

Announcement: [PartnerRe Ltd.](#)

Moody's affirms Aa3 PartnerRe rating following Paris Re acquisition announcement; outlook is stable

New York, July 06, 2009 -- Moody's Investors Service has affirmed the Aa3 insurance financial strength rating of Partner Reinsurance Company Ltd and the Baa1 rating on preferred stock of its parent PartnerRe Ltd. ("collectively, PartnerRe") following the company's announcement today of a definitive agreement to acquire Paris Re Holdings Limited ("Paris Re") in an all stock deal. The outlook for the ratings is stable.

According to Moody's, the prospective business combination should further enhance PartnerRe's franchise and market position within the global reinsurance market and would expand the group's total capital base to approximately \$6.5 billion. Moody's added that the stock-for-stock transaction will help to reduce PartnerRe's consolidated financial leverage profile, as Paris Re's capital structure consists entirely of common equity, as well as improve fixed charge coverage ratios. Additionally, Moody's views the transaction as providing additional product and geographic diversification to PartnerRe's already well-diversified insured portfolio. Importantly, reserve risk at Paris Re is substantially mitigated by an adverse development cover on all pre-2006 reserves from its former owner, Axa. However, Moody's does note that the catastrophe exposure profile of the combined firm on a pro-forma basis is near the limit of PartnerRe's internal risk guidelines and is relatively high for a double-A rated company (assuming no risk diversification and no adjustment to the combined catastrophe exposure). Additionally, there is likely to be some risk associated with the integration of Paris Re over the next 12-18 months.

PartnerRe's ratings reflect the company's leadership position in specialty reinsurance lines, as well as its diversified risk portfolio by both geography and line of business and its strong presence and franchise in North America, Europe and Bermuda. Beyond the portfolio diversification benefits, the breadth of its business provides PartnerRe with the ability to identify and adapt to changes rapidly in the marketplace. Other strengths include its high quality investment portfolio and prudent reserving philosophy. These strengths are tempered by the group's significant gross lines risk retentions, which could lead to capital pressures and by the inherent volatility of property-catastrophe reinsurance. Moody's notes that while PartnerRe's relatively high adjusted financial leverage has been a concern, the addition of approximately \$1.7 billion of equity to the balance sheet through this acquisition will significantly improve financial leverage and coverage ratios.

The following ratings were affirmed with a stable outlook:

PartnerRe Ltd. - preferred stock at Baa1, provisional rating on senior unsecured debt at (P)A2, provisional rating on subordinated debt at (P)A3, and provisional rating on preferred stock at (P)Baa1;

PartnerRe Capital Trusts II and III -- provisional rating for capital securities at (P)A3;

PartnerRe Finance II, Inc. -- junior subordinated capital securities at A3, provisional rating on senior debt at (P)A2, provisional rating on subordinated debt at (P)A3, and provisional rating on junior subordinated debt at (P)A3;

PartnerRe Finance A LLC -- guaranteed senior notes at A2, and provisional rating on senior debt at (P)A2;

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

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

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, 2009, PartnerRe Ltd. reported GAAP net income available to common shareholders of \$133 million and a non-life combined ratio of 87.0%. As of March 31, 2009, shareholders' equity was approximately \$4.3 billion.

The last rating action on PartnerRe occurred on May 22, 2008, when Moody's assigned an A2 rating to a \$250 million issuance of guaranteed senior notes by PartnerRe Finance A LLC.

The principal methodology used in rating PartnerRe was Moody's Global Rating Methodology for Reinsurers, updated July 2008, which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered

in the process of rating the company can also be found in the Credit Policy & Methodologies directory.

For more information, please visit our website at www.moodys.com/insurance.

New York
James Eck
Vice President - Senior Analyst
Financial Institutions Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
Ted Collins
Managing Director
Financial Institutions Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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