

**Announcement: Moody's affirms PartnerRe's ratings; outlook changed to negative**

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**Global Credit Research - 24 May 2011**

New York, May 24, 2011 -- Moody's Investors Service has affirmed the debt ratings of PartnerRe Ltd. (NYSE: PRE, senior at (P)A2) and the insurance financial strength ratings of its principal operating subsidiaries (insurance financial strength at Aa3), with the outlook for the ratings changed to negative from stable. The change in the outlook status was prompted by the company's outsized 1Q2011 catastrophe losses relative to most of its peers and the fact that the company's large first quarter loss reduces the amount of capital available to cushion potential shock losses during the upcoming Atlantic hurricane season, which begins on June 1.

During 1Q2011, PartnerRe recorded \$1.07 billion in pre-tax, net catastrophe losses from events arising in Australia, New Zealand and Japan, which were the primary driver of the \$735 million operating loss attributable to common shareholders. The catastrophe losses equate to approximately 14.9% and 16.0% of 4Q2010 total shareholders' equity and common shareholders' equity, respectively. Moody's also notes that the 1Q2011 catastrophe losses are likely to exceed the company's run-rate annual catastrophe premiums earned for the year.

According to Moody's, PartnerRe's ratings reflect the company's strong franchise as a leading international property-casualty reinsurer, the group's leadership position in specialty reinsurance lines, its diversified book both by geography and by line of business, as well as its high quality investment portfolio and prudent reserving philosophy. These strengths are tempered by the group's significant gross lines risk retentions -- which can contribute to volatility in earnings, and by its higher than average underwriting risk profile, particularly in property-catastrophe reinsurance.

Moody's noted several factors that could lead to a downgrade of PartnerRe's ratings over the next 12 to 18 months: 1) adjusted financial leverage above 25%; 2) further meaningful deterioration in equity capital, whether from operating or investment losses or due to capital management actions; and 3) GAAP gross underwriting leverage meaningfully above 3.5x (2.8x at 1Q2011). Conversely, the rating agency stated that a significant recovery in equity capital that provides sufficient cushion for adverse developments, such as shock losses or poor investment returns, could lead to a return to a stable rating outlook.

The following ratings have been affirmed, with the outlook changed to negative from stable:

Partner Reinsurance Company Ltd. -- insurance financial strength at Aa3;

Partner Reinsurance Company of the US -- insurance financial strength at Aa3;

PartnerRe Ltd. -- provisional senior debt at (P)A2, provisional subordinated debt at (P)A3, preferred stock at Baa1(hyb), and provisional preferred stock at (P)Baa1(hyb).

PartnerRe Finance II Inc. -- provisional senior debt at (P)A2, provisional subordinated debt at (P)A3, junior subordinated debt at A3(hyb), provisional junior subordinated debt at (P)A3;

PartnerRe Finance A LLC -- guaranteed senior debt at A2; provisional senior debt at (P)A2, provisional subordinated debt at (P)A3 and provisional junior subordinated debt at (P)A3;

PartnerRe Finance B LLC -- guaranteed senior debt at A2, provisional senior debt at (P)A2, provisional subordinated debt at (P)A3 and provisional junior subordinated debt at (P)A3;

PartnerRe Finance C LLC -- provisional senior debt at (P)A2, provisional subordinated debt at (P)A3 and provisional junior subordinated debt at (P)A3; and

PartnerRe Capital Trusts II and III -- provisional preferred securities at (P)A3.

Please see ratings tab on the issuer/entity page on Moodys.com for the last rating action and the rating history.

PartnerRe Ltd., based in Bermuda, is engaged through its subsidiaries in underwriting multi-line reinsurance on a worldwide basis. For the three months ended March 31, 2011, PartnerRe Ltd. reported gross premiums written of \$1.56 billion and a net loss attributable to common shareholders of \$816 million. As of March 31, 2011, the company reported consolidated assets of \$23.9 billion and total shareholders' equity of approximately \$6.2 billion.

The principal methodology used in rating PartnerRe was Moody's Global Rating Methodology for Reinsurers, published in July 2008 and available on [www.moodys.com](http://www.moodys.com) in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

Moody's insurance financial strength ratings are opinions of the ability of insurance companies to pay punctually senior policyholder claims and obligations. For more information, please visit [www.moodys.com/insurance](http://www.moodys.com/insurance).

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