

Bulletin:

Primus Guaranty Ltd. Rating Unaffected By Unrealized Mark-To-Market Losses

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NEW YORK (Standard & Poor's) May 7, 2008--Standard & Poor's Ratings Services said today that its 'BBB+' long-term counterparty credit rating on Primus Guaranty Ltd. (BBB+/Negative/--) will not be affected by Primus' announcement of further significant unrealized losses in its credit-default swaps (CDS) portfolio. At June 30, 2007, Primus Financial Products LLC's CDS portfolio had a net unrealized mark-to-market gain of \$13 million, which sequentially became \$1.2 billion in unrealized losses during the past three quarters of widening credit spreads. The unrealized losses do not have a cash effect on the holding company, which continues to maintain sufficient cash (\$75 million cash capital-on-hand) to meet our parent-company liquidity requirement. In first-quarter 2008, spreads continued to widen, allowing Primus to add incremental portfolio holdings whose premiums will contribute strong economic results in the next 60 or so quarters. Subsequent to quarter end, spreads narrowed, reducing mark-to-market losses and negatively affecting premiums on new business. Separately, a \$28 million fourth-quarter loss was due to \$41 million of provisions against the relatively small \$80 million CDS of the subprime asset-backed securities portfolio. No further credit mitigation costs were needed or recognized in the first quarter, which saw record results of \$22 million from the core business.

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