

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

FORM 8-K
CURRENT REPORT

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

Date of report (Date of earliest event reported)

October 19, 2005

Annuity and Life Re (Holdings), Ltd.

(Exact Name of Registrant as Specified in its Charter)

Bermuda

1-16561

66-0619270

(State or Other Jurisdiction
of Incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

Cumberland House, 1 Victoria Street, Hamilton, Bermuda

HM 11

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code:

(441) 296-7667

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

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

Item 1.01. Entry into a Material Definitive Agreement.

On October 19, 2005, Annuity and Life Re (Holdings), Ltd. (the "Company") entered into letter agreements with William H. Mawdsley, III and John W. Lockwood setting forth the terms of their continued employment by the Company. The Company had previously given Messrs. Mawdsley and Lockwood notice that their current employment agreements would not be renewed upon their expiration.

Pursuant to the letter agreement with Mr. Mawdsley, he is entitled to an annual salary of \$250,000 and an additional \$10,000 per month as a housing and travel allowance. Effective with the execution of the letter agreement, Mr. Mawdsley was named the Company's President and Chief Executive Officer, subject to the approval of the Bermuda Department of Immigration, and he was appointed to fill a vacancy on the Company's board of directors created by the recent resignation of John F. Burke, the Company's former President and Chief Executive Officer. Mr. Mawdsley had previously been a Vice President of the Company and the Chief Actuary of its Bermuda based operating subsidiary.

Pursuant to the letter agreement with Mr. Lockwood, he is entitled to an annual salary of \$200,000 and an additional \$7,500 per month as a housing and travel allowance. Mr. Lockwood will continue to serve as the Company's Chief Financial Officer and President of the Company's United States based subsidiaries.

The Company has also agreed to continue to provide Messrs. Mawdsley and Lockwood with the same benefits they are currently receiving from the Company, and they will be eligible for bonus compensation at the discretion of the Company's board of directors.

The Company may terminate Mr. Mawdsley and Mr. Lockwood at any time for any reason, but if such termination is without "cause" (as defined in the letter agreements), Mr. Mawdsley would be entitled to receive a severance payment of \$620,000 plus reasonable relocation expenses from Bermuda to the United States, and Mr. Lockwood would be entitled to receive a severance payment of \$490,000. Both men would also receive the foregoing severance payments if they resign because of a reduction in their base salary or housing allowance to which they did not agree or if they resign for any other reason within the period commencing 90 days and ending 180 days following the effective time of (i) the acquisition of all of the outstanding equity securities of the Company or (ii) the merger of the Company with another entity, other than one of its direct or indirect wholly owned subsidiaries.

The letter agreement with Mr. Mawdsley is filed as Exhibit 10.1 to this Form 8-K and is incorporated into this Item 1.01 by reference. The letter agreement with Mr. Lockwood is filed as Exhibit 10.2 to this Form 8-K and is incorporated into this Item 1.01 by reference.

Item 1.02. Termination of a Material Definitive Agreement.

On October 19, 2005, in connection with their execution of the letter agreements

discussed in Item 1.01 above, Messrs. Mawdsley and Lockwood agreed to terminate their prior employment agreements with the Company effective as of October 19, 2005. The Company had previously given Messrs. Mawdsley and Lockwood notice of the Company's intent not to renew their employment agreements at the expiration of their current term.

Mr. Mawdsley's annual salary under his old employment agreement was \$200,000 and he was entitled to receive an additional \$10,000 per month as a housing and travel allowance. Mr. Lockwood's annual salary under his old employment agreement was \$200,000.

Under the terms of their old employment agreements, if the employment of Mr. Mawdsley or Mr. Lockwood was terminated by the Company without serious cause or by the employee with good reason, the Company would have had to continue to pay such employee his base salary for a period of one year from such termination. Additionally, Mr. Mawdsley would have been entitled to travel and housing allowances for three months after the date of termination and reasonable relocation expenses from Bermuda to the United States.

Also under the terms of their old employment agreements, if the employment of Messrs. Mawdsley or Lockwood with the Company was terminated without serious cause or if they terminated their employment for certain specified reasons within, with respect to Mr. Mawdsley, one year following a change in control, or with respect to Mr. Lockwood, six months following a change in control, they would have been entitled to receive a payment equal to two times their annual salary. In addition, Mr. Mawdsley would have been entitled to receive twelve months of his travel and housing allowance and reasonable relocation expenses from Bermuda to the United States. Mr. Mawdsley would also have been entitled to receive an amount equal to any income taxes payable by him by reason of the payments made to him occurring in connection with a change in control.

Mr. Mawdsley's Employment Agreement was previously filed with the Commission as Exhibit 10.1 to the Company's Form 10-Q filed on May 15, 2002, and is incorporated herein by reference. Mr. Lockwood's Employment Agreement was previously filed with the Commission as Exhibit 10.1 to the Company's Form 10-Q filed on May 17, 2004, and is incorporated herein by reference.

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

In connection with Mr. Mawdsley's letter agreement discussed in Item 1.01 above, effective on October 19, 2005, Mr. Mawdsley was appointed as the Company's new Chief Executive Officer, subject to the approval of the Bermuda Department of Immigration, and was also appointed to fill a vacancy on the Company's board of directors created by the recent resignation of John F. Burke, the Company's former President and Chief Executive Officer. Please see Item 1.01 above for a description of the terms of Mr. Mawdsley's letter agreement.

Mr. Mawdsley is 54 years old and prior to becoming the Chief Executive Officer of the Company on October 19, 2005, had been a Vice President of the Company and the Chief

Actuary of its Bermuda based operating subsidiary since January 2002. Mr. Mawdsley has over 30 years of experience in the life insurance and annuity industries, and held multiple positions with Allmerica Financial from 1973 through October 2001. Mr. Mawdsley's responsibilities at Allmerica included all actuarial aspects of individual insurance, and he focused on new individual product development and pricing. Mr. Mawdsley has been a Fellow of the Society of Actuaries since 1976, a Member of the American Academy of Actuaries since 1979, and a Chartered Life Underwriter since 1982.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

10.1 Employment Letter, dated October 19, 2005, by and among Annuity and Life Re (Holdings), Ltd. and William H. Mawdsley.

10.2 Employment Letter, dated October 19, 2005, by and among Annuity and Life Re (Holdings), Ltd. and John W. Lockwood.

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 hereunto duly authorized.

ANNUITY AND LIFE RE (HOLDINGS), LTD.

Date: October 20, 2005

By: /s/ John W. Lockwood

John W. Lockwood
Chief Financial Officer



Cumberland House
1 Victoria Street
Hamilton HM 11
P.O. Box HM 98
Hamilton HM AX
Bermuda
(441) 296-7667
fax (441) 296-7665

October 19, 2005
William H. Mawdsley, III
Long Bay Cottage
22 Sun Valley Road
Warwick WK02 Bermuda
Dear Bill:

As we have previously discussed, in accordance with the notice dated September 28, 2005 that was provided to you, Annuity and Life Re (Holdings), Ltd. (the "Company") and Annuity and Life Reassurance, Ltd. (the "Operating Subsidiary") will not be renewing your Employment Agreement dated January 2, 2002 ("Employment Agreement"). While the Company and the Operating Subsidiary are not in a position to renew your Employment Agreement, we would very much like you to continue working for the Company on the terms set forth in this letter. If you choose not to accept these terms, your employment will continue under the terms of your existing Employment Agreement until the expiration of its current term.

1. **Commencement.** The terms and conditions of this letter agreement will become effective on October 19, 2005, provided that you have returned a copy of this letter agreement signed by you to the Chairman of the Board of Directors of the Company (the "Board") prior to such date. Upon your written acceptance of this letter agreement, you acknowledge and agree that your Employment Agreement will be terminated as of October 19, 2005, and the Company and its subsidiaries will have no further obligations to you thereunder.

2. **Reporting and Duties.** You will be employed by the Company as its Chief Executive Officer, and you will serve as an officer of the Company's subsidiaries as may be designated by the Board from time to time. You will perform the duties and will have the authority consistent with those titles and as may otherwise be specified from time to time by the Board. You will report directly to Board. You will devote your full working time, energy, skill and best efforts to the performance of your duties, in a manner which will faithfully and diligently further the business and interests of the Company and its subsidiaries, and you shall not be employed by or participate or engage in or be a part of in any respect in the management or operation of any business enterprise other than the Company and its subsidiaries without the prior written consent of the Board.

3. **Salary.** As compensation for your services hereunder, the Company will pay to you a salary at an annual rate of \$250,000.

4. Bonus. As additional compensation and incentive for your services hereunder, you shall be eligible for bonus compensation at the discretion of the Board.

5. Employee Benefits. You shall continue to receive the same benefits as you are currently receiving from the Company.

6. Housing Allowance. The Company will pay you a \$10,000 per month housing allowance to cover the expense of housing in Bermuda in connection with the performance of your duties hereunder.

7. At-will Employment. Your employment relationship with the Company and its subsidiaries will be at-will. This means that at either your option or the Company's option, your employment may be terminated at any time and for any reason, with or without cause or notice.

8. Severance. If you are terminated by the Company at any time for any reason other than "Cause" (as defined below), you terminate your employment because of a reduction in your base salary or housing allowance that you did not agree to or you terminate your employment for any other reason within the period commencing 90 days and ending 180 days following the effective time of (a) the acquisition of all of the outstanding equity securities of the Company or (b) the merger of the Company with another entity, other than a direct or indirect wholly owned subsidiary of the Company, then, in each case, you shall receive a severance payment of \$620,000 plus reasonable relocation expenses from Bermuda to the United States, provided that, at that time, you execute and deliver an unconditional release of all claims, charges, complaints and grievances, whether known or unknown to you, against the Company or any of its affiliates, through the date of your termination of employment. If you are terminated at any time for Cause, you shall not be entitled to any severance payment. For purposes of this letter agreement, "Cause" shall include the following:

- fraud, theft or misappropriation or embezzlement of funds;
- willful violation of any express direction or any rule or regulation established by the Board;
- neglect of, or insubordination, incompetence or misconduct in the performance of, your duties hereunder;
- conduct contrary to the best interests of Company or its subsidiaries;
- use of alcohol or other drugs which interferes with the performance of your duties.

9. Confidential Information. You agree to keep secret and retain in the strictest confidence all confidential matters which relate to the Company or any affiliate of the Company, and not to disclose any such confidential matter to anyone outside the Company or any of its affiliates, whether during or after your period of service with the Company, except as may be required in the course of a legal or governmental proceeding. Upon request by the Company, you agree to deliver promptly to the Company upon termination of your services for the Company, or at any time thereafter as the Company may request, all Company or affiliate memoranda, notes, records, computer files and other documents (and all copies thereof) relating to the Company's or any affiliate's business and all property of the Company or any affiliate associated therewith, which you may then possess or have under your control.

10. Entire Agreement. This letter agreement contains the entire agreement between the Company and you with respect to the terms of your continued employment and supersedes all prior communications, agreements and understandings, whether written or oral, with respect thereto, including your Employment Agreement. No officer, director, employee or representative of the Company has made any representation, whether written or oral, to you with respect to your employment or the subject matter contained herein.

11. Governing Law. This letter agreement is made pursuant to, and shall be construed and enforced in accordance with, the laws of the State of New York and the federal laws of the United States of America, to the extent applicable, without giving effect to otherwise applicable principles of conflicts of law.

If the foregoing terms are acceptable to you, please execute this letter in the space provided below and return it to me as soon as possible.

Sincerely,

ANNUITY AND LIFE RE (HOLDINGS), LTD.

By: /s/ Martin Berkowitz

Martin Berkowitz
Chairman

The undersigned, intending to be legally bound hereby,
agrees to and accepts the terms hereof:

/s/ William H. Mawdsley, III

William H. Mawdsley, III



Cumberland House
1 Victoria Street
Hamilton HM 11
P.O. Box HM 98
Hamilton HM AX
Bermuda
(441) 296-7667
fax (441) 296-7665

October 19, 2005
John W. Lockwood
121 Huntington Drive
Vernon, CT 06066
Dear John:

As we have previously discussed, in accordance with the notice dated September 28, 2005 that was provided to you, Annuity and Life Re (Holdings), Ltd. (the "Company"), Annuity and Life Reassurance, Ltd., Annuity and Life Re America, Inc. and Annuity and Life Reassurance America, Inc. will not be renewing your Employment Agreement dated February 18, 2004 ("Employment Agreement"). While the Company and its subsidiaries are not in a position to renew your Employment Agreement, we would very much like you to continue working for the Company on the terms set forth in this letter. If you choose not to accept these terms, your employment will continue under the terms of your existing Employment Agreement until the expiration of its current term.

1. **Commencement.** The terms and conditions of this letter agreement will become effective on October 19, 2005, provided that you have returned a copy of this letter agreement signed by you to the Chairman of the Board of Directors of the Company (the "Board") prior to such date. Upon your written acceptance of this letter agreement, you acknowledge and agree that your Employment Agreement will be terminated as of October 19, 2005, and the Company and its subsidiaries will have no further obligations to you thereunder.

2. **Reporting and Duties.** You will be employed by the Company as its Chief Financial Officer, and you will serve as an officer of the Company's subsidiaries as may be designated by the Board from time to time. You will initially serve as President of Annuity and Life Re America, Inc. and Annuity and Life Reassurance America, Inc. You will perform the duties and will have the authority consistent with those titles and as may otherwise be specified from time to time by the Board. You will report directly to the Board and the Chief Executive Officer of the Company. You will devote your full working time, energy, skill and best efforts to the performance of your duties, in a manner which will faithfully and diligently further the business and interests of the Company and its subsidiaries, and you shall not be employed by or participate or engage in or be a part of in any respect in the management or operation of any business enterprise other than the Company and its subsidiaries without the prior written consent of the Board.

3. Salary. As compensation for your services hereunder, the Company will pay to you a salary at an annual rate of \$200,000.

4. Bonus. As additional compensation and incentive for your services hereunder, you shall be eligible for bonus compensation at the discretion of the Board.

5. Employee Benefits. You shall continue to receive the same benefits as you are currently receiving from the Company.

6. Housing Allowance. The Company will pay you a \$7,500 per month housing allowance to cover the expense of housing in Bermuda in connection with the performance of your duties hereunder.

7. At-will Employment. Your employment relationship with the Company and its subsidiaries will be at-will. This means that at either your option or the Company's option, your employment may be terminated at any time and for any reason, with or without cause or notice.

8. Severance. If you are terminated by the Company at any time for any reason other than "Cause" (as defined below), you terminate your employment because of a reduction in your base salary or housing allowance that you did not agree to or you terminate your employment for any other reason within the period commencing 90 days and ending 180 days following the effective time of (a) the acquisition of all of the outstanding equity securities of the Company or (b) the merger of the Company with another entity, other than a direct or indirect wholly owned subsidiary of the Company, then, in each case, you shall receive a severance payment of \$490,000, provided that, at that time, you execute and deliver an unconditional release of all claims, charges, complaints and grievances, whether known or unknown to you, against the Company or any of its affiliates, through the date of your termination of employment. If you are terminated at any time for Cause, you shall not be entitled to any severance payment. For purposes of this letter agreement, "Cause" shall include the following:

- fraud, theft or misappropriation or embezzlement of funds;
- willful violation of any express direction or any rule or regulation established by the Board or the Chief Executive Officer of the Company;
- neglect of, or insubordination, incompetence or misconduct in the performance of, your duties hereunder;
- conduct contrary to the best interests of Company or its subsidiaries;
- use of alcohol or other drugs which interferes with the performance of your duties.

9. Confidential Information. You agree to keep secret and retain in the strictest confidence all confidential matters which relate to the Company or any affiliate of the Company, and not to disclose any such confidential matter to anyone outside the Company or any of its affiliates, whether during or after your period of service with the Company, except as may be required in the course of a legal or governmental proceeding. Upon request by the Company, you agree to deliver promptly to the Company upon termination of your services for the Company, or at any time thereafter as the Company may request, all Company or affiliate memoranda, notes, records, computer files and other documents (and all copies thereof) relating

to the Company's or any affiliate's business and all property of the Company or any affiliate associated therewith, which you may then possess or have under your control.

10. Entire Agreement. This letter agreement contains the entire agreement between the Company and you with respect to the terms of your continued employment and supersedes all prior communications, agreements and understandings, whether written or oral, with respect thereto, including your Employment Agreement. No officer, director, employee or representative of the Company has made any representation, whether written or oral, to you with respect to your employment or the subject matter contained herein.

11. Governing Law. This letter agreement is made pursuant to, and shall be construed and enforced in accordance with, the laws of the State of Connecticut and the federal laws of the United States of America, to the extent applicable, without giving effect to otherwise applicable principles of conflicts of law.

If the foregoing terms are acceptable to you, please execute this letter in the space provided below and return it to me as soon as possible.

Sincerely,

ANNUITY AND LIFE RE (HOLDINGS), LTD.

By: /s/ Martin Berkowitz

Martin Berkowitz
Chairman

The undersigned, intending to be legally bound hereby,
agrees to and accepts the terms hereof:

/s/ John W. Lockwood

John W. Lockwood