or advance account balances, loans, or amounts repayable to the Company pursuant to tax equalization, housing, automobile or other employee programs) you then owe to the Company and any amounts the Committee otherwise deems appropriate.

10. No Rights to Continued Employment. Nothing in this Award Agreement, the Partners Plan or the SIP shall be construed as giving you any right to continued Employment by the Company or affect any right that the Company may have to terminate or alter the terms and conditions of your Employment or to be included in any future plans of similar nature.

11. Successors and Assigns of TRH. The terms and conditions of this Award Agreement shall be binding upon, and shall inure to the benefit of, TRH and its successor entities (as defined in Section 3.5 of the SIP).

12. Committee Discretion. The Committee shall have full discretion with respect to any actions to be taken or determinations to be made in connection with this Award Agreement, and its determinations shall be final, binding and conclusive.

13. Amendment. The Committee reserves the right at any time and in any manner to amend the terms and conditions set forth in this Award Agreement and the Partners Plan, including in a manner adverse to your rights.

14. Adjustment. The Committee shall adjust equitably outstanding and/or earned Performance RSUs to preserve the benefits or potential benefits intended to be made available to Participants for any change in the TRH common stock resulting from a recapitalization, combination or exchange of shares of TRH common stock, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares of TRH. In addition, the Committee shall recompute the BVPS or other Performance Objective in connection with any restatement of TRH's financial statements.

15. Arbitration; Choice of Forum.

(a) Any dispute, controversy or claim between the Company and you, arising out of or relating to or concerning the SIP or this Award Agreement, shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the "NYSE") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the "AAA") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by you must first be submitted to the Committee in accordance with claims procedures determined by the Committee. This Paragraph is subject to the provisions of Paragraphs 15(b) and (c) below.

(b) THE COMPANY AND YOU HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE BOROUGH OF MANHATTAN, THE CITY OF NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO OR CONCERNING THE SIP OR THIS AWARD AGREEMENT THAT IS NOT OTHERWISE ARBITRATED OR RESOLVED ACCORDING TO PARAGRAPH 15(a) OF THIS AWARD AGREEMENT. This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. The Company and you acknowledge that the forum designated by this Paragraph 15(b) has a reasonable relation to the SIP, this Award Agreement, and to your relationship with the Company. Notwithstanding the foregoing, nothing herein shall preclude the Company from bringing any action or proceeding in any other court for the purpose of enforcing the provisions of this Paragraph 15.

(c) The agreement by you and the Company as to forum is independent of the law that may be applied in the action, and you and the Company agree to such forum even if the forum may under applicable law choose to apply non-forum law. You and the Company hereby waive, to the fullest extent permitted by applicable law, any objection which you or the Company now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Paragraph 15(b). You and the Company undertake not to commence any action, suit or proceeding arising out of or relating to or concerning this Award Agreement in any forum other than a forum described in this Paragraph 15. You and (subject to the last sentence of Paragraph 15(a)) the Company agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon you and the Company.

(d) You irrevocably appoint the Secretary of TRH as your agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning the Partners Plan or the Award Agreement which is not arbitrated pursuant to the provisions of Paragraph 15(a), who shall promptly advise you of any such service of process.

(e) You hereby agree to keep confidential the existence of, and any information concerning any grant made under the Partners Plan and any dispute, controversy or claim relating to the Partners Plan or this Award Agreement, except that you may disclose information concerning such dispute or claim to the arbitrator or court that is considering such dispute or to your legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

(f) You recognize and agree that prior to the grant of this Award you have no right to any benefits hereunder. Accordingly, in consideration of the receipt of this Award, you expressly waive any right to contest the amount of this Award, terms of this Award Agreement and the Partners Plan, any determination, action or omission hereunder or under the SIP by the Committee or member of the Board, or any amendment to the Partners Plan or this Award Agreement and you expressly waive any claim related in any way to the Award including any claim based on any promissory estoppel or other theory in connection with this Award and your Employment with the Company.

16. Section 409A Payment Delay. Notwithstanding any provision to the contrary herein, to the extent any payment to be made to you in connection with the termination of your Employment would be subject to the additional tax of Section 409A of the Internal Revenue Code (the “Code”), the payment will be delayed until six months after your termination (or earlier death or disability (within the meaning of Section 409A of the Code)).

17. Governing Law. THIS AWARD SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

18. Headings. The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.

IN WITNESS WHEREOF, TRANSATLANTIC HOLDINGS, INC. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

**TRANSATLANTIC HOLDINGS, INC.**

By:
President

By:
Attest

Recipient:

Number of Performance RSUs:

Max. Earned RSUs
Target Earned RSUs
Threshold Earned RSUs

Performance Period:

Date of Grant:

Receipt
Acknowledged:

Address:

Street

City, State Zip

Social Security No./Local 1.0. No.

# Glossary of Terms

Solely for purposes of this award of Performance RSUs, the following terms shall have the meanings set forth below. Capitalized terms not defined in this Glossary of Terms shall have the meanings as used or defined in the applicable Award Agreement or the SIP.

"Cause" means (i) your conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations; (ii) your engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Securities Exchange Act of 1934); (iii) your failure to perform your duties to the Company; (iv) your violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which TRH or any of its subsidiaries or affiliates is a member; (v) your violation of any Company policy concerning hedging or confidential or proprietary information, or your material violation of any other Company policy as in effect from time to time; (vi) your engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Company; or (vii) your engaging in any conduct detrimental to the Company. The determination as to whether "Cause" has occurred shall be made by the Committee in its sole discretion. The Committee shall also have the authority in its sole discretion to waive the consequences under the Partners Plan, SIP or any Award Agreement of the existence or occurrence of any of the events, acts or omissions constituting "Cause."

"Client" means any client or prospective client of the Company to whom you provided services, or for whom you transacted business, or whose identity became known to you in connection with your relationship with or Employment by the Company.

"Competitive Enterprise" means a business enterprise that (i) engages in any activity, or (ii) owns or controls a significant interest in any entity that engages in any activity that, in either case, competes anywhere with any activity in which the Company is engaged. The activities covered by the previous sentence include, without limitation, all insurance and re-insurance and insurance and re-insurance-related activities, asset management, financial product activities (including, without limitation, derivative activities) and financial services in the United States and abroad.

"Disability" means "permanent disability" as defined in the American International Group Long - Term Insurance Policy (in which Transatlantic Holdings, Inc. & its subsidiaries participate) as in effect on the Date of Grant.

"Retirement" means voluntary retirement at or after age 65.

"Solicit" means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

Exhibit 10.5

**TRANSATLANTIC HOLDINGS, INC.**
**SENIOR PARTNERS PLAN**
**PERFORMANCE RSU AWARD AGREEMENT**

This award agreement (this "Award Agreement") sets forth the terms and conditions of an award (this "Award") of performance-based senior partner units ("Performance RSUs") awarded to you pursuant to the Transatlantic Holdings, Inc. Senior Partners Plan (the "Senior Partners Plan") and issued to you under the Transatlantic Holdings, Inc. Amended and Restated 2003 Stock Incentive Plan (the "SIP").

1. The SIP. This Award is issued under the SIP, the terms of which are incorporated in this Award Agreement. Capitalized terms used in this Award Agreement that are not defined in this Award Agreement, or in the attached Glossary of Terms, have the meanings as used or defined in the SIP.

2. Award.

(a) ***Award of Performance RSUs.*** The number of Performance RSUs initially subject to this Award, the Date of Grant and the Performance Period are set forth at the end of this Award Agreement. At the end of the Performance Period, the Committee will determine and certify in writing the number of Performance RSUs earned under this Award in accordance with the terms of the Senior Partners Plan and will advise you of the number (such earned Performance RSUs, the "Earned RSUs"). The number of Earned RSUs may range from 0% to 200% of the Performance RSUs initially subject to this Award.

(b) ***Status of Earned RSUs.*** Each Earned RSU constitutes an unfunded and unsecured promise of Transatlantic Holdings, Inc. ("TRH" or the "Company") to deliver (or cause to be delivered) to you, subject to the terms of this Award Agreement, one share of Common Stock (the "Share" or the "Shares" as the context requires) on the Scheduled Vesting Date as provided herein. Until such delivery, you have only the rights of a general unsecured creditor and no rights as a shareholder, of TRH. THIS AWARD IS SUBJECT TO ALL TERMS, CONDITIONS AND PROVISIONS OF THE SENIOR PARTNERS PLAN, THE SIP AND THIS AWARD AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE ARBITRATION AND CHOICE OF FORUM PROVISIONS SET FORTH IN PARAGRAPH 15.

3. Vesting and Delivery.

(a) ***Vesting.*** Except as provided in this Paragraph 3 and in Paragraphs 4 and 6, you shall become vested in the Earned RSUs, and the Shares underlying the Earned RSUs shall be delivered, in two equal installments promptly after the fourth and sixth anniversaries of the first day of the Performance Period for this Award (each, a "Scheduled Vesting Date" for this Award). Unless the Committee determines otherwise, and except as provided in Paragraph 6, if your Employment terminates for any reason prior to a Scheduled Vesting Date, your rights in respect of all of your unvested Performance RSUs shall be forfeited and terminate, and no Shares shall be delivered in respect of such Performance RSUs.

(b) ***Delivery.*** Except as provided in this Paragraph 3 and in Paragraphs 4, 6, 8 and 9, the Shares underlying the vested Earned RSUs shall be delivered on the respective Scheduled Vesting Date. You shall be deemed the beneficial owner of the Shares at the close of business on the Scheduled Vesting Date and shall be entitled to any dividend or distribution that has not already been made with respect to such Shares if the record date for such dividend or distribution is after the close of business on the Scheduled Vesting Date.

(c) ***Death.*** Notwithstanding any other provision of this Award Agreement, if you die:

(i) during the Performance Period, and provided your rights in respect of your Performance RSUs have not yet terminated, (A) the Earned RSUs in respect of your Performance RSUs will be determined on a pro-rata basis (based upon the number of whole or partial months you were employed during the Performance Period relative to 36) and the performance of the Company during the entire Performance Period and (B) when the Earned RSUs have been determined, the Shares corresponding to such Earned RSUs shall be delivered to the representative of your estate as soon as practicable after the date of such determination and after such documentation as may be requested by the Committee is provided to the Committee; or

(ii) at any time prior to a Scheduled Vesting Date but after completion of the Performance Period, and provided your rights in respect of your Earned RSUs have not yet terminated, the Shares corresponding to your outstanding Earned RSUs shall be delivered to the representative of your estate as soon as practicable after the date of death and after such documentation as may be requested by the Committee is provided to the Committee.

4. Termination of Performance RSUs and Earned RSUs; Non-Delivery of Shares.

(a) ***Termination on Separation from Service.*** Except as provided in Paragraphs 3(c) and 6, if your Employment with the Company terminates for any reason or you are otherwise no longer actively employed by the Company:

(i) during the Performance Period, your rights in respect of your outstanding Performance RSUs shall immediately terminate, there will be no Earned RSUs with respect thereto and no Shares shall be delivered in respect thereof; or

(ii) at any time prior to a Scheduled Vesting Date but after the completion of the Performance Period, unless the Committee determines otherwise, your rights in respect of your outstanding unvested Earned RSUs shall immediately terminate, and no Shares shall be delivered in respect of such unvested Earned RSUs.

(b) ***Termination on Other Events.*** Except as provided in Paragraph 6, your rights in respect of all of your Performance RSUs or Earned RSUs (whether or not vested) shall immediately terminate, and no Shares shall be delivered in respect of Performance RSUs or Earned RSUs, if at any time prior to the Scheduled Vesting Date:

(i) you attempt to have any dispute under this Award Agreement, the Senior Partners Plan or the SIP resolved in any manner that is not provided for by Paragraph 15; or

(ii) any event that constitutes Cause has occurred; or

(iii) you in any manner, directly or indirectly, (A) Solicit any Client to transact business with a Competitive Enterprise or to reduce or refrain from doing any business with the Company or (B) interfere with or damage (or attempt to interfere with or damage) any relationship between the Company and any such Client or (C) Solicit any person who is an employee of the Company to resign from the Company or to apply for or accept employment with any Competitive Enterprise; or

(iv) you fail to certify to TRH, in accordance with procedures established by the Committee, with respect to a Scheduled Vesting Date that you have complied, or the Committee determines that you have failed as of a Scheduled Vesting Date to comply, with all of the terms and conditions of this Award Agreement. By accepting the delivery of Shares under this Award Agreement, you shall be deemed to have represented and certified at such time that you have complied with all the terms and conditions of this Award Agreement.

(c) ***Termination on Failure* to *Certify.*** Unless the Committee determines otherwise, if a Scheduled Vesting Date in respect of any of your outstanding Earned RSUs occurs, and Shares with respect to such outstanding Earned RSUs would be deliverable under the terms and conditions of this Award Agreement, except that you have not complied with the conditions or your obligations under Paragraph 4(b)(iv), all of your rights with respect to your outstanding Earned RSUs shall terminate no later than the Scheduled Vesting Date for such Shares.

5. Repayment. If, following the delivery of Shares, the Committee determines that all terms and conditions of this Award Agreement in respect of such delivery were not satisfied, the Company shall be entitled to receive, and you shall be obligated to pay the Company immediately upon demand therefore, the Fair Market Value of the Shares (determined as of the Scheduled Vesting Date) delivered with respect to the Scheduled Vesting Date, without reduction for any Shares applied to satisfy withholding tax or other obligations in respect of such Shares.

6. Disability and Retirement.

(a) ***During the Performance Period.*** Notwithstanding any other provision of this Award Agreement, but subject to Paragraph 6(c), if your employment with the Company is terminated by reason of Disability or Retirement during the Performance Period, (i) the Earned RSUs in respect of your Performance RSUs will be determined on a pro-rata basis (based upon the number of whole or partial months you were employed during the Performance Period relative to 36) and the performance of the Company during the entire Performance Period and (ii)when the Earned RSUs have been determined in accordance with Paragraph 6(a)(i) and Paragraph 2(b), the condition set forth in Paragraph 4(a) shall be waived with respect to any such Earned RSUs (as a result of which any such Earned RSUs shall vest and shares corresponding to the Earned RSUs shall be delivered to you as soon as practicable after the date of termination and after such documentation as may be requested by the Committee is provided to the Committee), but all other conditions of this Award Agreement shall continue to apply.

(b) ***After the End of the Performance Period.*** Notwithstanding any other provision of this Award Agreement, but subject to Paragraph 6(c), if your employment with the Company is terminated by reason of Disability or Retirement after the completion of the Performance Period, the condition set forth in Paragraph 4(a) shall be waived with respect to your then outstanding unvested Earned RSUs (as a result of which any such then unvested outstanding Earned RSUs shall vest and shares corresponding to the Earned RSUs shall be delivered to you as soon as practicable after the date of termination and after such documentation as may be requested by the Committee is provided to the Committee), but all other conditions of this Award Agreement shall continue to apply.

(c) ***Termination of Rights Following Disability* or *Retirement.*** Without limiting the application of Paragraph 4(b) or Paragraph 4(c), your rights in respect of any outstanding Earned RSUs that become vested solely by reason of Paragraph 6(a) immediately shall terminate, and no Shares shall be delivered in respect of such outstanding Earned RSUs if, following the termination of your Employment with the Company by reason of Disability or Retirement and prior to the Scheduled Vesting Date, you (i) form, or acquire a 5% or greater equity ownership, voting or profit participation interest in, any Competitive Enterprise or (ii) associate in any capacity (including, but not limited to, association as an officer, employee, partner, director, consultant, agent or advisor) with any Competitive Enterprise.

7. Non-transferability. Except as otherwise may be provided by the Committee, the limitations set forth in Section 8L of the Senior Partners Plan shall apply. Any assignment in violation of the provisions of this Paragraph 7 shall be null and void.

8. Withholding, Consents and Legends.

(a) The delivery of Shares is conditioned on your satisfaction of any applicable withholding taxes (in accordance with Section 3.2 of the SIP).

(b) Your rights in respect of your Performance RSUs and Earned RSUs are conditioned on the receipt to the full satisfaction of the Committee of any required consents (as defined in Section 8N of the Senior Partners Plan) that the Committee may determine to be necessary or advisable (including, without limitation, your consenting to deductions from your wages, or another arrangement satisfactory to the Committee, to reimburse the Company for advances made on your behalf to satisfy withholding and other tax obligations in connection with this Award).

(c) TRH may affix to Certificates representing Shares issued pursuant to this Award Agreement any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under a separate agreement with TRH). TRH may advise the transfer agent to place a stop transfer order against any legend Shares.

9. Right of Offset. The Company shall have the right to offset against the obligation to deliver Shares under this Award Agreement any outstanding amounts (including, without limitation, travel and entertainment or advance account balances, loans, or amounts repayable to the Company pursuant to tax equalization, housing, automobile or other employee programs) you then owe to the Company and any amounts the Committee otherwise deems appropriate.

10. No Rights to Continued Employment. Nothing in this Award Agreement, the Senior Partners Plan or the SIP shall be construed as giving you any right to continued Employment by the Company or affect any right that the Company may have to terminate or alter the terms and conditions of your Employment or to be included in any future plans of similar nature.

11. Successors and Assigns of TRH. The terms and conditions of this Award Agreement shall be binding upon, and shall inure to the benefit of, TRH and its successor entities (as defined in Section 3.5 of the SIP).

12. Committee Discretion. The Committee shall have full discretion with respect to any actions to be taken or determinations to be made in connection with this Award Agreement, and its determinations shall be final, binding and conclusive.

13. Amendment. The Committee reserves the right at any time and in any manner to amend the terms and conditions set forth in this Award Agreement and the Senior Partners Plan, including in a manner adverse to your rights.

14. Adjustment. The Committee shall adjust equitably outstanding and/or earned Performance RSUs to preserve the benefits or potential benefits intended to be made available to Participants for any change in the TRH common stock resulting from a recapitalization, combination or exchange of shares of TRH common stock, merger, consolidation, rights offering, separation, reorganization or liquidation, or any other change in the corporate structure or shares of TRH. In addition, the Committee shall recompute the BVPS or other Performance Objective in connection with any restatement of TRH’s financial statements.

15. Arbitration; Choice of Forum.

(a) Any dispute, controversy or claim between the Company and you, arising out of or relating to or concerning the SIP or this Award Agreement, shall be finally settled by arbitration in New York City before, and in accordance with the rules then obtaining of, the New York Stock Exchange, Inc. (the "NYSE") or, if the NYSE declines to arbitrate the matter (or if the matter otherwise is not arbitrable by it), the American Arbitration Association (the "AAA") in accordance with the commercial arbitration rules of the AAA. Prior to arbitration, all claims maintained by you must first be submitted to the Committee in accordance with claims procedures determined by the Committee. This Paragraph is subject to the provisions of Paragraphs 15(b) and (c) below.

(b) THE COMPANY AND YOU HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED IN THE BOROUGH OF MANHATTAN, THE CITY OF NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO OR CONCERNING THE SIP OR THIS AWARD AGREEMENT THAT IS NOT OTHERWISE ARBITRATED OR RESOLVED ACCORDING TO PARAGRAPH 15(a) OF THIS AWARD AGREEMENT. This includes any suit, action or proceeding to compel arbitration or to enforce an arbitration award. The Company and you acknowledge that the forum designated by this Paragraph 15(b) has a reasonable relation to the SIP, this Award Agreement, and to your relationship with the Company. Notwithstanding the foregoing, nothing herein shall preclude the Company from bringing any action or proceeding in any other court for the purpose of enforcing the provisions of this Paragraph 15.

(c) The agreement by you and the Company as to forum is independent of the law that may be applied in the action, and you and the Company agree to such forum even if the forum may under applicable law choose to apply non-forum law. You and the Company hereby waive, to the fullest extent permitted by applicable law, any objection which you or the Company now or hereafter may have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding in any court referred to in Paragraph 15(b). You and the Company undertake not to commence any action, suit or proceeding arising out of or relating to or concerning this Award Agreement in any forum other than a forum described in this Paragraph 15. You and (subject to the last sentence of Paragraph 15(a)) the Company agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any such suit, action or proceeding in any such court shall be conclusive and binding upon you and the Company.

(d) You irrevocably appoint the Secretary of TRH as your agent for service of process in connection with any action, suit or proceeding arising out of or relating to or concerning the Senior Partners Plan or the Award Agreement which is not arbitrated pursuant to the provisions of Paragraph 15(a), who shall promptly advise you of any such service of process.

(e) You hereby agree to keep confidential the existence of, and any information concerning any grant made under the Senior Partners Plan and any dispute, controversy or claim relating to the Senior Partners Plan or this Award Agreement, except that you may disclose information concerning such dispute or claim to the arbitrator or court that is considering such dispute or to your legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

(f) You recognize and agree that prior to the grant of this Award you have no right to any benefits hereunder. Accordingly, in consideration of the receipt of this Award, you expressly waive any right to contest the amount of this Award, terms of this Award Agreement and the Senior Partners Plan, any determination, action or omission hereunder or under the SIP by the Committee or member of the Board, or any amendment to the Senior Partners Plan or this Award Agreement and you expressly waive any claim related in any way to the Award including any claim based on any promissory estoppel or other theory in connection with this Award and your Employment with the Company.

16. Section 409A Payment Delay. Notwithstanding any provision to the contrary herein, to the extent any payment to be made to you in connection with the termination of your Employment would be subject to the additional tax of Section 409A of the Internal Revenue Code (the “Code”), the payment will be delayed until six months after your termination (or earlier death or disability (within the meaning of Section 409A of the Code)).

17. Governing Law. THIS AWARD SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

18. Headings. The headings in this Award Agreement are for the purpose of convenience only and are not intended to define or limit the construction of the provisions hereof.

IN WITNESS WHEREOF, TRANSATLANTIC HOLDINGS, INC. has caused this Award Agreement to be duly executed and delivered as of the Date of Grant.

**TRANSATLANTIC HOLDINGS, INC.**

By:
President

By:
Attest

Recipient:

Number of Performance RSUs:

Max. Earned RSUs
Target Earned RSUs
Threshold Earned RSUs

Performance Period:

Date of Grant:

Receipt
Acknowledged:

Address:

Street

City, State Zip

Social Security No./Local 1.0. No.

Glossary of Terms

Solely for purposes of this award of Performance RSUs, the following terms shall have the meanings set forth below. Capitalized terms not defined in this Glossary of Terms shall have the meanings as used or defined in the applicable Award Agreement or the SIP.

"Cause" means (i) your conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (A) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, or (B) on a felony charge or (C) on an equivalent charge to those in clauses (A) and (B) in jurisdictions which do not use those designations; (ii) your engaging in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Securities Exchange Act of 1934); (iii) your failure to perform your duties to the Company; (iv) your violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which TRH or any of its subsidiaries or affiliates is a member; (v) your violation of any Company policy concerning hedging or confidential or proprietary information, or your material violation of any other Company policy as in effect from time to time; (vi) your engaging in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Company; or (vii) your engaging in any conduct detrimental to the Company. The determination as to whether "Cause" has occurred shall be made by the Committee in its sole discretion. The Committee shall also have the authority in its sole discretion to waive the consequences under the Senior Partners Plan, SIP or any Award Agreement of the existence or occurrence of any of the events, acts or omissions constituting "Cause."

"Client" means any client or prospective client of the Company to whom you provided services, or for whom you transacted business, or whose identity became known to you in connection with your relationship with or Employment by the Company.

"Competitive Enterprise" means a business enterprise that (i) engages in any activity, or (ii) owns or controls a significant interest in any entity that engages in any activity that, in either case, competes anywhere with any activity in which the Company is engaged. The activities covered by the previous sentence include, without limitation, all insurance and re-insurance and insurance and re-insurance-related activities, asset management, financial product activities (including, without limitation, derivative activities) and financial services in the United States and abroad.

"Disability" means "permanent disability" as defined in the American International Group Long - Term Insurance Policy (in which Transatlantic Holdings, Inc. & its subsidiaries participate) as in effect on the Date of Grant.

"Retirement" means voluntary retirement at or after age 65.

"Solicit" means any direct or indirect communication of any kind whatsoever, regardless of by whom initiated, inviting, advising, encouraging or requesting any person or entity, in any manner, to take or refrain from taking any action.

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, 2006

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, 2006

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, 2006 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, 2006

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, 2006 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, 2006

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.