

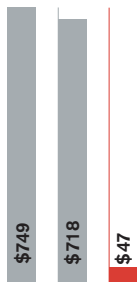


Patrick Thiele
President and Chief Executive Officer

2006
2007
2008



Operating Return on Beginning Common Shareholders' Equity



Net Income
(\$ millions)

To Our Shareholders:

The title of our 2007 Annual Report was "a successful year, a challenging future". Obviously, it was a bit more challenging than we had expected.

A Review of 2008

Our tests in 2008 revolved around the collapse of the world's capital markets and the impact of that on our asset portfolio. With over \$11 billion of cash and invested assets, we are exposed to investment risk in the credit and equity markets. Despite a horrendous market, we were able to achieve a small positive total return for the year on a local currency basis. This is an excellent result on a relative basis, but we fell short of our return goals on an absolute basis.

On the other hand, we had a year of good profitability in our reinsurance risk classes, generating a 12% operating return on beginning shareholder's equity, close to our long-term goal of 13%. We achieved that despite enduring the third worst catastrophe year on record and despite the fact that a number of our reinsurance lines had experienced declining prices for three years and several were negatively impacted by the turmoil in the capital markets. Specifically, we reserved for an anticipated increasing loss emergence in our D&O/E&O book and our credit and surety book.

In addition, our balance sheet was stable year over year, which is a significant achievement in a year like 2008. Invested assets and cash were up 1.3%, non-life loss reserves increased 4% to \$7.5 billion, and our common shareholders' equity was down only 3% to \$3.7 billion. While we are disappointed in any year that does

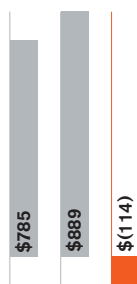
2006
2007
2008



Diluted Operating Earnings per Common Share



Operating Earnings Available to Common Shareholders
(\$ millions)



Comprehensive Income (Loss)
(\$ millions)

not result in a 10% growth in book value or economic value per share for our shareholders, we think that it was a credible performance in a difficult year.

We also recognize that the real test of a reinsurer's success is its performance over the longer term. Since 2002, we have grown our book value per share at an 11% compound rate and our economic value per share at 13%. Looking back at other major loss years within this time frame, the decreasing volatility of our book value also illustrates our success in achieving long-term stability. In 2001, after 9/11, our book value per share declined by 18% from the previous year; in 2005, as a result of the impact of Hurricanes Katrina, Rita and Wilma, it declined by 13%. When comparing those levels of decline with the 6% dip in 2008, it is clear that we have built resilience into our portfolio. Finally, within the same time frame, we increased our shareholder dividend every year to the 2009 rate of \$1.88 per share.

Risk Management

For a reinsurance company, well controlled risk is as important as adequate return. While 2008 was not a great year for PartnerRe from a return standpoint, I believe it was a stand-out year for our risk management systems.

We accept the fact that we are in a volatile business, with exposure to both insurance and capital markets risk. We cannot promise smooth results and ever-ascending book value. We do promise to pay meticulous attention to downside risk, and to manage our business in a balanced fashion so as to protect you from dramatic drops in shareholder wealth.

We do that by:

- eschewing excessive amounts of leverage
- pricing risk appropriately and consistently across the entire company – both in the reinsurance and capital markets
- valuing our long-tail liability exposures and our non-liquid invested assets prudently
- setting absolute exposure limits to the “killer” risks of casualty, catastrophe and equity/equity-like investments.

Most importantly, we have instilled a sense of responsibility in all our employees through a culture of trust and appropriately aligned compensation systems.

Our risk management framework and system were tested in 2008 and we responded well. In a climate of volatility, our structure, strategy, capacity and workforce remained stable and intact. Elsewhere in this report, we describe in more detail the key factors in our risk management approach that ensure balance and so help to create that stability.

2009 and Beyond

Looking forward, I am encouraged by several factors.

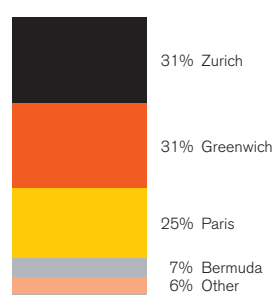
First, it seems likely that we will experience better markets in 2009 than we did last year. While growth in the reinsurance market will be hard to come by, I am hopeful that a better demand/supply balance will mean steady-to-rising prices, maintaining adequate levels of profitability. I also believe that



Diluted Book Value per Common and Common Share Equivalents



Dividends Declared and Paid per Common Share



Distribution of Employees
Total: 995

returns in capital market assets should improve as a result of the dramatic price declines in virtually all asset classes. PartnerRe has the financial strength as well as the technical and managerial skills to participate fully in both markets.

Second, I believe strongly that the reinsurance industry has improved its risk evaluation, valuation and management skills to the point that there has been a permanent shift upward in its risk/return profile, certainly relative to other financial businesses. I also believe that the pain and trauma that we are feeling in the capital markets will lead eventually to more stable, more enduring stock and credit markets, where risk is understood and valued properly. You can be assured that PartnerRe will be there, with its human and financial capital intact, to take well priced risks and provide adequate returns to our shareholders.

Thank You

PartnerRe continues to evolve as an organization, partly as a result of growth and partly due to natural retirements within our employee base. By the end of 2008, three of our most accomplished and respected people had decided that they wanted to more fully experience life outside of a reinsurance company and announced their retirement: Kurt Angst, John Davidson and Scott Moore.

All three built their operations virtually from scratch and managed them into profitable, mature businesses. Kurt Angst, Head of Specialty Lines, Global, and underwriter extraordinaire, played a critical role in building the four Global business units and our worldwide reinsurance system. John Davidson, Chief Economist, Capital Markets and chief investment officer since 2002, built our internal investment capability and brought virtually all of our invested assets under in-house management.

Scott Moore joined PartnerRe as a member of the Company's original executive team in 1993 and since that time has made a huge contribution to the successful growth and profitability of the whole PartnerRe organization, first as founding CFO and then as President and CEO of PartnerRe U.S. for 10 years. Scott has been a valuable member of the Group Executive Committee, providing guidance and counsel to me and my executive colleagues.

PartnerRe owes Kurt, John and Scott an enormous debt of gratitude for helping to make the Company what it is today. We wish them well and, while we have excellent replacements for them, we will miss them personally and professionally.

Finally, I wish to thank all our employees, who worked so hard and who made such good decisions in 2008. Without them, there would be no PartnerRe.

Patrick Thiele
President and Chief Executive Officer