Patterson Anna
Form 4
June 21, 2018

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Patterson Anna

(Last) (First) (Middle)

1455 MARKET STREET, SUITE 600

(Street)

SAN FRANCISCO, CA 94103

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Square, Inc. [SQ]

3. Date of Earliest Transaction (Month/Day/Year)
06/19/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director
_____ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Common Stock	06/19/2018		A		3,790 (1)	A	$ 0	8,359	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Patterson Anna 1455 MARKET STREET SUITE 600 SAN FRANCISCO, CA 94103	X			

Signatures

/s/ Jason Gao, Attorney-in-Fact	06/21/2018
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Represents an automatic annual restricted stock unit (RSU) award issued pursuant to the Issuer's Outside Director Compensation Policy. Each RSU represents a contingent right to receive one share of Issuer's Class A Common Stock upon settlement. 100% of the RSUs vest on the earlier of June 19, 2019, or the Issuer's next annual meeting of stockholders.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. "BORDER-BOTTOM: #000000 2px solid"> 4.5

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(1) As if asset of the FWA were held directly.

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b) The 2007 yield from invested assets was calculated as follows:

US $ thousand

	12 month period ended December 31, 2007 (1) Excluding FWA		12 month period ended December 31, 2007 (2) Including FWA	
	Yield	Amount	Yield	Amount
Bonds and Short term investment available for sale				
Investment revenues (3)	4.16%	71,021	4.34%	178,073
Realized capital gains	0.10%	2,009	0.09%	4,177
Total revenues from bonds and Short term investment available for sale	4.26%	73,030	4.44%	182,250
BONDS AND SHORT TERM INVESTMENTS AVAILABLE FOR SALE (AVERAGE VALUE) A		1,712,975		4,109,339
Equities				
Investment revenues	2.05%	599	3.04%	3,810
Realized capital gains	13.44%	3,931	8.83%	11,084
Total revenues from equities	15.49%	4,530	11.87%	14,894
EQUITIES (AVERAGE VALUE) B		29,245		125,458
Cash and cash equivalent				
Investment revenues	4.91%	15,101	4.57%	40,958
Realized capital gains	0.37%	1,152	0.13%	1,152
Total revenues from cash and cash equivalent	5.28%	16,253	4.69%	42,110
CASH AND CASH EQUIVALENT (Average Value) C		307,824		896,942
Total revenues	4.58%	93,813	4.66%	239,254
Total AVERAGE VALUE D = A + B + C		2,050,044		5,131,739

(1) Excluding revenue from “Funds Withheld Assets” equal to US $147.5 million,

(2) Including revenue from “Funds Withheld Assets” as if asset were held directly.

(3) Yields from bond investments and other assets available for sale are calculated in consideration of annualized return relating to the reallocation of short-term assets in a bond portfolio that is directly held and which was acquired in the last quarter of 2007.

c) The 2006 yield from invested assets was calculated as follows:

US $ thousand

	Period from incorporation to December 31, 2006 (1) Excluding FWA		Period from incorporation to December 31, 2006 (2) Including FWA	
	Yield	Amount	Yield	Amount
Bonds				
Investment revenues	3.24%	7,191	4.18%	45,518
Realized capital gains	0.50%	1,108	0.44%	2,390
Total revenues from bonds	3.74%	8,299	4.39%	47,908
BONDS (AVERAGE VALUE)		221,789		1,090,164
Equities				
Investment revenues	7.99%	393	2.37%	4,700
Realized capital gains	(7.34%)	(361)	23.12%	45,775
Total revenues from equities	0.65%	32	25.50%	50,476
EQUITIES (AVERAGE VALUE)		4,918		197,949
Total revenues Bonds + Equities	3.67%	8,331	7.64%	98,384
BONDS + EQUITIES (AVERAGE VALUE)		226,706		1,288,113

(1) Excluding revenue from “Funds Withheld Asset” for US $129.5 million.
(2) Revenue from Fund Withheld Asset split line by line as if asset were held directly.

Note 19. Expenses

US $ thousand

	12 month period ended December 31, 2008	12 month period ended December 31, 2007	Period from incorporation to December 31, 2006
General expenses by purpose			
Claims expenses	(10,594)	(14,752)	(8,454)
Acquisition costs	(62,387)	(57,970)	(46,362)
Administration costs	(61,284)	(60,139)	(39,091)
Investment management costs	(2,838)	(5,450)	(3,120)
Others	(17,642)	(1,156)	(28)
TOTAL GENERAL EXPENSES BY PURPOSE	(154,745)	(139,468)	(97,055)
General expenses by nature			
Personnel expenses - without RSU / SO	(74,549)	(58,136)	(20,952)
RSU / SO (1)	(32,789)	(27,087)	(19,182)
Set up Fees and others extraordinary expenses (2)	(2,077)	(6,539)	(31,170)
Others expenses	(45,330)	(47,706)	(25,751)
	(154,745)	(139,468)	(97,055)

TOTAL GENERAL EXPENSES BY NATURE

(1) For December 31, 2008, the RSU and stock options amount includes:
- the delivery of shares as at December 29, 2008 for US $(49,938) thousand,
- the reversal of provision related to the delivery for US $37,713 thousand,
- the variation of the year for US $(20,564) thousand.

(2) Set-up fees and other extraordinary expenses in 2007 include:
- IPO fees in the amount of US $0.9 million,
- Fees in connection with the re domiciliation in Switzerland for an amount of US $1.7 million,
- Stamp tax (Switzerland) in the amount of US $4.0 million.

19.1 Personnel and personnel expenses

In number of employees

	12 month period ended December 31, 2008	12 month period ended December 31, 2007	Period from incorporation to December 31, 2006
Top executives	23	24	24
Executives	233	208	197
Employees	133	135	122
Average permanent staff (1)	389	367	343
Permanent staff at closing date	396	382	347
Personnel expenses - without RSU / SO	(74,549)	(58,136)	(20,952)
RSU / SO	(32,789)	(27,087)	(19,182)
Total Personnel expenses	(107,338)	(85,223)	(40,134)

(1) Full-time equivalent staff count.

19.2 Management remuneration

a) 2007 and 2008 Management remuneration

Board of Directors Remuneration

December 31, 2008 US $ Gross amounts	Function	Board fees 2008 (3)	Board fees 2007 (3)	RSU(1) (2) 2008	RSU(1) (2) 2007
James CAREY	Chairman of the Board of Directors	85,000	0(4)	30,061	25,862
Hans-Peter GERHARDT	Director and CEO	-	-	-	-
Anthony Philip HOPE	Director	97,000	48,151	30,061	25,862
Robert HURST	Director	91,000	0(4)	30,061	25,862
Bjorn JANSLI	Director	74,000	-	30,061	25,862
Edward J KELLY III	Director	-	27,877	-	25,862
Jean LANIER	Director	77,000	33,579	30,061	25,862
Alban de MAILLY NESLE	Director	86,000	25,976	30,061	25,862
Roberto MENDOZA	Director	98,000	27,877	30,061	25,862
Brian MODESITT	Director	104,000	0(4)	30,061	25,862
David R. TUNNELL	Director	88,000	0(4)	30,061	25,862
John T. SINNOTT	Director	33,600	-	30,061	-
Nicolas ZERBIB	Director	116,000	0(4)	30,061	25,862

(1) Market value (Closing market price of the day of the award).

(2) RSU granted within the Equity Incentive Plan for Non Employee Directors.

(3) First half Board fees were paid during the second half. Second half board fees were paid during the first half of the following year.

(4) Directors who are also employees of investment firms that are shareholders were entitled to fees after the IPO. Such fees were paid in April 2008.

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Management Board Remuneration

December 31, 2008 US $ (unless otherwise noted)		Hans-Peter GERHARDT (Director and CEO)				Other members
Gross amounts		CHF	EUR	US $	SGD	US $
Fixed compensation	2007	1,120,000				1,317,222
	2008	1,120,000				1,450,423
Variable compensation	2007		1,300,000	851,702		986,211(1)
	2008		1,500,000			938,315(1)
Special Bonuses	2007		1,500,000(2)	7,245,129(3)		2,484,886(4)
	2008		0	0		0
Advantages in kind and other	2007	160,000(5)	23,931(5)			472,844(6)
	2008	195,077(4)				174,999(6)
Board fees	2007			7,383		15,677
	2008				12,000	17,029
RSU (7)	2007	0	0	6,013,062		7,238,569
	2008			7,500,148		9,034,181
SO (7)	2007	0	0	1,046,616		1,259,924
	2008	0	0	1,138,959		1,371,088

(1) 2007 variable compensation was calculated according to AXA principles: in part on the basis of AXA Group results, in another part on the basis of COLISEE RE results and in another part on the basis of individual performance. 2008 variable compensation is calculated according to PARIS RE principles: in part on the basis of PARIS RE Group results and in another part on the basis of individual performance.

(2) Sign on bonus.

(3) Long Term Investment Plan (LTIP). The rights acquired by Mr. Gerhardt under the LTIP on December 31, 2005 amounted to the sum of US $7,245,129. This amount was received by the Company as part of the Transfer and was paid to Mr. Gerhardt during the first quarter of 2007. Of the sums received, Mr. Gerhardt reinvested US $5,000,000 in shares of the Company acquired at a price of US $100 per share.

(4) Special bonuses included notably the final payment on a Long Term Investment Plan (LTIP) put in place before the RSU/Stock-options plan and a transaction bonus relating to the acquisition of the business of COLISEE RE by the Group that was paid by PARIS RE (France) and re-invoiced to AXA group.

(5) Housing, school allowance, health insurance, business car and moving expense.

(6) Include advantages in kind (business car, an allowance for disability and death and medical allowance), expatriation bonuses, special retirement plan and school allowance (in favour of one member of the Management Board). The variation between 2007 and 2008 amounts is explained in particular by the decrease of the expatriation bonuses and by the decrease of disability, death and health contributions (absence of special bonuses in 2008).

(7) Market value (Closing market price of the day of the award). RSU granted within the RSU and stock option Plan.

b) 2006 Management remuneration

- Short-term employee benefits: remuneration due to members of the Management Board in respect of 2006, including fixed salary, bonuses, directors' fees and benefits in kind totaled US $8.6 million.

- Long-term employee benefits: amounts provisioned and recognized by PARIS RE and its subsidiaries for the payment of pensions or retirement benefits to its members of the Management Board totaled US $0.4 million.

- Equity compensation benefits: the expense booked in 2006 relating to share-based remuneration granted to Management Board members was US $6.4 million.

Note 20. Income tax

2008, 2007 and 2006 Income tax

US $ thousand

	12 month period ended December 31, 2008	12 month period ended December 31, 2007	Period from incorporation to December 31, 2006
Swiss income tax	(6,030)	(11,840)	0
Current	(5,543)	(12,088)	0
Deferred	(487)	248	0
Non Swiss income tax	3,429	10,803	0
Current	(784)	(36,477)	(72,975)
Deferred	4,213	47,280	15,151
TOTAL INCOME TAX	(2,601)	(1,037)	(57,825)

income tax by country

a) 2008 Income tax by country

US $ thousand December 31, 2008	France	Switzerland	Bermuda	Others	12 month period ended TOTAL
Net result after tax	(23,221)	(10,061)	13,051	(13,973)	(34,205)
Net result before tax	(26,180)	(4,031)	13,051	(14,444)	(31,604)
Tax and deferred taxes	2,958	(6,030)	-	470	(2,601)
Calculated tax rate	11.30%	-149.57%	0.00%	3.26%	-8.23%
Impact of permanent differences	6,054	1,034	-	(733)	6,355
Tax losses not activated (1)	-	4,740	-	4,739	9,479
Tax rate adjustment and other	-	646	-	(368)	278
Total adjusted tax	9,012	390	-	4,108	13,511
Adjusted tax rate	34.4%	9.7%	0.00%	28.4%	42.8%

(1) Deferred taxes not activated on tax losses coming from holding companies of the Group.

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b) 2007 Income tax by country

US $ thousand December 31, 2007	France	Switzerland	Bermuda	Others	12 month period ended TOTAL
Net result after tax	(40,819)	119,924	40,897	(32,964)	87,038
Net result before tax	(54,727)	131,764	40,897	(29,858)	88,075
Tax and deferred taxes	13,909	(11,840)	-	(3,106)	(1,037)
Calculated tax rate	25.41%	8.99%	0.00%	10.40%	1.18%
Impact of permanent differences	5,954	-	-	5,645	11,599
Consolidated accounting entries with no tax entries	(1,027)	(2,186)	-	1,373	(1,840)
Utilization of tax losses (1)	-	2,698	-	-	2,698
Total adjusted tax	18,836	(11,328)	-	3,912	11,420
Adjusted tax rate	34.42%	8.60%	0.00%	13.10%	13.0%

(1) Deferred taxes not activated on tax losses coming from holding companies of the Group.

c) 2006 Income tax by country

US $ thousand December 31, 2006	France	Others	Period from incorporation to December 31, 2006 TOTAL
Net result after tax	352,221	84,792	437,013
Net result before tax	402,363	92,475	494,837
Tax and deferred taxes	(50,142)	(7,683)	(57,825)
Calculated tax rate	12.46%	8.3%	11.69%
Impact of permanent differences	3,222	-	3,222
Consolidated accounting entries with no tax entries	(88,328)	(24,870)	(113,198)
Utilization of tax losses	-	-	-
Others	(3,286)	2,637	(649)
Total adjusted tax	(138,533)	(29,916)	(168,450)
Adjusted tax rate	34.43%	32.35%	34.0%

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Note 21. Off-balance sheet commitments

2007 and 2008 Off-balance sheet commitments

US $ thousand

	December 31, 2008		December 31, 2007	
	GIVEN	RECEIVED	GIVEN	RECEIVED
Financing commitments (1)	-	246,886	-	146,394
Pledged assets (2)	13,641	881	13,930	883
Investments pledged	-	-	-	-
Real collateral (received)			-	-
Letters of credit (3)	111,343	194	15,046	-
Foreign currency term operations (4)	77,319	83,757	72,461	65,268
Other derivatives	-	-	-	-
Commitments linked with assets / capital contribution	-	-	-	-
Other off-balance sheet commitments	0	-	1,211	-
Total off balance sheet commitments	202,301	331,717	102,648	212,545

(1) Financing commitments related to an unused credit facility,

(2) Guaranteed assets relate to guarantees given to financial institution and cedants,

(3) Mainly include letters of credit provided the Group to cedants,

(4) Exchange rate future transactions include off balance sheet commitments (PARIS RE Group) relating to foreign exchange coverage. The net impact of US $6.4 million is shown in Note 13.

Note 22. 2006 to 2008 Related-party transactions

From 2006 to 2008, the PARIS RE Group has unexpired commitments with affiliated parties that were significant for PARIS RE or for one of the affiliated parties as regards their total amount or exceptional as regards their type or their terms and conditions.

22.1 AXA

In connection with the Acquisition, PARIS RE and certain of its affiliates entered into contractual arrangements with COLISEE RE and certain of its affiliates including the Acquisition Agreements described in Note 1.3. In addition the following arrangements were established in connection with the Acquisition:

22.1.1 Run-Off Services and Management Agreeent

The reserve guarantee provided by AXA is conditioned, among other things, on the guaranteed business, including all related ceded reinsurance, being managed by AXA LM. The rights and obligations of AXA LM with respect to the management of this business are set forth in a run-off services and management agreement among AXA LM, COLISEE RE and PARIS RE (France) (which is referred to herein as the “Run-Off Services and Management Agreement”). Under the Run-Off Services and Management Agreement PARIS RE Group has agreed that AXA LM will manage claims arising from all reinsurance and retrocession contracts subject to the Reserve Agreement, either directly or, for contracts that were issued by certain COLISEE RE entities identified in the agreement, by delegation to certain other specified entities, including PARIS RE (France). This includes contract administration, the administration of ceded reinsurance, claims handling, settlements and business commutations. Although PARIS RE Group has certain consultation rights in connection with the management of the run-off of the contracts subject to the Reserve Agreement, AXA LM does not need to obtain the PARIS RE group prior consent in connection with claims handling and settlements, and no consent is required for business commutations of case reserves not exceeding EUR 100 million in any twelve month period.

22.1.2 Transition Services Agreement and Ongoing Service Agreements with AXA and its Affiliates

Pursuant to the Stock Purchase Agreement, we, COLISÉE RE and PARIS RE (France) entered into a transition services agreement. Under this agreement certain services, not covered in the Run-Off Services and Management Agreement or in the Claims Management and Services Agreement, were to be provided by COLISEE RE and its affiliates to PARIS RE (France) and its affiliates until March 31, 2008, and certain services were to be provided by PARIS RE (France) and its affiliates to COLISEE RE and its affiliates until December 21, 2008. Such services include the provision of information technology services and investment advice services. The purpose of the agreement was to give the parties sufficient time to set up new relationships with third party service providers in respect of services that were provided within the AXA group prior to our acquisition of PARIS RE (France).

In connection with the Acquisition, PARIS RE Group has entered into several ongoing service agreements with affiliates of AXA, including an agreement with AXA Tech for technical services. In addition, we have entered into investment management agreements with affiliates of AXA.

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22.1.3 Joint Advisory Committee

In order to monitor the performance of the Acquisition Agreements by PARIS RE (France) and its affiliates, and COLISÉE RE and its affiliates, a joint advisory committee was established pursuant to the Acquisition Agreements. This joint advisory committee consists of six members, three of which are senior representatives of COLISEE RE and AXA LM, and three of which are senior representatives of the Company and PARIS RE (France). The Acquisition Agreements provide for regular meetings of the joint advisory committee on a quarterly basis and for the right by the Company, PARIS RE (France), COLISEE RE and AXA LM to call extraordinary meetings of the joint advisory committee. This joint advisory committee will remain in place for the term of the Acquisition Agreements, unless otherwise agreed by the parties.

22.1.4 Employment Matters

Certain employees of COLISEE RE were not included in the Transfer and instead were transferred to AXA LM to enable AXA LM to fulfill its obligations pursuant to the Acquisition Agreements, including with respect to the Reserve Agreement and the Run-Off Services and Management Agreement.

PARIS RE and COLISEE RE have agreed that, for a two-year period after the Closing Date, and without the prior written consent of the other party:

- COLISEE RE and its affiliates shall not employ any of the employees that were included in the Transfer; and

- the Company and our affiliates shall not employ any of AXA LM's employees except for any person who has not been employed by AXA LM or its affiliates for a period of at least 60 days.

22.1.5 Lease Agreements

On the Closing Date, PARIS RE (France) and COLISEE RE entered into two nine-year commercial lease agreements, pursuant to which PARIS RE (France) is currently renting from COLISEE RE approximately 6,496 square meters of office space located at 39 rue du Colisée and 40/42 rue du Colisée in Paris, France. The annual base rent pursuant to these two agreements is approximately EUR 2.5 million for the first three years and approximately EUR 3.6 million for the rest of the term of the leases. This office space serves as the Paris office of PARIS RE (France).

22.2 Stone Point

Management advisory agreement

The Company entered into a management advisory agreement with Stone Point on April 6, 2006. The term of this agreement, which is governed by the laws of the State of New York, is April 6, 2011.

The services to be provided by Stone Point are of advisory nature and include advice relating to:

- organization of the Company and its subsidiaries including the preparation of organizational documents and corporate and insurance regulatory filings and approvals;
- establishing and maintaining banking, consulting, advising and other business relationships for the Company and its subsidiaries;
- developing an initial business plan of the Company;
- developing and implementing corporate and business strategy and planning for the Company and its subsidiaries, including plans and programs for improving operating, marketing and financial performance, budgeting of future corporate investments, and business acquisition and divestiture strategies;
- sourcing senior employees of the Company and its subsidiaries and negotiating employment terms;
- providing individuals to serve as directors or officers of the Company and its subsidiaries;
- business and asset valuation and acquisition related advisory services; and
- structuring of various administrative and other arrangements for the Company and its subsidiaries.

Pursuant to this agreement, the Company (i) paid to Stone Point in January 2007 a management advisory fee of US $15,000,000 in respect of services performed during 2006, and (ii) is obligated to pay to Stone Point US $1,000,000 each year for a five-year period, commencing on the first anniversary of April 6, 2006 in respect of services to be performed during the remainder of the term.

In addition to the aforementioned compensation, the Company agreed to pay or reimburse Stone Point for all reimbursable expenses, which consist of all reasonable disbursement and out-of-pocket expenses incurred by Stone Point or its affiliates for the account of the Company or in connection with the performance by Stone Point of the services contemplated by the agreement.

The Company must indemnify and hold harmless each of Stone Point, its affiliates and shareholders, and their respective Directors, officers, controlling persons from and against any and all claims, liabilities, losses, damages and expenses incurred by them that (A) are related to or arise out of actions taken or omitted to be taken by (i) the Company or (ii) by any of the aforementioned persons with the Company's consent or in conformity with the Company's instructions, actions or omissions, or (B) are otherwise related to or arise out of Stone Point's engagement.

22.3 Trident III L.P. and Trident Professionals Fund L.P.

Trident warrant subscription agreements

On November 8, 2006 and December 6, 2006, the Company and each of Trident and the Trident III Professionals Fund, L.P. entered into warrant subscription agreements.

22.4 Directors and CEO

22.4.1 Hans Peter Gerhardt (Director and CEO)

Mr. Gerhardt benefits from an employment contract related to his function of Chief Executive Officer of the Company.

Upon certain terminations of his employment, Mr. Gerhardt may receive an indemnity from the Company corresponding to twice his base salary prior to the termination, a portion of the bonus of the termination year pro rated for the number of days actually worked during such year and EUR 1,500,000. Under certain conditions, he may also upon the termination of his employment continue to receive his health benefits for a one-year period at the Company's expense.

Stock options and RSUs granted to Mr. Gerhardt at the effectiveness of his employment contract vest or are exercisable, as the case may be, under the following circumstances and in accordance with the following schedule: (i) if Mr. Gerhardt's employment contract is terminated without cause or if Mr. Gerhardt terminates his employment contract for cause (including as a result of a material diminution of his duties or responsibilities or status as an officer of the Company, a loss of his title as Chief Executive Officer of the Company, a merger or sale of the Company or a breach by the Company of any material provision of his employment contract), the stock options and RSUs will vest or will be exercisable, as the case may be, pro rata based on the portion of the applicable vesting period elapsed on the date of termination, rounded to the next succeeding full year; (ii) if Mr. Gerhardt is terminated by the Company as a result of any matter relating to Mr. Gerhardt's employment prior to his employment with COLISEE RE or the Company, the stock options and RSUs will vest or will be exercisable, as the case may be, pro rata based on the number of months in the applicable vesting period elapsed on the date of termination; and (iii) if Mr. Gerhardt is terminated by the Company (or if he loses his office as Chief Executive Officer of the Company) upon the closing of a merger or sale of the Company, all non-vested or unexercised stock options or RSUs will vest or will be exercisable, as the case may be, immediately and, in the case of (i) through (iii) above, the mandatory holding provisions for such stock options and RSUs will be waived.

He may receive under certain conditions pension payments up to an amount of EUR 250,000 per year starting on June 2015 until death. Such maximum pension payment is allocable to Mr. Gerhardt in an amount up to EUR 50,000 per year of beginning 2007 and in the case of Mr. Gerhardt's early death, half of the pension payments to be allocated will be paid his spouse until her own death or until the twentieth anniversary of Mr. Gerhardt's death.

Mr. Gerhardt entered into a non-compete provision with the Company ending on the twelve month anniversary of the date of termination of his employment and a non solicitation provision ending on the twenty-four month anniversary of the date of termination of his employment. No compensation is payable by the Company in respect of such non-compete and non solicitation provisions.

22.4.2 Other directors

As of December, 31 2006, 2007, 2008, no director has entered into a services agreement with the Group which includes specific benefits.

The Group has not entered into any pension or similar agreements with any director, except with Mr. Gerhardt.

Note 23. Net earnings per share

The Company computes net earnings per share and fully diluted net earnings per share as follows:

- The net earnings per share is calculated on the basis of the average number of shares weighted during the period. This calculation does not take into account RSU, stock options and warrants.

- The fully diluted net earnings per share is calculated on the basis of the diluted shares outstanding, including stock options, restricted stock units and warrants. The impact of the stock options and warrants on the total number of diluted shares is based on the "in the money" value of these instruments based on PARIS RE's common stock price.

US $ thousand

		12 month period ended December 31, 2008	12 month period ended December 31, 2007	Period from incorporation to December 31, 2006
Group net income				
Group net income	A	(34,205)	87,038	437,013
Group net income restated to include the impact of dilutive financial instruments	B	(34,205)	87,038	437,013
Equity shares (in thousands of units)				
Equity shares (ordinary) weighted at opening		85,557	81,662	0
Equity shares (ordinary) weighted at closing	C	82,703	83,500	2,326
Instruments potentially dilutive				
- Restricted Stock Units		209	1,904	-
- Stock options		-	42	-
- Warrants		1,065	1,254	-
Equity shares (ordinary) weighted after impact of the instruments potentially dilutive	D	83,977	86,700	2,326
Net earning per share (in US dollars)				
Net earning per share	= A/C	(0.41)	1.04	187.88
Net earning per share diluted	= B/D	(0.41)	1.00	187.88

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Explanation of Responses:

Note 24. IFRS Risk disclosures

This note details PARIS RE risks according to IFRS requirements, in particular IFRS 7.

24.1 General framework

Protecting against risk is at the core of the activity and services the company provides as a reinsurer. Therefore, risk culture and management is embedded internally at all levels of the PARIS RE Group. In this area, the main features of the risk management system primarily include corporate governance, a custom designed control structure, sophisticated tools and internal models. Additionally, the regulatory environment in which the company operates sets a global framework that directly influences the structuring of all components.

The company has implemented an internal control system which has been designed for the preparation of the consolidated financial statements of the company according to the instructions of the Board of Directors.

24.1.1 Corporate governance

With respect to risk management and as soon as the company was formed, the Board of Directors decided to establish three committees to assist the Board in carrying out its missions of control and supervision.

The principal mission of the Underwriting & Risk Management Committee is to review PARIS RE’s technical risk management processes and procedures. The committee also monitors and controls global underwriting policies and policies governing reinsurance coverage, the delegation of underwriting authority as well as aggregate risk exposure by line of business and by geographic area.

In the same manner, the Finance & Investment Committee assesses financial risk notably by controlling investment policy, asset-liability management and the asset manager selection process.

Lastly, the Audit Committee oversees the integrity of the company's financial statements and their compliance with legal and regulatory requirements. It also supervises the company’s internal and external auditing and control activities.

In 2007 the company created a Group Risk Committee in charge of consolidating and directing the management of all forms of risk inherent in the company’s activity as well as in the organization. Permanent members of the committee include the Chief Underwriting Officer, the Chief Financial Officer and the Chief Risk Officer who presently conducts all committee meetings, all three being permanent members. Additional participants occasionally attend depending on the items of business being addressed. Over and above the general aim of fostering a risk management culture within PARIS RE, the primary mission of this committee, based on its use of a structured reporting system, is to establish quantitative criteria for the assessment of risks to which the company is exposed at all levels and to set tolerance limits for each of these risks. By providing a forum for debate between the different operational units obliged to comply with regulations that vary from one country to the next, the Group Risk Committee builds on experience and furthers knowledge of best practices for controlling hazards and risks.

24.1.2 Control organization

PARIS RE has adopted an operational structure based on a two-level control system.

In keeping with common practice, the first control level is exerted by the operational management teams, who are persons responsible for determining the procedures, controls and supervisory measures required to manage, secure and perform their operations efficiently.

The second level of control is exerted by the Division of Enterprise Risk Management and Internal Auditing. This division, whose operational focus embraces all aspects of risk management, comprises a team of eight specialists and is headed by the Chief Risk Officer, who reports directly to the Audit Committee of the PARIS RE Board of Directors.

The role of the division consists of initiating risk management awareness programs and implementing methodologies and tools that enable the company to identify, measure and consolidate the risks to which it is exposed and the measures required to mitigate them.

Additionally, the team works in cooperation with the different entities proposing assistance in the implementation and improvement of internal control-related processes. It also comprises internal auditors whose conclusions and recommendations from their auditing assignments provide the groundwork for action plans aimed at directly improving security or at enhancing the efficiency of operations.

24.1.3 Internal tools and models

PARIS RE continually enhances the methodologies and tools used to quantify and monitor its exposure to risk, especially from a technical perspective.

The tools used to rate and control aggregate risk exposures by line of business and by geographic area are systematically reviewed and upgraded to ensure that they consistently meet the technical requirements of the environment in which the company conducts its business. Regardless of whether they are designed and delivered by external software providers, such as Risk Management Services (RMS) and Applied Insurance Research (AIR), or developed internally, the progressive and prolific use of these tools has enabled the company to maintain and reinforce its underwriting teams' expertise in these domains.

The Technical Risk Management (TRM) process, used to monitor the company's exposure to major losses and to measure, on the basis of stochastic simulations, the level of balance and profitability of the business portfolio, or the Economic Capital model, used primarily to optimize allocation of capital to different activities, are both complex integrated tools developed internally by teams of specialists. Regularly upgraded and enhanced in consideration of what is now several years of industry experience, these tools are critical to the effective technical and financial quantification of our activities.

The Division of Enterprise Risk Management and Internal Auditing has set a global methodology used to identify and monitor risks.
The risk typology covers all areas of the company's activity:

- production (underwriting, rating, exposure)

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Explanation of Responses:

- financial market operations (investment, liquidity, insolvency)
- technological infrastructure and data processing
- human resources and outsourcing
- legal and regulatory compliance
- business operations (interruption, integrity, reputation).

The quantification of risk includes measurement for financial impact as well as probability of occurrence. Both elements are evaluated based on information provided by the company’s key personnel and officers and are components of a matrix in which risks are positioned for reasons of comparison and identification of the most significant exposures.

Thus, the company can share a common and accurate risk mapping system.

Additionally in 2008, the Division of Enterprise Risk Management and Internal Auditing initiated a multi-year program aimed at building a detailed internal control framework and an updated documentation package on risks and controls relating to all significant processes and within all operational entities of the PARIS RE Group.

Although documentation is a basic requirement, the program includes a testing phase whereby walkthroughs are performed to ensure that day-to-day fieldwork and controls in operational divisions are fully in line with what is required by the documentation. Lastly, all program outputs including both documentation and walkthrough results are submitted to the company statutory auditors for their review and assessment.

24.1.4 Regulatory environment

PARIS RE and all its operational units throughout the world (Switzerland, France, United States, Canada and Singapore) must comply with the laws and regulations of the countries in which they operate. Depending on the country of operation, these provisions may not only involve authorizations to conduct business and the supervision of local activities but also encompass even stricter obligations relating to underwriting commitments or regarding guarantees to prevent financial failure or even total insolvency.

Additionally, PARIS RE Holdings Limited is registered in Switzerland and must comply with Swiss laws as the ultimate parent company of the Group. Additionally, PARIS RE Holdings Limited shares are listed on Euronext Paris and PARIS RE must therefore comply with the related French regulations.

As an example, the internal control program initiated in 2008 and covering the updated documentation of operational controls and subsequent supervision as well as correlated walkthroughs is the cornerstone of the Internal Control system required to ensure reliable monitoring of operations. At the same time, the documentation serves as tangible evidence when demonstrating to the Swiss Authorities the existence of internal control implemented within the Group under the responsibility of Management as required by Swiss law. In addition and in line with this regulation, company statutory auditors must officially certify the existence of such an internal control system for companies requiring compliance once they have conducted all investigations and controls they find appropriate in this regard.

Likewise and as a Swiss regulated company, PARIS RE is subject to the surveillance of the Swiss Financial Market Supervisory Authority (FINMA) and must therefore comply with the related solvency requirements namely Solvency I and, from January 1, 2008, the Swiss Solvency Test (SST).

Whereas Solvency I is a formulae-based requirement comparing the required solvency margin to the available solvency margin, the SST is based on a stochastic internal model and follows a risk- and principles-based approach within an economic and realistic valuation framework. It compares the risk-bearing capital (available capital) with the target capital (required economic capital) on a 1-year horizon. The calculation of the target capital combines insurance, financial and credit risks and is measured through a 99% Tail Value at Risk (i.e. the economic capital needed to cover an average of 1% of the worst economic scenarios). Reinsurance (or retrocession) is taken into full consideration when determining the target capital while counterparty risk is also included in this calculation.

As a compulsory requirement of the FINMA for all reinsurers, PARIS RE uses a proprietary internal integrated risk model to determine the target capital required to bear the risks related to its activity. This internal model is continuously updated to reflect current best practices and will need to be approved by the FINMA, as part of the SST requirements no later than 2010. In 2008, PARIS RE submitted its first SST report to the FINMA which it approved after having conducted an in-depth review.

In 2008, PARIS RE complied with all externally imposed capital requirements to which it was subject in the various countries in which it operated.

Lastly, PARIS RE, represented by its French-based affiliate, welcomes the introduction of Solvency II (the new regulatory project for enhanced insurance solvency rules within the European Union) and moreover encourages the use of risk-management techniques based on economic principles and internal models.

24.2 Reinsurance risks

The primary key risks associated with reinsurance include risks linked to the cyclical nature of the market (external constraint) and underwriting risks (internal management).

24.2.1 Cyclical nature of the market

The insurance and reinsurance industries, particularly the property-casualty market, are cyclical. Historically, operating results of reinsurers have fluctuated significantly because of volatile and sometimes unpredictable developments, many of which are beyond management’s direct control.

These developments mainly include:

- frequency or severity of both natural and man-made catastrophic events;
- levels of capacity and demand;
- price competition;
- general economic conditions; and
- changes in legislation, case law and prevailing concepts of liability.

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As a result, the reinsurance business historically has been characterized by periods of intense price competition due to excessive underwriting capacity as well as periods when shortages of underwriting capacity permitted attractive premium levels. Demand for reinsurance is significantly influenced by underwriting results of primary insurance companies, knowledge and level of control of underlying exposures as well as by prevailing general economic conditions, in particular the expected performance of the financial markets, all of which affect retention levels of primary insurers and reinsurance premium rates. The supply of reinsurance is also related to prevailing prices, levels of insured losses, the level of surplus and the utilization of the underwriting capacity in the reinsurance industry and the appetite for risk from reinsurers, which in turn fluctuates according to the rates of return on investments being realized in the industry. The availability of alternative forms of reinsurance (for instance securitization) could also influence the pricing of traditional reinsurance products. Cycles by line of business or geographic locations in the reinsurance industry are not necessarily synchronized and the Company expects to continue to experience the effects of the cycles, which could have a material adverse effect on the Group’s financial condition, results of operations or cash flows.

To limit its exposure to these risks, the company must continually remain informed of market developments discernible for the most part during periods of business renewal. Wherever necessary, it must adjust its underwriting policy, either by making the best of the development opportunities offered by the market as they arise, or by voluntarily limiting its underwriting so as to avoid any possible adverse in terms of the prices or the contractual conditions being offered. The company may determine and carry out the required adjustments either on its entire book of business, in certain specific lines of business, in certain territories, or on a combination of the aforementioned. Sufficient diversification of the portfolio, from a geographic perspective or from the perspective of the type of business covered, must enable the company to limit these changes in exposure as well as the overall volatility of its book of business and, as a result, of its activity. Other measures such as the use of retrocession of similar risk transfer agreements enable the company to limit its exposure to reinsurance risk.

24.2.2 Underwriting risks

The key underwriting risks come from the competition on the market (pricing issue), the legal risks linked to the wording of the contracts and the accumulation risks.

The risks of reinsurance are also managed in respect with principles and procedures which are strictly followed. The respect for the annual policies established for each line of business, the control on the accumulations by peril / area, the respect for the underwriting authorizations and the refereeing circuits, audits made at customers site to assess the quality of their process and information transmitted, are many tools which limit the risks of reinsurance related to the underwriting.

24.2.2.1 Pricing risks

This issue deals with the company’s ability to price correctly the contracts and to select them according to their expected profitability. The Company monitors and reacts to the changes in the market and in the general economic environment in which it operates. It uses proprietary pricing tools to obtain the technical price. It also uses catastrophe modeling tools such as the ones provided by AIR (Applied Insurance Research) and RMS (Risk Management Services) to price and to monitor aggregate exposures by geographical zones and by perils.

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24.2.2.2 Commitment risks and legal risks

These risks involve the level of individual authority vested in an underwriter and provisions of contracts. Each underwriter receives a delegation of underwriting authority which states the limits of coverage to such underwriter is authorized to commit the company to.

Within the underwriting division a matrix organization on the main lines of business ensures that each significant contract is reviewed by two persons: the underwriter (geographical dimension) and the class manager (second dimension of the matrix). In addition, the legal department provides with contracts guidelines and model clauses in order to mitigate the legal risks linked to the wording of the contracts.

With the technical price and this matrix organization along with the underwriting delegation of authorities, the company enforces a discipline which protects itself against poor quality underwriting and allows it to manage the market cycles.

24.2.2.3 Accumulation risks

As a predominantly property reinsurer, the Company is exposed to the uncertainty surrounding the frequency and severity of claims that relate primarily but not only to property exposures. To mitigate this risk, the company manages a geographical diversification and a precise monitoring of the cumulative exposure by peril and by zone through the Technical Risk Management process in particular. Implemented a decade ago, this process has been continuously improved over the years in order to follow the evolution of the company's portfolio as well as the regular enhancements of the catastrophe modeling tools such as the ones provided by AIR and RMS.

The cumulative aggregate exposure is a key driver of the underwriting business plan which is prepared once a year to set the guidelines for the underwriting teams.

The control and surveillance of the Business Plan is performed quarterly notably on the basis of a structured and exhaustive activity report provided to the Group Management Board and the Underwriting and Risk Management Committee which reports to the Board of Directors.

The following table splits by business line the net claims reserves (excluding reserves for claims expenses and unexpired risk reserves) as of December 31, 2007 and 2008:

US $ thousand

	December 31, 2008	%	December 31, 2007	%
Property	752,165	24.7%	945,995	28.5%
Casualty	1,390,783	45.8%	1,522,238	45.9%
Marine, Aviation & Space	288,762	9.5%	339,794	10.2%
Credit / Surety	124,416	4.1%	116,962	3.5%
Life, Accident and Health	81,698	2.7%	70,708	2.1%
Facultative	401,721	13.2%	322,973	9.7%
Total Net Claims reserves	3,039,546	100%	3,318,670	100%

a) 2008 consolidated gross written premiums by line of business and by territory:

The following table shows the 2008 consolidated gross written premiums by line of business and by territory, adjusted for Quota Share Retrocession Agreement:

12 month period
ended
December 31, 2008
US $ million

	Europe	United States	Asia Oceania Australia New Zealand	Caribbean & Latin America	Canada	Africa Middle East Gulf	Total
Property	236	150	90	54	51	28	609
Casualty	43	142	2	1	31	5	222
Marine, Aviation & Space	66	21	8	1	0	6	102
Credit & Surety	95	19	2	1	13	2	131
Facultative	102	37	31	39	6	24	239
Life, Accident & Health	8	4	1	23	0	63	100
TOTAL	550	374	133	118	100	128	1,404
Adjustment of Quota Share Retrocession Agreement							(1)
CONSOLIDATED INCOME STATEMENT - Gross written premiums							1,403

The company carefully manages its net exposures by purchasing retrocessional cover on a quota share and excess-of-loss basis.

b) 2007 Activity by territory and business line

For the purpose of comparison, 2007 figures are shown on a basis to adjust for the Quota Share Retrocession Agreement.

Turnover by territory:

Consolidated gross written premiums by territory is set forth below:

US $ million

	2007 Year ended	%
European Union	581	41%
United States	389	28%
Asia and Oceania (including Australia and New Zealand)	125	9%
Caribbean and Latin America	104	7%
Canada	109	8%
Africa and Middle East Gulf	102	7%

Total Gross premium adjusted	1,411	100%
Adjustment of Quota Share Retrocession Agreement	(134)	
CONSOLIDATED INCOME STATEMENT- Gross written premiums	1,277	

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Turnover by business line:

Consolidated gross written premiums by line of business is set forth below:

US $ million

	2007 Year ended	%
Property	540	38%
Casualty	221	16%
Marine / Aviation / Space	106	8%
Facultative	319	23%
Life / Accident & Health	83	6%
Credit & Surety	141	10%
TOTAL Gross premium adjusted	1,411	100%
Adjustment of Quota Share Retrocession Agreement	(134)	
CONSOLIDATED INCOME STATEMENT- Gross written premiums	1,277	

c) 2006 Turnover and net income by territory:

The 2006 consolidated turnover (gross written premiums) by territory of cedant company is set forth below:

US $ million

	Period from incorporation to December 31, 2006	%
Europe	292	41%
United States	213	30%
Asia and Oceania (including Australia and New Zealand)	64	9%
Caribbean and Latin America	50	7%
Canada	50	7%
Africa and Middle East Gulf	43	6%
Total	711	100%
Adjustment of Reserve Agreement (cf. Note 17)	12	100%
CONSOLIDATED INCOME STATEMENT Gross written premiums	723	

The 2006 net income by country (location of the Group entities) is summarized as follows:

US $ million

Period from incorporation to December 31, 2006	%

France	351	80.4%
Canada	79	18.0%
Asia	34	7.8%
United states	11	2.5%
Switzerland	(2)	(0.6%)
Luxembourg	(2)	(0.4%)
Bermuda	(34)	(7.8%)
Total	437	100.0%

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In 2008, the retrocessional program comprised:

- a 6% Property quota-share treaty provided by a Bermuda-based reinsurer with an A.M. Best "A" rating,
- a 24% Property quota-share treaty provided by a Bermuda-based via the Triomphe Re side-car facility, fully collateralized to the benefit of PARIS RE,
- a series of quota-share and excess of loss treaties covering the Facultative book of business; with a retention level significantly greater than that of 2007 for this business.

In addition to the retrocessional program, the company may in the future make use of other financial instruments to protects its capital, depending on whether pricing conditions are satisfactory.

In 2007, the retrocession program was basically of:

- a 16.25% property quota share with a Bermuda reinsurer with an A.M. Best rating of "A",
- a 24% property quota share with a Bermuda reinsurer by way of a fully collateralized side-car and,
- various quota shares and excess of loss programs covering the Facultative book of business.

In addition, to retrocession, the Group may also use other capital market instruments for risk management in the future, when the pricing and terms are attractive.

In 2006, there were 3 types of retrocession contracts in force:

- a 12.5% property quota share placed for 2 years with a Bermuda reinsurer whose A.M. Best rating is A;
- an excess of loss protection up to US $600 million; and
- another Excess of loss to supplement the previous one from US $600 million to US $800 million, placed at 76.25%.

24.3 Credit risks

The credit risk of PARIS RE can be split into two major components: the credit risk on the invested assets and the credit risk on the receivables due from ceding companies (mainly risk on premiums) and from retrocessionnaires (mainly risk on claims reimbursement).

24.3.1 Credit risk on invested assets

24.3.1.1 2008 investment policy

Investment guidelines are mandated by the Finance and Investment Committee whose four members are designated by the Board of Directors. This committee issues guidelines to manage the assets. It has at least quarterly meetings and its role is to review the performance and to monitor the risk positioning of the portfolio by amending the guidelines if necessary.

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Explanation of Responses:

The current guidelines agreed by the Finance and Investment committee for the future are conservative.
The main drivers are:

- Allocation mainly in bonds since 2008 with an average rating of AA- and duration of 3.5 years aligned with the average duration of claims reserves.

- Equity allocation portfolio subsequently sold in January, 2008 and no decision taken to this day to reinvest in this class of assets.

- No real estate directly held, no ABS non guaranteed, no CDO's, no CLO's, no high yield investments nor emerging markets exposure.

24.3.1.2 Rating of financial assets

a) 2008 rating of fixed maturity

The following table details fixed maturities (directly held and FWA), by rating and by type of issuers (market value):

US $
thousand
Market value of Fixed Maturities, issued
by:

December 31, 2008	Governments	% of Total	Agencies	% of Total	Corporate	% of Total	ABS	% of Total	Other	% of Total	Total market value	% T
AAA	978,421	71.3%	927,358	97.0%	363,222	23.2%	99,200	82.1%	-	0.0%	2,368,200	
AA+	48,812	3.6%	9,553	1.0%	35,482	2.3%	1,280	1.1%	-	0.0%	95,128	
AA	102,355	7.5%	8,609	0.9%	105,660	6.7%	4,666	3.9%	-	0.0%	221,291	
AA-	50,884	3.7%	-	0.0%	125,754	8.0%	349	0.3%	-	0.0%	176,987	
A+	150,684	11.0%	-	0.0%	247,191	15.8%	2,998	2.5%	-	0.0%	400,872	
A	19,322	1.4%	4,712	0.5%	327,179	20.9%	5,594	4.6%	-	0.0%	356,807	
A-	17,889	1.3%	-	0.0%	140,623	9.0%	1,503	1.2%	-	0.0%	160,015	
BBB+	-	0.0%	-	0.0%	111,271	7.1%	3,156	2.6%	-	0.0%	114,428	
BBB	307	0.0%	-	0.0%	79,454	5.1%	1,375	1.1%	-	0.0%	81,136	
BBB-	394	0.0%	-	0.0%	20,732	1.3%	-	0.0%	-	0.0%	21,126	
BB+	-	0.0%	-	0.0%	-	0.0%	110	0.1%	-	0.0%	110	
B-	-	0.0%	-	0.0%	-	0.0%	561	0.5%	-	0.0%	561	
Others	2,661	0.2%	6,282	0.7%	11,337	0.7%	61	0.1%	18,345	100.0%	38,686	
Total	1,371,729	100%	956,513	100%	1,567,906	100%	120,854	100%	18,345	100%	4,035,347	

b) 2007 rating of fixed maturity and short term investment available for sale:

US $ thousand

December 31, 2007	Market value of directly held assets	% of Total	Market value of Fund Withheld	% of Total	TOTAL	% of Total
AAA	926,420	53.2%	1 535,276	63.3%	2,461,696	59.1%

AA +	146,809	8.4%	107,286	4.4%	254,095	6.1%
AA	138,409	8.0%	169,828	7.0%	308,237	7.4%
AA -	80,241	4.6%	69,356	2.9%	149,597	3.6%
A +	88,475	5.1%	114,197	4.7%	202,672	4.9%
A	96,885	5.6%	44,579	1.8%	141,464	3.4%
A-	15,556	0.9%	28,775	1.2%	44,331	1.1%
BBB +	38,986	2.2%	14,923	0.6%	53,909	1.3%
BBB	15,014	0.9%	26,781	1.1%	41,795	1.0%
BBB -	14,033	0.8%	3,949	0.2%	17,982	0.4%
BB +	-	0.0%	964	0.0%	964	0.0%
B-	-	0.0%	1,180	0.0%	1,180	0.0%
Others (1)	179,339	10.3%	309,673	12.8%	489,012	11.7%
Total	1,740,167	100%	2,426,767	100%	4,166,934	100%

(1) Others include US $484 million of short term investments with rating (A-1+) in 2007.

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24.3.1.3 Concentration risk

a) 2008 concentration risk

The concentration risk on the invested assets is monitored every quarter. On the fixed maturity portfolio the largest exposure is US treasury bonds, which represents 8% of the fixed maturities portfolio. The next highest exposure is Freddie Mac and Fannie Mae, which represent in aggregate approximately 11% of the fixed maturities portfolio.

b) 2007 concentration risk

The concentration risk on the invested assets is monitored every quarter, on the equity side, the largest accounts for 2.0% of the equity portfolio. On the fixed maturity portfolio the largest exposure is US treasury bonds, which represents 17% of the portfolio. The next highest exposure is Freddie Mac and Fannie Mae, which represent in aggregate approximately 10 %. Regarding equities, the detail by sector is as follows:

US $ thousand

December 31, 2007	Market value of directly held assets	% of Total	Market value of Funds Withheld	% of Total	TOTAL Market value	% of Total
Financial institutions	8,221	53.6%	17,382	15.0%	25,603	19.5%
Consumer goods	2,668	17.4%	29,763	25.7%	32,431	24.7%
Energy	353	2.3%	11,955	10.3%	12,308	9.4%
Communication	347	2.3%	11,763	10.1%	12,110	9.2%
Manufacturing / Pharma	169	1.1%	27,694	23.9%	27,863	21.2%
Utilities	-	0.0%	15,065	13.0%	15,065	11.5%
Basic Materials	-	0.0%	-	0.0%	-	0.0%
Technology & Telecom	2,406	15.7%	2,354	2.0%	4,760	3.6%
Other and direct holdings	1,158	7.6%	-	0.0%	1,158	0.9%
TOTAL	15,322	100%	115,976	100%	131,298	100%

24.3.2 Credit risk on receivables

For receivables relating to inward reinsurance operations, PARIS RE considers that this risk is minor because if the cedants do not pay their premiums, coverage may be denied. The main risk concerns receivables relating to outward reinsurance operations.

24.3.2.1 Retrocession policy

Because the company remains liable for its cedants even if it cannot collect from its reinsurers, it must actively manage its reinsurance exposures and generally select retrocessionnaires with a credit rating of “A–” or higher. In certain cases where an otherwise suitable retrocessionnaire has a credit rating lower than “A–”, the company generally requires the posting of collateral, including escrow funds and letters of credit, as a condition to its entering into a retrocession agreement.

The selection of retrocessionnaires follows a precise qualitative and quantitative process, managed by the Company's Security Committee, and the approval of senior management is required prior to the entering into retrocession agreements.

The company's retrocession policy is reviewed periodically by Underwriting and Risk Management Committee of the Board of directors.

Uncollectible reinsurance in connection with losses incurred before January 1, 2006 is covered under the reserve agreement with AXA.

24.3.2.2 Retrocession accumulation

PARIS RE has a limited bad debt exposure on ceded loss and unearned premium reserve. In 2008, the recoverable amount of US $230 million is principally composed of three highly rated retrocessionnaires: Arch Reins Ltd, rated "A" (both Standard & Poor's and A.M.Best), Harbor Point Re Ltd rated "A–" by Standard & Poor's and "A" by A.M.Best, and Triomphe Re, a fully collateralized side-car.

24.3.2.3 Rating of retrocessionnaire

a) 2008 rating of retrocessionnaire

The following table provides a breakdown of ceded technical reserves at risk by A.M. Best rating(1)(2) as of December 31, 2008:

US $ thousand

	December 31, 2008	% of total technical reserve ceded
A++	12,939	7%
A+ (1)	10,780	6%
A-	19,068	10%
A (2)	89,579	46%
Collateralized (3)	62,306	32%
Total technical reserves at risk (PARIS RE)	194,672	100%
of which business ceded under AXA RE stamp	(55,282)	
recoverables covered by the Reserve Agreement	68,378	
Total ceded claims reserves	207,768	
Ceded unearned premium reserves	22,599	
Total ceded technical reserves	230,367	

(1) Except for Euler Hermes Reinsurance (US $9.5 million) which is rated AA by S&P.

(2) Except for Nisshin (US $1.7 million) which is rated A by S&P.

(3) Triomphe Re is a collateralized sidecar with full collateral obligations towards PARIS RE.

A sidecar is a special purpose reinsurance vehicle reinsuring business from PARIS RE via a quota share agreement. The counterparty risk is kept to a minimum because the exposure of the reinsurer is collateralized for the benefit of the cedant (in this case PARIS RE). The collateral consists of highly-rated assets (AA and higher) with a duration based on that of the risks incurred and adapted to the pay-out patterns.

b) 2007 rating of retrocessionnaire

The following table provides a breakdown of ceded technical reserves by A.M.Best rating as of December 31, 2007:

US $ thousand

	December 31, 2007	% of total technical reserve ceded
A++	31,768	25%
A+	49,327	39%
A-	747	1%
A	8,148	6%
bbb (1)	36,230	29%
Total technical reserve ceded	126,219	100%

(1) Triomphe Re is a collateralized sidecar rated bbb by A.M.Best but with full collateral obligations towards PARIS RE. A 'sidecar' is a special purpose reinsurance vehicle reinsuring business from PARIS RE via a quota share agreement. The counterparty risk is kept to a minimum because the exposure of the reinsurer is collateralized for the benefit of the cedant (in this case PARIS RE). The collateral consists of highly-rated assets (AA and better) with a duration based on that of the risks incurred and adapted to the pay-out patterns.

24.4 Market risks

24.4.1 Exchange rate risk

24.4.1.1 Exchange rate risk exposure

PARIS RE receives premiums, pays claims and receives other revenues and expenses in more than 200 currencies. It has a full multi currency accounting system, in which balance sheets and profit and loss accounts are built in these currencies.

The Company's loss reserves are matched by currency, mitigating potential currency related volatility with respect to the assets corresponding to loss reserves.

The Company has elected to report its results in US dollars and, accordingly, it is the Company's policy to invest the shareholders' equity of its major operating subsidiaries (i.e., the Swiss and French subsidiaries) primarily in US dollars in order to minimize currency-related volatility in the Company's shareholders' equity account. As these subsidiaries report their results in their local functional currency, this policy results in a degree of volatility to the group's IFRS income statement.

a) 2008 sensitivity of the financial assets to the exchange rate risk exposure:

The income statement impact is partially offset by a corresponding credit to the Company's shareholders' equity.

The following table shows the 2008 balance sheet by currencies:

US $ million

December 31, 2008	Assets	Liabilities	Shareholders Equity	Net position 2008	Net position 2007
US Dollars	3,766	2,244	13	1,509	1,714
Euro	1,496	1,273	343	(120)	31
Canadian Dollars	549	354	10	185	173
Singapore Dollars	308	70	38	200	151
Swiss Francs	13	28	1,768	(1,783)	(2,021)
Other currencies	259	251	0	9	(47)
Total	6,392	4,220	2,172	-	-

As a result of our foreign currency policy matching, it is the Company's policy to invest the shareholders' equity of its major operating subsidiaries (i.e., the Swiss and French subsidiaries) primarily in US dollars in order to minimize currency-related volatility in the Company's shareholders' equity account. The basket of currency at the end of 2008 was the following :

	USD	EUR	CAD	SGD	Other
2008	85%	-7%	10%	11%	1%
2007	85%	2%	9%	7%	-2%

b) 2007 sensitivity of the financial assets to the exchange rate risk exposure:

The table below describes in detail the 2007 sensitivity of financial assets on exchange rate risk. It shows the total impact before tax in shareholders' equity:

US $ thousand

December 31, 2007	Market Value	if $ Var +10% (1)	if $ Var -10% (1)
Fixed maturities available for sale	3,708,326	3,851,329	3,564,850
Equities available for sale	131,298	144,214	118,382
Short term investment available for sale	458,607	469,833	447,380
Non consolidated investment funds available for sale	370,845	377,316	364,373
Other assets held at fair value	30,926	34,019	27,834
Cash & Other Investments	682,566	724,552	640,595
Total	5,382,570	5,601,264	5,163,413

(1) The impact would be mainly in income statement.

Assumptions:

1- All the new investments of PARIS RE Group, including assets held in COLISEE RE's "Funds Withheld Asset", were taken into account in the calculation of the sensitivity analysis for the market value.
2- For new PARIS RE investments in the form of cash, the variation in the fair value is considered nil.
3- It is considered that there is no correlation between the equity and the bond markets.
4- For the bond portfolios, sensitivity indicators (duration and convexity) were taken into consideration for each share in order to calculate the variation in fair value.
5- For each share investment, the variation in fair value was determined on the basis of its beta indicator.

The following table shows the 2007 balance sheet by currencies:

US $ million

December 31, 2007	Assets	Liabilities	Shareholders Equity	Net position
US Dollars	3,932	2,208	10	1,714
Euro	1,631	1,203	398	31
Canadian Dollars	673	470	30	173
Singapore Dollars	290	113	27	151
Swiss Francs	2	13	2,009	(2,021)
Yen's	65	17	0	48
Other currencies	273	368	0	(95)
Total	6,866	4,392	2,474	0

24.4.1.2 Sensitivity of the consolidated shareholders' equities to the exchange rate risk

In 2008:

PARIS RE group companies are exposed in most cases to US dollar variations. Consequently, the analysis of foreign exchange rates sensitivity simulate a 10% decrease in the value of the dollar against the functional currency of each company. The impact of such variations would have generated a loss estimated about US $(152) million in the profit and loss statement (before tax) and an increase in shareholders' equity estimated about US $49 million, including before tax profit and loss impact.

In 2007:

PARIS RE group companies are exposed in most cases to US dollar variations. Consequently, the analysis of foreign exchange rates sensitivity simulate a 10% decrease in the value of the dollar against the functional currency of each company. The impact of such variations would have generated a loss of US $60 million in the profit and loss statement and an increase in shareholders' equity of US $150 million.

24.4.2 Interest rate risk

24.4.2.1 Interest risk exposure

As the remaining life portfolio does not have annuity guarantees and the non life reserves are on an undiscounted basis, reserves are essentially not sensitive to interest rate variations. PARIS RE financial account is exposed to interest risk on some financial assets and on the Value Business In force.

24.4.2.2 Sensitivity of the financial assets to the interest rate risk

a) 2008 sensitivity of the financial assets to the interest rate risk:

The table below describes in detail the sensitivity of fixed maturities on interest rate risk, price risk and currency risk.

It shows the total impact before tax in shareholders' equity:

US $ million December 31, 2008	Market Value	Var -200BP	Var -100BP	Var +100BP	Var +200BP
Fixed maturities	4,035	4,327	4,177	3,902	3,778
		7.2%	3.5%	(3.3%)	(6.4%)

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b) 2007 sensitivity of the financial assets to the interest rate and price risks:

The table below describes in detail the 2007 sensitivity of financial assets on interest rate risk and price risk. It shows the total impact before tax in shareholders' equity:

US $ thousand

December 31, 2007	Market Value	Var+ 100BP (1)	Var -100BP (1)	Equity Var -10% (2)	Equity Var -20% (2)
Fixed maturities available for sale	3,708,327	3,617,640	3,802,465	3,708,327	3,708,327
Equities available for sale	131,298	131,298	131,298	118,506	106,247
Short term investment available for sale	458,607	458,607	458,607	458,607	458,607
Non consolidated investment funds available for sale	370,845	370,845	370,845	361,763	352,740
Other assets held at fair value	30,926	30,926	30,926	30,926	30,926
Cash & Other Investments	682,567	682,572	682,572	682,572	682,572
Total	5,382,570	5,291,888	5,476,713	5,360,701	5,339,419

(1) The impact would be mainly in shareholders' equity (OCI) and be accounted in the income statement in case of experiencing a credit event,

(2) Impact in shareholders' equity (OCI) except for the values represented by equities which would be impaired and the corresponding charge would be in the income statement,

Assumptions:

1- All the new investments of PARIS RE Group, including assets held in COLISEE RE's "Funds Withheld Assets", were taken into account in the calculation of the sensitivity analysis for the market value.
2- For new PARIS RE investments in the form of cash, the variation in the fair value is considered nil.
3- It is considered that there is no correlation between the equity and the bond markets.
4- For the bond portfolios, sensitivity indicators (duration and convexity) were taken into consideration for each share in order to calculate the variation in fair value.
5- For each share investment, the variation in fair value was determined on the basis of its beta indicator.

24.4.2.3 Sensitivity of Value Business In Force to the interest rate risk

2007 and 2008 sensitivity of value in force is described in the table below (total impact in shareholders' equity):

US $ thousand

	December 31, 2008			December 31, 2007		
	Market Value	Var +100 BP	Var -100 BP	Market Value	Var +100 BP	Var -100 BP
Reserves discount	191,828	224,417	150,417	249,319	309,242	186,317
Unrealized capital gains/losses purchased	-	-	-	5,004	5,004	5,004
US licenses	7,350	7,350	7,350	7,350	7,350	7,350
Portfolio valuation (VBI)	199,178	231,767	157,767	261,673	321,594	198,669
		16.40%	(20.80%)			

2008 assumptions: US licenses are not sensitive to interest rates.

In case of an increase or decrease of the interest rates with + 100 BP or – 100 BP, amortization on VBI would respectively decrease by US $35.346 million or increase by US $44.715 million.

2007 assumptions:

1- It is considered that there is no correlation between the VBI and the equity markets.
2- US licenses are not sensitive to interest rates.
3- Unrealized capital gains/losses are not sensitive to interest rates because they are fixed at the purchase date.

In case of an increase or decrease of the exchange rates with + 100 BP or – 100 BP, amortization on VBI would respectively decrease by US $55.744 million or increase by US $58.605 million.

24.5 Liquidity risks

In the insurance and reinsurance industries, liquidity generally relates to the ability of an enterprise to generate adequate amounts of cash from its normal operations, including from its investments portfolio, in order to meet its financial commitments, which are principally obligations under its reinsurance contracts.

Liquidity risk is also a risks with which the company is faced. Short-term financial obligations must be met, some assets may not be readily sold quickly or, in some specific cases (decline in prices, limited volume of trading, etc.) the company may be obliged to sell a portion of its assets at a loss.

Limiting liquidity risk therefore requires sufficient control, over the short or long term and on a quantitative basis, of cash receivable (premiums received, receivable financial income, recoveries, asset sales, receivables from investments, etc.) and debts payable (claims payments, cost of retrocession, financial charges, etc.).

PARIS RE faces two different issues:

- The cash management and the liquidity of the Funds Withheld Asset.
  Paris Re has chosen a cash-flow matching approach to build the asset portfolio: the expected annual liquidity needed to pay the claim is expected to be met by the maturity of bonds for the same claims amount.

- The ongoing business of PARIS RE.
  PARIS RE has a liquid, highly rated, short duration bond portfolio to provide adequate liquidity. The average duration is targeted 2.5 – 3.5 years in 2008.

24.5.1 Technical reserve calculation

Technical reserves recorded under liabilities represent debts related to reinsurance contracts and comprise the major portion of PARIS RE's other forms of liability. Estimating and monitoring their volume and frequency over the long term is vital to the task of limiting liquidity risk. Over and above the risk of liquidity, the uncertainty associated with estimating these debts comprises an important operational risk that may impinge upon performance in future financial years if adjustments should be required.

The Reserve Agreement entered into with AXA at the time of the formation of PARIS RE guarantees, for reserves related to losses incurred prior to 1 January 2006, that AXA will provide payment for variations in reserves recorded at 31 December 2005. Consequently, the risk of inaccurate assessment of loss development is therefore only applicable to losses incurring after 1 January 2006. At 31 December 2008, reserves relating to these losses amounted to US $1,322 million.

24.5.1.1 Calculation and accounting of technical reserve

There is an element of uncertainty associated with determining the level of technical reserves to be booked at year end. This uncertainty is essentially due to the fact that an extended period of time may elapse from the moment that a loss occurs until it is reported to the insurer and then ultimately to the reinsurer. Depending on the type of reinsurance contract, the loss may be reported as an individual loss or included in a general

account which is reported at intervals that are defined on the basis of the terms and conditions of a contractual agreement. Additionally, depending on the form of risk covered, an additional waiting period may be required between the time that the loss is identified and the time that its ultimate cost is known and settled. PARIS RE therefore establishes reserves for losses that are incurred but not reported (IBNR) or incurred but not enough reserved (IBNER). For the sake of simplicity, the term IBNR is used to mean both IBNR and IBNER at PARIS RE. In its approach, PARIS RE estimates these amounts on a “best estimate” basis in an unbiased manner that is not overly conservative nor overly optimistic.

To estimate the level of unpaid claims reserves, the actuarial teams at PARIS RE utilize traditional proven actuarial approaches such as the "Chain Ladder" and "Bornhütter-Ferguson" methods. These actuarial methods are based, in particular, on the analysis of historical loss development and actuarial trends in loss experience. Special attention is given to the loss development patterns communicated by the cedent, as well as to the frequency of claims payments. These methods are used in combination with information from portfolio pricing tools, from the results of existing loss reports formulated by underwriting specialists and from the administration of claims for which the impact has not as yet been recorded in the accounting databases. The compiling and analysis of all this information enables our actuaries to determine their best estimate as efficiently as possible. In particular and for more recent years, the changes in reinsurance rates, established on the basis of information communicated by the underwriting department, play an important role.

24.5.1.2 Consumption tests

Consumption testing consists of comparing an amount recorded within a given period with the amount of reserves booked for the previous balance sheet period. This comparison may be performed for several different accounting items: written premiums, commissions, claims paid, variations in losses incurred. The comparison provides an indication of the pertinence of claims reserves estimated in respect of the previous balance sheet and also provides decision making support when establishing a new estimate of the required level of reserves. For the interim closings (March, June and September) the assessment of the loss development triangles is rendered inaccurate by the fact that the last diagonal is incomplete. Consumption testing is therefore highly essential at the time of these closings.

24.5.1.3 Loss development table

The following template shows the development of net cumulative losses by underwriting year as of December 31, 2008:

US $ million

December 31, 2008	2003 AND PRIOR YEARS	2004	2005	2006	2007	2008	TOTAL
			UNDERWRITING YEARS				
Estimate of cumulative claims (1)							
At end of underwriting year		973	1,384	685	702	902	
1 year later		1,006	1,283	672	736		
2 years later		995	1,224	633			
3 years later		983	1,218				
4 years later		968					
Estimate of cumulative claims at December 31, 2008		968	1,218	633	736	902	
Cumulative payments at December 31, 2008		762	805	368	314	77	
Unpaid cumulative claims as at December 31, 2008		206	412	265	421	825	
Estimate of claims occurring on or after January 1, 2009 (2)		0	1	5	16	270	
Claims reserves as at December 31, 2008	1,190	205	412	260	406	556	3,028
Other portfolios: Claims reserves as at December 31, 2008 (3)							11
Unearned Premiums reserves, Unexpired Risks reserves and Unallocated Loss Adjustment Expenses reserves							511
All portfolios-Net technical reserves as at December 31, 2008							3,551

(1) Claims include Allocated Loss Adjustment Expenses (ALAE).

(2) Claims deemed to be covered by the Unearned Premium Reserve as at December 31, 2008.

(3) Life, Accident & Health business underwritten in 2005 and prior years periods.

PARIS RE is not exposed to accident years prior to 2006 as a consequence of the reserve agreement concluded with COLISEE RE.

The following template shows the development of net cumulative losses by underwriting year as of December 31, 2007:

US $ million

December 31, 2007	2002 and prior years	2003	2004	2005	2006	2007	TOTAL
		UNDERWRITING YEARS					
Estimate of cumulative claims (1)							
At end of underwriting year		873	992	1,430	720	743	
1 year later		818	1,022	1,333	709		
2 years later		744	1,011	1,273			
3 years later		706	998				
4 years later		732					
Estimate of cumulative claims at December 31, 2007		732	998	1,273	709	743	
Cumulative payments at December 31, 2007		525	739	744	267	59	
Unpaid cumulative claims as at December 31, 2007		207	260	530	441	684	
Estimate of claims occurring on or after January 1, 2008 (2)		1	2	4	13	251	
Claims reserves as at December 31, 2007	1,452	206	257	526	428	433	3,301
Other portfolios: Claims reserves as at December 31, 2007 (3)							18
Unearned Premiums reserves and Unallocated Loss Adjustment Expenses reserves							536
All portfolios-Net technical reserves as at December 31, 2007			3,855				

(1) Claims include Allocated Loss Adjustment Expenses (ALAE),

(2) Claims deemed to be covered by the Unearned Premium Reserve as of December 31, 2007,

(3) Life, Accident & Health business underwritten in 2005 and prior years periods.

24.5.2 Asset-liability management risks

24.5.2.1 Strategy of Asset-liability management

Asset liability management seeks to match our assets with our liabilities in terms of duration and currency.

Over the past several years, movements in both short and long term interest rates have affected the level and timing of recognition of gains and losses on securities held by PARIS RE, as evidenced by the changes in realized and unrealized investment gains and losses. Generally, a sustained period of lower interest rates will reduce the investment income yield of the bond portfolio over time, as higher yield investments mature, are called or sold and proceeds are reinvested at lower rates. However, declining interest rates will generally increase unrealized gains, as well as realized gains to the extent securities are sold, on significant portions of the investment portfolio.

Conversely, rising interest rates should over time increase investment income but reduce the market value of the existing bond portfolio.

PARIS RE's policy to mitigate this risk is to match the duration of the bond portfolio with the corresponding liabilities. PARIS RE has models which take into account projections of technical cash flows with assumptions for new business and payment pattern of the claim reserves. The Company tends to hold fixed maturity securities with the same duration to match these projected liabilities. Fixed securities are often held until maturity, even though some negotiations are made by the asset managers within the framework of their contractual obligations to follow market developments and to ensure the active monitoring of the portfolio.

The occurrence of large claims is unpredictable and so is the pattern of payment of large claims. As a result, PARIS RE has a portion of short and medium term bonds in order to meet liquidity requirements.

24.5.2.2 Average duration of the technical reserves

For the part of the reserves whose risk is supported by PARIS RE, an estimate of the 2007 and 2008 patterns of the future payments were calculated and summarized in the following tables. It corresponds to a mean duration of approximately two years, with an underlying assumption of payments made at mid year.

December 31, 2008 (% of current reserves)	N + 1	N + 2	N + 3	N + 4	N + 5	N + 6	N + 7	N + 8	N + 9	N + 10 and years following
Yearly	39%	23%	12%	8%	5%	3%	2%	2%	2%	3%
Cumulative	39%	62%	75%	82%	88%	91%	93%	95%	97%	100%

December 31, 2007 (% of current reserves)	N + 1	N + 2	N + 3	N + 4	N + 5	N + 6	N + 7	N + 8	N + 9	N + 10
Yearly	45%	25%	11%	6%	4%	3%	2%	1%	1%	1%
Cumulative	45%	70%	81%	87%	91%	94%	96%	97%	99%	100%

24.5.2.3 Invested financial asset by currency

a) 2008 invested financial asset by currency

According to IAS 14.69.b requirements, the following table details 2008 invested assets at market value by main currency:

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US $ thousand	USD Market Value	%	EUR Market Value	%	CAD Market Value	%	SGD Market Value	%	Others Market Value	%	Tota Mar Valu
Fixed maturities issued by Governments	535,092	17.7%	304,016	30.8%	319,516	70.7%	169,455	63.4%	43,651	27.4%	1,37
Fixed maturities issued by Agencies	836,204	27.6%	81,875	8.3%		0.0%	35,308	13.2%	3,125	2.0%	95
Fixed maturities Issued by Corporate	1,083,835	35.8%	372,944	37.8%	82,541	18.3%	27,671	10.3%	915	0.6%	1,56
Mortgage and Asset-Backed Securities	119,540	3.9%	-	0.0%	-	0.0%	1,313	0.5%	0	0.0%	12
Fixed maturities from other issuers	18,345	0.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	1
Fixed maturities available for sale	2,593,017	85.6%	758,835	76.8%	402,056	89.0%	233,747	87.4%	47,691	30.0%	4,03
Cash and cash equivalents	415,395	13.7%	56,075	5.7%	15,799	3.5%	33,430	12.5%	103,828	65.3%	62
Other financial invesments	19,558	0.6%	172,864	17.5%	34,074	7.5%	245	0.1%	7,584	4.8%	23
Total assets invested	3,027,970	100%	987,774	100%	451,929	100%	267,422	100%	159,103	100%	4,89
% of total invested assets	62%		20%		9%		5%		3%		

b) 2007 invested financial asset by currency

The following table details 2007 invested assets at market value by main currency:

US $ thousand	USD Market Value	%	EUR Market Value	%	CAD Market Value	%	SGD Market Value	%	Others Market Value	%	Tot Ma Val
	2,273,542	71.1%	607,308	51.4%	538,633	96.4%	193,199	77.8%	95,644	48.9%	3,7

Fixed maturities available for sale											
Short term investment available for sale	353,427	11.1%	104,939	8.9%	-	0.0%	-	0.0%	241	0.1%	4
Equities available for sale	2,135	0.1%	114,269	9.7%	-	0.0%	14,811	6.0%	83	0.0%	1
Non consolidated investment funds available for sale	306,061	9.6%	31,979	2.7%	-	0.0%	-	0.0%	32,806	16.8%	3
Other assets held at fair value	-	0.0%	30,926	2.6%	-	0.0%	-	0.0%	-	0.0%	
Cash and cash equivalents	262,785	8.2%	292,455	24.7%	19,953	3.6%	40,457	16.3%	66,916	34.2%	6
Total assets invested	3,197,950	100%	1,181,876	100%	558,586	100%	248,467	100%	195,690	100%	5,3
% of total invested assets	59%		22%		10%		5%		4%		

Note 25. 2008 Subsequent events

- Losses

In 2009, PARIS RE experienced:

- Klaus, a Windstorm, that occurred in January 24, 2009, a major loss in Europe: the company's exposure related to Klaus is estimated at US $19.4 million net impact(1).

- One large loss: Victorian bushfires, (Australia, on February 7, 2009) for a US $6.8 million net impact.

The valuation of major losses includes a significant degree of estimation. It was considered by PARIS RE that this assessment was based on reasonable scenarios and is within the acceptable range of estimates.

(1) Net impact = pre tax net of reinsurance and reinstatement premiums

- Subordinated debt

Due to unfavorable market conditions, the Company has decided not to issue subordinated debt or hybrid securities at the present time.

- Distribution of capital

An Extraordinary General Meeting of PARIS RE Holdings Limited shareholders held on February 24, 2009 in Zug, Switzerland, approved the distribution of capital to shareholders of CHF 172.87 million or CHF 2.02 per share (representing approximately US $150 million or US $1.75 per share). This return of capital was completed to be on May 4, 2009 following the close of the Euronext market in Swiss francs by way of a reduction of nominal value of the Company's shares. The payment to shareholders will be made in Swiss francs from May 5, 2009.

- Internal reorganization

PARIS RE pursues its reorganization:

- On April 24, 2009, PARIS RE Acquisition France has been merged with PARIS RE Holdings France pursuant to Article L236.-1 of the French "Code de Commerce" as simplified merger. PARIS RE Holdings France held 100% PARIS RE Acquisition shares. PARIS RE Acquisition France's Assets and liabilities has been transferred to PARIS RE Holdings France retroactively on January 1st, 2009 at net book value. The merger has no effect on the consolidated financial statements.

- Sale of CGRM head office in Monaco. In connection with the planned dissolution of PARIS RE's subsidiary in Monaco, the Company has sold its office on May the 4th. The company has generated a gain net of tax of approximately EUR3,2 million which will be accounted for during the second quarter.

- The liquidation of PARIS RE Luxembourg was effective in 2009 second quarter. This liquidation has limited effect on the 2009 second quarter Financial statement.

- Registration of PARIS RE Insurance Company in 2009 second quarter.

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- PartnerRe combination agreement

PARIS RE announced that it entered into a combination agreement with PartnerReLtd., ("PartnerRe"), a global multi-line re-insurer, according to which PartnerRe intends to acquire in a multi-step transaction all the outstanding securities of PARIS RE.

In the first step of the transaction, which is expected to close in the fourth quarter of 2009, PartnerRe, which recently acquired approximately 6% of PARIS RE's outstanding common shares, will cause a wholly owned Swiss-domiciled subsidiary formed for the purpose of the transaction to acquire the shares held by several significant shareholders (investment entities associated with Stone Point Capital, Hellman & Friedman, Vestar Capital Partners, Crestview Partners, New Mountainand Caisse de Dépôt et Placement du Québec) representing approximately 57% of PARIS RE's outstanding common shares.

Promptly upon completion of the block purchase, PartnerRe intends to commence a voluntary public exchange offer on all the outstanding shares of PARIS RE not then owned by PartnerRe. The voluntary exchange offer is expected to close in the first quarter of 2010. Once PartnerRe attains 90% ownership, it intends to acquire any remaining shares through a compulsory merger under Swiss law.

The consideration per share of PARIS RE in the block purchase, the subsequent exchange offer and the merger will be 0.3 PartnerRe common share, subject to adjustment up or down if the parties' relative tangible book values diverge significantly prior to the closing of the block purchase. In addition, the number of PartnerRe shares payable for each PARIS RE share in the exchange offer and the merger will be adjusted upwards to account for any dividends declared on the PartnerRe common shares having a record date following the closing of the block purchase and prior to the settlement of the exchange offer.

PARIS RE convened an extraordinary shareholder meeting in August to request that shareholders vote upon the appointment of new directors upon closing of the block purchase, removal of the provision in its articles of incorporation that imposes the filing of a cash tender offer by any entity which acquires more than one third of the voting rights and approval by way of a capital reduction of an extraordinary cash distribution to all of its shareholders immediately prior to the closing of the block purchase. The sellers in the block purchase have agreed to vote in favor of such resolutions. The distribution will amount to the CHF equivalent of up to US $3.85 per common share.

The multi-step transaction values PARIS RE at approximately US $2 billion.

The contemplated transaction is subject to, among other things, PartnerRe shareholders approving the issuance of new shares to be given as consideration to PARIS RE shareholders, obtaining relevant regulatory and anti-trust approvals and the listing of PartnerRe shares on Euronext Paris.

PARIS RE HOLDINGS LIMITED

Review report of Independent Registered Public
Accounting Firm

Consolidated Balance Sheet as of March 31, 2009 and
the related consolidated statement of income,
Shareholders' equity and cash flows for the three
month periods ended March 31, 2009 and 2008

M A Z A R S

61,Rue Henri Regnault - 92400 Courbevoie
Tél : +33 (0) 1 49 97 60 00 - Fax : +33 (0) 1 49 97 60 01

PARIS RE Holdings Limited	Review report of Independent Registered Public Accounting Firm
Consolidated Balance Sheet as of March 31, 2009 and the related consolidated statement of income, Shareholders' equity and cash flows for the three month periods ended March 31, 2009 and 2008	To the Board of Directors of PARIS RE Holdings Limited We have reviewed the accompanying consolidated balance sheet of PARIS RE Holdings Limited and its subsidiaries (the "Company") as of March 31, 2009 and the related consolidated statements of income, Shareholders' equity and cash flows for the three-month periods ended March 31, 2009 and 2008. These interim financial statements are the responsibility of the Company's management. We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists of principally applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion. Based on our review, we are not aware of any material modifications that should be made to such financial statements for them to be in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Without qualifying our opinion, we draw attention to note 2.1 to the financial statements describing the impact of IFRS 8 "Operating segments" adoption. We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2008, and the related statements of operations, stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated August 4, 2009, we expressed an unqualified opinion. In our opinion, the information set forth in the accompanying balance sheet as of December 31, 2008 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived. Courbevoie, August 5, 2009

M A Z A R S	/s/ Jean-Claude Pauly Jean-Claude Pauly Partner

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Consolidated balance sheet – Assets

US $ thousand

ASSETS	Note	March 31, 2009	December 31, 2008
Intangible assets			
Value of Business in Force (VBI)		172,793	199,178
Other intangible assets		21,031	25,764
TOTAL INTANGIBLE ASSETS	4	193,824	224,942
Invested Assets			
Financial invested assets			
Funds Withheld Asset (FWA)	5.1	2,330,021	2,472,837
Directly held assets	5.2	2,221,260	2,202,580
Loans	5.2	4,318	4,359
Investments in associates - equity method	5.2	0	0
TOTAL FINANCIAL INVESTED ASSETS		4,555,598	4,679,776
CEDED TECHNICAL RESERVES	9	281,967	230,367
DEFERRED TAX ASSETS	6	31,582	18,825
Other assets			
Fixed assets		3,691	3,601
Receivables arising from reinsurance operations	7.1	128,040	151,484
Reserve agreement	13	37,031	39,621
Other operating receivables	7.2	55,055	58,460
Technical accruals - assets	7.3	964,796	603,916
TOTAL OTHER ASSETS		1,188,612	857,082
CASH AND CASH EQUIVALENTS		502,398	380,690
TOTAL ASSETS		6,753,982	6,391,681

Consolidated balance sheet - Liabilities

US $ thousand

LIABILITIES	Note	March 31, 2009	December 31, 2008
SHAREHOLDERS' EQUITY			
Capital and capital in excess of nominal value	8.1	1,175,668	1,317,236
Retained earnings and other reserves		627,910	658,483
Currency translation reserves		122,998	230,245
Consolidated result		118,595	(34,205)
TOTAL SHAREHOLDERS' EQUITY	8	2,045,171	2,171,759
Liabilities relating to reinsurance and investment contracts			
Gross technical reserves	9	4,059,527	3,781,353
Foreign Exchange natural hedging	10	4,065	6,439
TOTAL LIABILITIES RELATING TO REINSURANCE AND INVESTMENT CONTRACTS		4,063,592	3,787,792
PROVISIONS FOR RISKS AND CHARGES		13,093	11,947
DEFERRED TAX LIABILITIES	6	89,760	92,498
DEBT	11	-	-
Other liabilities			
Payables relating to reinsurance operations	12.1	146,220	130,106
Reserve agreement	13	105,634	109,552
Payables - current tax position		21,278	8,761
Other operating payables	12.2	194,752	50,637
Technical accruals - liabilities	12.3	74,482	28,630
TOTAL OTHER PAYABLES		542,366	327,686
TOTAL LIABILITIES		6,753,982	6,391,681

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Consolidated income statement

US $ thousand		3 months	
	Note	March 31, 2009	March 31, 2008
Gross written premiums		667,223	775,321
Total Premium Revenues		667,223	775,321
Premiums ceded		(92,015)	(134,048)
Net written premiums		575,207	641,273
Net variation in unearned premium reserves		(275,712)	(359,397)
Net earned premiums		299,496	281,875
Claims net of retrocession		(201,888)	(171,453)
of which claims paid net of retrocession		(193,632)	(237,379)
of which claims reserves variation net of retrocession		(8,255)	65,925
Commissions and brokerage net of retrocession		(46,450)	(51,681)
Net underwriting income	14	51,158	58,741
Net investment income		43,607	69,578
Net capital gains and losses		(237)	1,082
Valuation of derivative instruments		2,089	4,480
Variations in investment impairment	5.1 5.2	(364)	-
Exchange rate impact		75,401	(188,001)
Financial results – other		(182)	(806)
Net financial income excluding debt expense		120,314	(113,667)
Net financial income including debt expense	15	120,314	(113,667)
Net income from investments in associates using the equity method		-	-
General expenses		(27,792)	(40,056)
Net income before amortization of intangibles		143,680	(94,982)
Amortization of intangibles		(21,638)	(32,661)
Net income before recognition of negative goodwill		122,042	(127,644)
Goodwill impairment		-	-
Net income before tax		122,042	(127,644)
Income tax	16	(3,447)	(1,881)
TOTAL NET INCOME		118,595	(129,525)
Earnings per share (US $)	17	1.47	(1.52)
Diluted earning per share (US $)	17	1.46	(1.47)

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Consolidated Statement of Recognized Income and Expense

US $ thousand	3 months March 31, 2009	3 months March 31, 2008
Net income of the period	118,595	(129,525)
Reserves relating to changes in fair value through shareholders' equity (1)	3,588	19,199
Translation reserves	(107,246)	208,440
Net gains and losses recognized directly through shareholders' equity	(103,658)	227,639
Total recognized income and expense for the period	14,936	98,114

(1) Related revaluation of available for sale assets (AFS).

SORIE Pension impact amounts to USD 0.5 millions as at March 31, 2009 and is classified in consolidated reserves.

The two charts "Change in shareholders' equity" and "Change in Other Comprehensive Income" are presented in Note 8.

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Consolidated cash flow statement

US $ thousand	3 months	
	March 31, 2009	March 31, 2008
Net profit (loss)	118,595	(129,525)
Adjustments:		
Income from associates	-	-
Depreciation and provisions	23,526	35,073
Change in reinsurance technical reserves	235,701	297,986
Fair value gains - losses	296	2,696
Profit / loss on disposal and dilution profit and loss	(3,819)	1,094
Revenues & expenses with no effect on cash flow	(81,460)	169,325
Income tax	3,447	1,822
Effect of changes in working capital	(223,065)	(314,622)
Effect of changes of current account - Quota share COLISEE RE (formerly named AXA RE)	99,320	71,347
Tax paid	(2,015)	(1,936)
Cash flows from operating activities	170,528	133,321
Effect of changes in group structure	-	13,448
Purchase and sale of intangible and tangible assets	4,298	(575)
Purchase of financial invested assets	(267,487)	(817,831)
Sale of financial invested assets	211,874	748,153
Increase (decrease) in loans and advances made	-	-
Dividends received	-	-
Cash flows from (used in) investing activities	(51,316)	(56,806)
Proceeds from issue of shares	0	-
Treasury shares	(473)	(9,491)
Authorised capital issued but uncalled	-	-
RSU and stocks options	1,017	8,474
Net financial interest paid	-	3
Dividends to be paid to group shareholders	0	-
Cash flows from (used in) financing activities	544	(1,015)
Effects of exchange rate changes	1,952	4,641
Increase (decrease) in cash and cash equivalents	121,708	80,133
Cash position at opening	380,690	451,594
Cash position at closing	502,398	531,727
Variation of cash	121,708	80,133

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Notes to the consolidated financial statements

PARIS RE subsequently refers to PARIS RE Holdings Limited.

Note 1. Key events of the year

1.1 2008 and 2009 losses

In 2009, PARIS RE experienced:

- Klaus, a Windstorm, that occurred in January 2009, a major loss in Europe: the company's exposure related to Klaus is estimated at US $19.4 million net impact(1).

  - One large loss: Victorian bushfires, (Australia, on February 7, 2009) for a US $6.8 million net impact.

The valuation of major losses includes a significant degree of estimation. It was considered by PARIS RE that this assessment was based on reasonable scenarios and is within the acceptable range of estimates.

Update of the 2008 major loss:

- Hurricane Ike, a major loss in USA which occurred in September 2008: the net impact of this event, estimated at US $130 million as at December 31, 2008, has decreased to US $120 million as at March 31, 2009. The variance between those two periods is due to cedants' information received.

(1) Net impact = pre tax net of reinsurance and reinstatement premiums.

1.2 Financial crisis

PARIS RE maintains a conservative investment portfolio including financial assets directly held for US $2,728 million (fair value) and financial assets of Funds Withheld Asset for US $2,330 million (historical cost), see Note 2.6.

The portfolio includes 85% bonds, 13% cash and 2% other investment types. The group has no exposure to structured financial products such as CDO and CLO, and has limited exposure to ABS assets (total Market value US $113 million as at March 31, 2009, see Note 5.3).

On a US $5.0 billion book value portfolio, the group has recorded over the first quarter an impairment of US $9.8 million, of which US $5.1 million related to ABS.

The net unrealized gains as of March 31, 2009 amounts to US $53 million, of which US $10.2 million was on FWA (see Note 5.1) and US $42.8 million on directly held assets (see Note 5.2).

The 2009 first quarter investment income was US $43.6 million. The investment portfolio annualized return rate is 3.9% (excluding capital gain, and net of depreciation).

1.3 PARIS RE Holdings Ltd capital repayment

On February 24,2009, an Extraordinary General Meeting of PARIS RE Holdings Ltd shareholders held in Zug approved all the proposals of the Board of Directors, including a distribution of capital to shareholders of CHF172.87 million or CHF2.02 per share (representing approximately US$150 million or US$1.76 per share) by the way of par value reduction. This capital repayment will be paid on May 5, 2009.

Note 2. Accounting principles and methods applied

2.1 Applicable standards

The PARIS RE consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) of IASB and the interpretations of IFRIC effective at March 31, 2009.

The Group's interim consolidated financial statements at March 31, 2009 were prepared in compliance with IFRS standards according to IAS 34 - Interim Financial Reporting. Regarding the content of its interim financial statements, the Group uses the option to disclose a selection of explanatory notes alongside the mandatory summary statements.

The following accounting standards, amendments and interpretations have been effective at January,1 2009:

- IFRS 8, Operating segments.
- Revised IAS 1, Presentation of financial statements.
- Amendment to IAS 23, Borrowing costs.
- Amendment to IFRS 2, Share-Based payment, makes vesting contingent on service conditions and performance conditions only.
- Amendment to IAS 32, Financial instruments presentation and to IAS 1 Presentation of financial statements – Puttable shares and obligations arising only on liquidation.
- Improvements to IFRS published on May 22, 2008 comprise non-urgent, minor amendments to standards.
- IFRIC 13, Customer loyalty programmes.
- IFRIC 15, Agreement for the construction of real estate
- IFRIC 16, Hedges of a net investment in a Foreign operation.

Revised IAS 23, amendments to IFRS2, IAS 32 and IFRIC 13, IFRIC 15 and IFRIC 16 Interpretations do not applied to PARIS RE operations.

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IFRS 8, Operating segments, led PARIS RE to disclose additional information in its notes to financial statements. IFRS 8 requires that the amount of each segment item reported shall be the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Under the previous applicable standard IAS 14, PARIS RE analyzed that 2 segments were to be reported in its segment analysis namely "life" and "non life" segments. Because Life segment was not material the company did not provide up to now any specific segment reporting.

In accordance with the management approach required by IFRS 8 PARIS RE changed its reporting to segments as follows:

- Property: reinsurance coverage for physical damages caused by fire and related perils such as explosion, lightning, storm, flood, earthquake and terrorism, as well as coverage for business interruption and loss of rent as a result of those perils.
- Casualty: reinsurance coverage for motor risks, medical malpractice, general liability and professional liability as well as workers compensation.
- Marine/Aviation/Space: Our marine, aviation and space, or MAS, line of business provides reinsurance coverage for insurance companies writing in the marine, aviation and space lines.
- Credit/Surety: reinsurance of Credit and Surety Insurance contracts. Credit insurance protects the seller against the risk of non-payment and customer insolvency and surety insurance relates primarily to completion bonds, performance bonds and other forms of security written but specialized surety insurers.
- Facultative: Our facultative line of business provides property facultative reinsurance, energy onshore and offshore coverage as well as credit and surety, weather-related products and sports, leisure and entertainment coverage and is managed separately from the other lines of business.
- Life/accident and health: coverage of exposures on an individual basis as well as group coverage written by primary insurers.

PARIS RE also early adopted the amendment to IFRS 8 according to which an entity reports balance sheet element for reportable segments only if that information is regularly provided to the chief operating decision maker which is not the case for PARIS RE. This amendment has been issued by the IASB in April 2009 as part of the improvements to IFRS.

IFRS 8 does not have any material impact on the PARIS RE financial result and position but leads to additional disclosure shown in note 14 including a breakdown of the net underwriting income and reconciliation to the net income.

PARIS RE already elected to adopt the SORIE method to disclose changes in equity. PARIS RE elected to display its statement of comprehensive income in two separate statements: an income statement and a second statement beginning with profit or loss and displaying components of other comprehensive income (SORIE). This disclosure is consistent with IAS 1 revised.

The interim consolidated financial statements do not include any impacts from standards and interpretations which were adopted during the period, for which the application is not mandatory as at March, 31 2009 except the amendment to IFRS 8 as described above. Their potential impacts are currently under review by management.

The principal standards used by PARIS RE include IFRS 2, IFRS 3, IFRS 4, IFRS 7, IFRS 8, IAS 21, IAS 32, IAS34 and IAS 39.

The preparation of consolidated financial statements in conformity with IFRS requires that certain figures included in the statements and appended notes be calculated on the basis of estimates. Thus, an element of judgment is required when applying the accounting principles described below.

2.2 Scope of consolidation

2.2.1 Consolidation methods applied

Subsidiaries are companies controlled by PARIS RE. They are fully consolidated from the date on which control was transferred to PARIS RE. Control is presumed to exist when PARIS RE directly or indirectly holds at least 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible have also been considered when assessing whether PARIS RE controls another entity.

Companies in which PARIS RE exercises significant long-term influence (i.e. affiliated companies) are consolidated using the equity method. Significant influence is presumed when PARIS RE directly or indirectly holds 20% or more of the voting rights or when significant influence is exercised through an agreement with other shareholders. As of March 31, 2009, PARIS RE did not own any affiliates consolidated under the equity method.

Although PARIS RE Risc Limited and PARIS RE Finance GIE are wholly-owned subsidiaries, these companies are not consolidated as their consolidation would not materially change the company's' premium income, its net financial position or the net income of the Group. These subsidiaries are classified as investments.

Under IFRS, PARIS RE consolidates mutual funds when its share of ownership exceeds 20%. As of March 31, 2009 PARIS RE did not own 20% or more of any mutual fund.

2.2.2 Intercompany reconciliation and elimination

Intercompany operations and balances are eliminated at the consolidated level.

2.3 Business combinations

2.3.1 Date of business combinations

A business combination is recorded on the date on which PARIS RE effectively obtains control of the business acquired. This date can differ from the date on which the related purchase agreement is signed.

2.3.2 Valuation of assets acquired, liabilities assumed and contingent liabilities

Upon the first consolidation of an acquired company, the identifiable assets, liabilities and contingent liabilities of the acquired company are recorded at their estimated fair value, pursuant to IFRS 3.

Other intangible assets, such as trademarks, licenses and customer relationships are recognized if they can be valued reliably and if it is probable that future economic benefits attributable to the assets will flow to the entity.

The cost of an acquisition is evaluated at the fair value of the assets received, equity instruments issued and liabilities incurred or assumed at the date of exchange.

2.3.3 Goodwill

Goodwill is recognized by the acquirer as an asset at the acquisition date. Goodwill is calculated initially as the excess of the cost of acquisition over the acquirer's share of the net fair value of the identifiable assets, liabilities and contingent liabilities.

Goodwill is subject to at least one annual impairment test. In order to perform the related impairment test, all goodwill amounts must, from the acquisition date, be allocated to a cash generating unit.

In order to determine if an impairment exists, the carrying amount is compared to the recoverable amount which is defined as the higher of the fair value less selling costs and the value in use (calculated based on future cash flow). If one of these two amounts exceeds the carrying amount, then the goodwill is not impaired.

If the cost of acquisition is less than the net fair value of the assets, liabilities and contingent liabilities acquired, the difference is recognized directly in the income statement as negative goodwill.

No goodwill is recognized at the end of March 31, 2009.

2.4 Conversion of financial statements

PARIS RE has elected to use the US dollar as the reporting currency for its consolidated financial statements, in accordance with IAS 21.

The consolidated accounts are presented in thousand US dollars (except opposite mention expressly indicated). These amounts were rounded off. Differences related to the roundness can also exist for the percentages.

The functional currency is determined at the entity level, depending on the primary economic environment in which the entity operates.

2.4.1 Foreign Currency translations in local accounts

Transactions conducted in foreign currencies (currencies other than the functional currency) are converted into the functional currency at the exchange rate at the date of the transaction. For practical reasons, the period average exchange rate is used.

At each closing date, the entity converts the foreign currency elements of its balance sheet into the functional currency, using the following methods:

	Classification	Foreign Exchange rate	Impacts	Examples
Monetary items	Any	Closing rate	P&L	Bonds, receivables, technical reserves
Non-monetary items at fair value	Available for Sale (OCI) (1)	Rate on the date of fair value assessment	Equity	Listed shares
	Available for Sale (P&L) (2)	Rate on the date of fair value assessment	P&L	Fair value option
Non-monetary items at cost	Any	Not revaluated	-	Value business in force, operating real estate

(1) Available for sale with variation of fair value through other comprehensive income.
(2) Available for sale with variation of fair value through profit and loss income.

The following table sets forth the US dollar average and closing exchange rates as of March 31, 2009 for the principal currencies affecting the Group's operations:

	3 months March 31, 2009		12 months December 31, 2008	
	Average rate	Closing rate	Average rate	Closing rate
Swiss Franc	0.873	0.878	0.927	0.937
Canadian dollar	0.809	0.798	0.959	0.819
Singaporean dollar	0.668	0.658	0.710	0.694
Euro	1.315	1.331	1.480	1.392

2.4.2 Conversion of financial statements of a foreign affiliate

Where the functional currency of a PARIS RE affiliate is not the same as the reporting currency, the consolidated balance sheet of such entity is converted using the closing date exchange rate while the income statement is converted using the average exchange rate for the period. Exchange rate differences are recorded as variations in shareholders' equity on the line item "Currency translation reserve".

2.4.3 Foreign Branches

The branches within the Group follow the same currency translation guidelines as those for affiliates. The impact of foreign exchange gains or losses on shareholders' equity is recorded in the consolidated conversion reserves. This also applies to the regulatory portion of the current accounts of the branch office.

The exchange difference on the portion of the current account in excess of the regulatory portion is recorded in net income.

2.5 Valuation of fixed and intangible assets

2.5.1 Intangible assets and Value Business In force

For PARIS RE, intangible assets mainly include assets (e.g., renewal rights and customer relationships) called "Value Business In force" recognized as a result of business combinations.

A part of these assets relates to the revaluation of technical reserves transferred to the company in connection with the Acquisition. These reserves have been reassessed to reflect the fact that they are held on an undiscounted basis under IFRS, whereas the accounting for the Acquisition (purchase Gaap) requires that such reserves be accounted for at their fair value. Because these reserves are guaranteed by AXA, their fair value was assessed at their discounted value. The resulting write-up of intangibles represents the difference between the undiscounted reserves and the discounted reserves based on:

(i) a discount rate between 3.5% - 5%, according to the currency

(ii) the anticipated payout pattern of such reserves

The investment portfolio also includes unrealized capital gains held in the Funds Withheld Asset account at December 31, 2005 and acquired in connection with the Acquisition. These assets have a finite useful life and are amortized over their estimated life using an actuarial or straight-line method. This part of intangible asset is fully amortized as at March 31, 2009.

"Value Business In force" undergo an annual impairment test based on the Liability Adequacy Test (LAT). (see Note 2.8.3)

The company also has an intangible asset arising from the revaluation at market value of the 49 US insurance licenses held by PARIS RE America.

2.5.2 Other fixed and intangible assets

The other intangible assets mainly include software systems amortized over a period of one to five years. The tangible fixed assets are amortized over a duration established in accordance with international tax and accounting guidelines.

2.6 Financial assets

Depending on the intention and ability to hold the invested assets, PARIS RE classifies its financial assets into the following categories:

- assets held to maturity (HTM) accounted for at amortized cost;
- loans & receivables (including unquoted debt instruments) accounted for at amortized cost
- trading assets by nature and equivalent assets (designated on option) accounted for at fair value, with changes in fair value through profit or loss;
- assets available for sale (AFS) accounted for at fair value with changes in fair value reflected in shareholders' equity

Sales and purchases of assets are recognized in the accounts at the trade date. Depending on the initial classification, assets are assessed on the basis of the asset category to which they belong in accordance with the characteristics described in the table below.

	Accounting
Available for sale through OCI	Variation of fair value through equity (OCI) and adjusted for impairment
Fair value through P&L	Variation of fair value through P&L
Held to maturity Loans and receivables	Amortized cost adjusted for impairment

On March 31, 2009, PARIS RE's invested assets are reflected in the available for sale category (AFS).

PARIS RE elected not to use the amendment to IAS 39 enabling reclassifications from AFS OCI to Loans.

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Valuation

The detail of financial assets classified according to the criteria and method of valuation is described below. Some specific financial assets have been reclassified in medium or low liquidity market in respect of the financial crisis:

US $ million

Characteristics	Type of financial assets	Fair value of direct assets	Historical cost of assets in the FWA	TOTAL	%
Active market (1)	Government bonds	677.1	844.6	1 521.7	37.0%
	Agency bonds	406.2	289.9	696.1	16.9%
	SUB TOTAL	1,083.3	1,134.5	2,217.8	53.9%
Technical valuation using observable inputs / markets with medium liquidity (2)	Corporate bonds with medium liquidity	946.4	712.7	1 659.1	40.3%
	Government with medium liquidity	10.1	1.1	11.2	0.3%
	SUB TOTAL	956.6	713.8	1,670.4	40.6%
Technical valuation using non observable inputs / Market with low or no liquidity (3)	Corporate bonds with low liquidity	61.3	14.2	75.5	1.8%
	Other bonds with low liquidity	-	18.0	18.0	0.4%
	ABS	93.3	21.4	114.7	2.8%
	Non quoted funds, equities, bonds and real estate funds	2.9	13.7	16.6	0.4%
	Non consolidated affiliates	1.5	-	1.5	0.0%
	SUB TOTAL	159.0	67.3	226.4	5.5%
TOTAL		2,198.9	1,915.7	4,114.5	100.0%
Other financial assets (4)		529.1	414.4	943.5	
TOTAL FINANCIAL ASSETS		2,728.0	2,330.0	5,058.0	

(1) An active market is a market in which there is a significant volume of trades and in which financial assets are traded over the counter, electronically traded, daily priced from external pricing vendors or priced by brokers.
(2) The medium liquidity market is a less active market.
(3) The low liquidity market is a market in which the volume of trades is limited.
(4) Other financial assets include cash, cash equivalent, other assets of FWA, loans, and deposits.

Non consolidated shares are valued on the basis of their net asset value.

Quotes available on the market are used for Government and corporate bonds while ABS are fair valued upon external valuation. Such valuations are challenged by the company which analyzes the expected cash flows on case by case basis.

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Assets available for sale

Unrealized gains and losses resulting from fair value fluctuations in non-hedged assets are accounted for directly in shareholders' equity, with the exception of unrealized exchange rate gains and losses on monetary assets which are recognized pursuant to IAS 21:

- in net income for the exchange difference applicable to the amortized cost of the asset, and
- in shareholders' equity for the remaining foreign exchange difference.

Exchange gains and losses on non-monetary financial assets recorded at fair value are recognized in shareholders' equity.

Cash and cash equivalents

In accordance with IAS7, financial instruments classified as Cash Equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

As of March 31, 2009, cash equivalents recorded on the balance sheet include mutual funds, cash deposits, and some short term deposits with term less than or equal to 3 months.

Investment revenue recognition

Dividends on equity instruments are recognized when reported.

Interest income on bonds and other monetary instruments are recognized using the effective interest method.

Impairment of financial assets

Where there is objective evidence that a financial asset is impaired, the amount of the cumulative loss is recognized in profit and loss.
Impairment tests are performed at each close. The indicators that could lead to an asset or class of asset depreciation are the followings:

- significant financial difficulty of the issuer;
- the risk of non-performance of a contract due to non-payment or to a delay in the payment of principal or of interest;
- the lender, for economic or legal reasons, grants a concession it would not otherwise grant;
- the risk of bankruptcy or of financial restructuring of the issuer;
- the risk of deterioration of equity markets following financial crisis;
- the existence of objective data indicating a measurable decrease in the estimated future cash flow of the financial asset, or an adverse development of the payment status of borrowers indicating the risk of asset default; or
- a significant or continuous decline in fair value below its amortized cost.

The amount of loss in value must be analyzed per asset category line by line as indicated in the following table:

Nature		General comments	Other
Available for sale (OCI)	Equity	Impairment criteria: - loss > 20 %, or - loss for a period more than 6 consecutive months.	Irreversible
	Fixed maturity	Fixed maturity are impaired in case of credit event. Criteria allowing to detect a credit event: - BIG (Below investment grade), investment for which the rating is < BBB : Individual assessment of unrealized losses: · loss for a period more than 12 months, or · loss for a period more than 6 months and > 20 % at closing. - IG (Investment grade), investment for which the rating is ≥ BBB: Individual assessment of unrealized losses : · loss for a period more than 6 months and > 20 % (but less than 50 %) at closing or · loss > 50 % at closing. In case where credit risk can be covered:	Reversible

		no impairment	
	Debt	Risk of recoverability on the total amount due by the issuer	Reversible
Loans		Based on actualized future cash flow	Reversible
Fair value through P&L	AFS P&L	Not applicable	

Methodology of impairment for Assets Backed Securities (abs) portfolio

In light of the Sub-prime crisis, PARIS RE implemented a specific reserving methodology for its ABS portfolio. This methodology is based on an analysis in accordance with the following criteria:

- If unrealized losses are superior to 50% : PARIS RE will report an impairment charge in the income statement which corresponds to 100% of the unrealized losses;
- If unrealized losses are superior to 20% and less than 50%: PARIS RE will report an impairment charge in the income statement which corresponds to 100% of the unrealized loss when two of the three below criteria are met:
  - o consistent unrealized loss for a period of six consecutive months and greater than 20% at the date of the closing,
  - o a rating of less than A-,
  - o a solvency ratio below 100 % (where the value of the underlying collateral less the delinquency rate falls below 100 %).

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2.7 Financial liabilities, derivatives and hedging instruments

2.7.1 Financial liabilities

In accordance with IFRS and with the exception of debt arising from reinsurance operations, debts are classified as follows: financial debt, debt instruments and other debt. Debt is accounted at its amortized cost.

There were no debt securities or other debt in the consolidated financial statements of PARIS RE as at March 31, 2009.

2.7.2 Derivative and hedging instruments

Derivative instruments are recorded at cost in the balance sheet, at the fair value of the commitment given or received. If fair value is zero, no entry is booked. Transaction costs are recorded as expenses as they are deemed not significant for PARIS RE.

At each closing date, derivatives are assessed at fair value. The accounting method is determined depending on whether or not the derivative instrument is designated as a hedging instrument. The type of hedging is determined according to the terms and conditions described below.

Pure derivative instruments

Whenever the Group has not designated a derivative instrument as a hedging instrument, the profits and losses resulting from changes in the instrument's fair value are recorded in the income statement for the period during which they are generated. In this case, it is called a natural hedge.

Hedging instruments

A hedging instrument is a designated derivative instrument or, in the case of a single foreign currency hedge, a non-derivative designated asset or liability where the fair value or the resulting cash flow offsets variations in the fair value or in the resulting cash flow of the hedged item.

In the event that an instrument is classified as a cash flow hedging instrument, the variation in fair value is recorded as shareholders' equity until the underlying cash flow amount is recorded in the income statement. At this date, the value recorded in equity capital is then reclassified in the income statement.

PARIS RE did not have any hedging instruments designated as such in its financial statements ending March 31, 2009.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

In accordance with IAS 39 related to financial instruments valuation and accounting, an embedded derivative must be separated from the host contract and accounted for as a derivative (at fair value with variation recorded in profit & loss) under the following conditions:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid (combined) instrument is not measured at fair value, any change in fair value being recognized in profit or loss.

There are currently no embedded derivatives that PARIS RE should record separately from the host contract, either in assets or in liabilities.

2.8 Accounting principles and methods specific to reinsurance operations

2.8.1 Classification and recognition of reinsurance contracts (IFRS4)

The inward or outward reinsurance contracts of the Group may be subject to different IFRS accounting rules depending on whether they are classified as insurance contracts according to IFRS 4 or as financial contracts according to IAS 39.

Inward and outward reinsurance contracts which include a significant risk transfer are classified as insurance contracts according to IFRS 4 and accounted for in accordance with this rule.

In the event that inward or outward transactions do not transfer a significant amount of risk, they are accounted for in accordance with IAS 39. In accordance with IAS 39, gross premiums are no longer reported as premium revenues, and technical reserves and deferred acquisition costs included in the balance sheet are reclassified as financial assets or liabilities as a deposit under the line items “Financial contracts assets” and “Financial contracts liabilities” on the balance sheet.

PARIS RE has accounted its reinsurance treaties according to IFRS 4, based on assessment that all of its treaties included significant risk transfer.

2.8.2 Accounting principles applicable to reinsurance contracts

The Company's consolidated financial statements have been prepared in accordance with IFRS principles.

Preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect reported and disclosed amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Management believes the items that require the most subjective and complex estimates are:

(1) recognition of premiums and,

(2) reserves for losses and loss adjustment expenses.

Management believes these accounting policies are critical to the Company's operations as the application of these policies requires management to make significant judgments.

Revenue recognition and reinsurance expenses

Accounts of ceding companies are recognized upon receipt. At closing, if all bordereaux have not been received, forecasted amounts are used to value reinsurance commitments not yet recorded.

Premium recognition

Reinsurance premium is written on an excess of loss or a proportional basis. Reinsurance contracts are generally written prior to the time the underlying direct policies are written by assignors and accordingly assignors must estimate premiums when purchasing reinsurance coverage.

For excess of loss contracts, the deposit premium is defined in the contract, mainly as "minimum and deposit" premium. The initial deposit premium is based on the ceding company's estimated premiums, and this estimate is the amount recorded as written premium in the period the risk incepts. In most of cases, these contracts are adjustable at the end of the contract period. Subsequent adjustments, based on reports by the ceding companies of actual premium, are recorded for each contract in the period these adjustments are determined, which typically takes place within six months to one year after the expiration of the contract.

For proportional contracts, an estimate of written premium is recorded in the period in which the risk incepts. At the inception of the contract, the ceding company estimates how much premium it expects to write during the year. As for non proportional contracts, the estimate of reinsurance premium is based on information provided by ceding companies and management's judgment. Subsequent adjustments are recorded when the actual premium is reported by the ceding company. Ceding companies typically report this information on a three to six month lag and actual cessions may be significantly different from the original estimate.

The Group evaluates the appropriateness of these premium estimates based on the latest information available, which includes actual premium reported to date, the latest premium estimates as provided by assignors and brokers, historical experience, management's professional judgment based on information

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obtained during the underwriting renewal process, as well as continuing assessment of relevant economic conditions. The written premium recorded, estimated by the Actuarial department, results from the Group assumptions of the ultimate premium amount. As actual premium amounts are communicated by ceding companies, initial estimates are updated. Adjustments to premium estimates are recorded in the period in which they become known. They might be significant compared to original premium estimates and may significantly affect earnings in the period they are determined.

Technical reserves

In conformity with current regulations and consistent with previous financial years, technical reserves are recorded in the balance sheet as gross amounts under liabilities and as retroceded amounts under assets.

Unearned premium reserves

There is a distinction between:

- reserves for unearned premiums, consisting of the portion of premiums related to future risk coverage for the period beginning on the balance sheet date and ending on the following expiration date of the contract (or the time limit stipulated in the contract); and
- the unexpired risk provision covering the portion of claims and claims expenses that exceeds the fraction of premiums booked net of deferred acquisition costs.

Unearned premiums reserves must also be presented gross of deferred acquisition costs and, consequently, the latter are recorded as assets.

Unexpired risk provisions are not included in the claims reserves. In consideration of the impact of the economic crisis on the coverage, on credit risk in particular, reserves have been recorded for US $5 million.

Reserves for losses

There can be a significant time lag between the event, the reporting from the original claimant to the primary insurer, to the reinsurance broker in the case where the business has not been written directly, and then to the reinsurer. To take into account event that can result in losses at closing, the company has to estimate losses prior having received all available information related to claims. Reserves for losses that cover expected underwriting losses are estimated for a part on information received from ceding companies and for a part on internal estimates. Internal estimates cover events known but not reported, or IBNR (incurred but not reported). Reserves for losses are estimated on the basis of historical data and present trends in loss experience, taking into consideration the rates of settlement for accounts from all lines of business. The level of this provision also takes into consideration factors such as inflation and applicable regulations. These estimates and judgments are based on numerous factors and may be revised as additional experience or other data becomes available.

Further uncertainties are introduced by the fact that the Company must often rely on loss information reported to brokers by primary insurers who must estimate their own losses at the policy level, often based on incomplete information.

The information received varies from a ceding to another and may include paid claims, estimated case reserves and estimated provisions for late claim (IBNR). Additionally, reserving practices and the quality of data reported varies among ceding companies which adds further uncertainty to the estimation of the ultimate losses.

Because of the degree of reliance that is necessarily placed on ceding companies for claims reporting, the associated time lag, the low frequency and high severity nature of much of the business underwritten by PARIS RE, and the varying reserving practices among ceding companies, reserve estimates are highly dependent on management's judgment and therefore remain uncertain.

Loss expense reserves

Loss expense reserves cover all expenses related to the administration of reinsurance claims. In particular, loss adjustment reserves cover expenses for incurred and unpaid claims. Loss expense reserves take into account the different phases of claims administration (opening of the file, technical monitoring, and payment of the claim) and are calculated on the basis of analytical aggregates for each line of business.

Commissions on unearned premiums

Deferred acquisition costs for property and casualty contracts that are recorded as assets in the balance sheet correspond to the portion of expenses relating to unearned premiums. Those acquisition costs that may not be recovered are immediately recorded as expenses in net income.

Deferred acquisition costs on life and non-life contracts are recorded in the balance sheet under accrued income.

Embedded derivatives

Under IFRS 4 related to insurance contracts, embedded derivatives are separated from their host contract and carried at fair value if they are not closely related to the host insurance contract or do not meet the definition of an insurance contract.

Embedded derivatives corresponding to the definition of an insurance contract are not separated.

At March 31, 2009 PARIS RE did not identify any material embedded derivative that should be accounted for separately from the host contract, either in assets or in liabilities.

2.8.3 Liability adequacy test

As required by IFRS 4, a liability adequacy test is performed in each consolidated entity in order to assess the adequacy of the reinsurance liabilities net of related Deferred Acquisition Costs and Value of Business in Force at such date.

The test considers best estimates of all contractual free cash flows, and of related cash-flows such as claim handling costs, and takes into account investment yields relating to assets backing these contracts. Current exchange rates are used for contracts written in foreign exchange currencies and a margin for risks (insurance risk, asset return risk, inflation risk, etc.) associated with the contracts is also considered. If the test shows that the net liability is inadequate, the entire deficiency is recognized in profit and loss for the amount of the deficiency.

As at March 31, 2009, this test concluded that net liabilities were adequate.

2.9 Provisions for risks and charges

2.9.1 Employees benefits

Retirement benefits

PARIS RE provides retirement benefits for its employees in accordance with legislation and practices in each country in which it operates. In certain countries employees receive supplementary retirement benefits in the form of an annual annuity or in a lump sum. The main country involved is France.

Benefits are afforded to PARIS RE Group employees either in the form of a defined contribution plan or in the form of a defined benefit plan. The defined contribution plan is characterized by payments to institutions thereby freeing the employer of future financial obligations. Consequently, once payments have been made, no liabilities or commitments are reported in the consolidated financial statements with the exception of the cost of contributions due to institutions. Defined benefit plans involve the distribution, by the company to the employee, of a lump sum upon retirement. The amount of payment is calculated using several factors such as the employee's age, years of service and average salary.

Retirement commitments recorded under liabilities relating to defined benefit plans correspond to the difference between the projected benefit obligations at closing less, if applicable, the fair value of the corresponding invested plan assets after adjustment for any unrecognized losses or gains and service costs.

The projected benefit obligation (PBO) is calculated each year by actuaries using quantitative methodology. Projected benefit obligation is calculated on the basis of long-term projections (salary increase rate, inflation rate, mortality, turnover, pension indexation and remaining service lifetime).

Actuarial gains and losses resulting from adjustments linked to experience and the effects of changes in actuarial assumptions are accounted for in shareholders' equity (SORIE option).
Past service costs generated at the adoption or modification of a defined benefit plan are immediately recognized as an expense on a straight-line basis over the average period until the benefits have become vested. In the event that benefit rights are acquired at the adoption of a plan or at the time of its modification, past service costs are immediately recognized as an expense.

2.9.2 Other provisions for risk and charges

Reserves are recorded in the accounts when PARIS RE has a current obligation (legal or implicit) resulting from a past event, when it is likely that economic resources will need to be deployed to meet the obligation and when the amount of the obligation may be reliably estimated.

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2.10 Share-based compensation plans

PARIS RE's share based compensation plans are estimated at fair value at the grant date, and the expense is accrued in the income statement over the vesting period. An industry standard option pricing model is utilized to calculate the fair value of options at the date of attribution.

Vesting conditions, other than market conditions, are taken into account at each closing date by adjusting the number of equity instruments included in the measurement of the transaction amount, and can lead to a subsequent adjustment of the expense.

2.11 Segment information

According to IFRS 8, a new standard applicable from January 1st, 2009 regarding operating segments reporting, the premiums and net underwriting income are detailed by line of business in the Note 14.

The reinsurance business result is not homogeneously spread over the year but is rather subject to important seasonality:

- The Premiums are recognized when they are written. They are generally earned using straight-line and prorata temporis rules.
- By contrast, large and major losses usually occur during hurricane season, primarily between July to October for US exposures.

2.12 Other information

2.12.1 Expenses

The income statement shows net underwriting income prior to the recording of general expenses. Claims expenses, internal acquisition costs, investment management costs and administration expenses are recorded under "General expenses."

2.12.2 Taxes

Current income tax are recorded in earnings on the basis of amounts estimated to be payable or recoverable as a result of taxable operations for the current year based on the relevant local tax regulation.

Deferred income tax assets and liabilities emerge from temporary differences between accounting and fiscal values of assets and liabilities and from net operating losses carried forward, if any. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used. Conversely, valuation allowances are recorded for deferred tax assets that are not expected to be recovered.

A French tax integration was implemented in 2006 between PARIS RE Holdings France and PARIS RE Acquisition France. PARIS RE SA has joined the tax group since 2007.

2.12.3 Reinsurance recoverable bad debt

In 2009, PARIS RE has enhanced its credit control process, updating the credit control policy, reinforcing credit collection and implementing a new depreciation methodology. The group reviews at each period end the collection ability of its insurance business debtors. The bad debt estimate is based on an aging balance and debtor risk profile. The risk profile is rated from 1 to 7 (from a solvent company to a company in liquidation). The bad debt allocation varies depending on the ageing report. It remains fairly limited and therefore has no significant impact on the Q1 2009 result.

2.12.4 Treasury shares

In the event that an entity of the group should repurchase PARIS RE stock, the related treasury stocks will offset shareholders' equity.

No profit or loss must be recognized in the income statement at the time of the purchase, the sale, the emission or the cancellation of instruments of shareholders' equity of the entity.

Such treasury shares can be acquired and held by the entity or by any other member of the consolidated group. The amount received or paid is recorded directly in shareholders' equity.

PARIS RE Group has acquired in the first quarter 38,848 shares and owns as at March 31, 2009, 4,960,657 shares, and the total cost for the period is US $473 thousands (see Note 8.3).

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Note 3. Scope of consolidation

The legal name of the parent company of the Group is “PARIS RE Holdings Limited”, a Swiss stock corporation (Aktiengesellschaft), which is governed by Swiss law.

The Company is registered with the Commercial Register of the Canton of Zug, Switzerland (the "Register") with registration number CH-170.3.030.730-9. The address of the registered office is Poststrasse 30, 6300 Zug, Switzerland.

The following sets forth the consolidated entities within the Group:

(1) The liquidation of PARIS RE Luxembourg will be effective in Q2 2009 (see Note 18).
(2) PARIS RE Acquisition France is represented together with PARIS RE Holdings France in this organization chart. On April 24, 2009, PARIS RE Acquisition France was merged with PARIS RE Holdings France (see Note 18).
(3) Branch office of PARIS RE.
(4) PARIS RE Risc Ltd. is not consolidated because the impact of its consolidation would not be material.
(5) The dissolution of Compagnie Générale de Réassurance de Monte Carlo will be effective in Q2 2009 (see Note 18).
(6) PARIS RE Finance GIE is not consolidated because the impact of its consolidation would not be material.

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The scope of consolidation on March 31, 2009 is as follows:

Company	Footnote	Country	% of control in 2009	% of interest in 2009	Consolidation Method	% of control in 2008	% of interest in 2008	Consolidation Method
PARIS RE Holdings Ltd		Switzerland	100.0	100.0	Global	100.0	100.0	Global
PARIS RE Switzerland AG		Switzerland	100.0	100.0	Global	100.0	100.0	Global
PARIS RE Luxembourg, Sarl		Luxembourg	100.0	100.0	Global	100.0	100.0	Global
PARIS RE Holdings France SA		France	100.0	100.0	Global	100.0	100.0	Global
PARIS RE Acquisition France SAS		France	100.0	100.0	Global	100.0	100.0	Global
PARIS RE SA	(1)	France	100.0	100.0	Global	100.0	100.0	Global
Compagnie Générale de Réassurance de Monte Carlo (CGRM) SA		Monaco	100.0	100.0	Global	100.0	100.0	Global
PARIS RE America Insurance Company		USA	100.0	100.0	Global	100.0	100.0	Global
PARIS RE Asia Pacific Pte. Ltd.		Singapore	100.0	100.0	Global	100.0	100.0	Global

(1) Includes a branch office in Canada.

There were no special purpose vehicles on March 31, 2009 that required to be consolidated under IFRS.

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Note 4. Intangible assets

US $ thousand

	March 31, 2009			December 31, 2008		
	Gross	Depreciation/ Impairment	Net	Gross	Depreciation/ Impairment	Net
Reserve discount	391,087	(225,644)	165,443	408,474	(216,646)	191,828
Unrealized capital gains/losses purchased	45,307	(45,307)	-	47,335	(47,335)	-
US licenses	7,350	-	7,350	7,350	-	7,350
Value business in force	443,744	(270,951)	172,793	463,159	(263,981)	199,178
Right to renew	65,608	(45,379)	20,229	68,501	(43,772)	24,729
Software	11,306	(10,503)	803	11,812	(10,777)	1,035
Other intangibles	341	(341)	(0)	300	(300)	(0)
Total intangible assets	520,999	(327,174)	193,824	592,759	(367,817)	224,942

Note 5. Invested assets

5.1 Funds Withheld Asset (FWA)

Presentation of funds withheld asset

Quota Share Retrocession Agreements with COLISEE RE (formerly named AXA RE)

In connection with the Acquisition, the PARIS RE group has entered into Quota share agreements with COLISEE RE. These agreements give 100 % of the benefits and risks of reinsurance contracts from COLISEE RE to PARIS RE as of January 1, 2006. Retrocession agreements provide for the payment of premiums by COLISEE RE to PARIS RE SA as consideration for reinsuring the covered liabilities. Moreover, these agreements also provide that the premiums will not be immediately paid but held by COLISEE RE and credited to Funds Withheld account, referred to as the “Funds Withheld Asset”, that is used to pay certain claims.

Reserve Agreement

In connection with the Acquisition, a Reserve Agreement has also been put in place that provides that COLISEE RE shall guarantee reserves in respect of PARIS RE and subsidiaries acquired in the Acquisition. The Reserve Agreement covers any losses or gains that could result from reinsurance premium earned prior to January 1, 2006 which are covered by COLISEE RE. COLISEE RE will consequently benefit from any redundancy in the reserves and will cover any deficiency in the reserves.

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Funds Withheld Asset

A list of assets backing the current Funds Withheld Asset account was agreed between PARIS RE and COLISEE RE. These assets are held in a segregated portfolio within COLISEE RE's investments and are managed by PARIS RE. The unrealized gains or losses on such investments, as well as the investment income on the Funds Withheld Assets, inure to the benefit of PARIS RE.

The unrealized gains existing on January 1, 2006 were accounted for as part of the value of business in force (VBI, see Note 4) in the group consolidated financial statements and amortized in connection with the sale of the underlying securities.

balance sheet accounting for funds withheld asset as of March 31, 2009

The following table presents the investment portfolio underlying the Funds Withheld Asset account.

US $ thousand

	Historical Net book value as of March 31, 2009	Market value	Total unrealized gains and losses	Historical Net book value as of December 31, 2008	Market value	Total unrealized gains and losses
Cash and cash equivalents	156,492	157,473	981	243,837	243,837	-
Fixed maturities available for sale	1,902,134	1,911,181	9,047	1,928,199	1,957,593	29,394
Short term investment available for sale	-	-	-	13,602	13,602	-
Equities available for sale	0	-	0	0	-	0
Non consolidated investment funds available for sale	13,527	13,667	140	57,431	58,081	649
TOTAL	2,072,153	2,082,321	10,168	2,243,069	2,273,112	30,043
Fixed maturities at fair value	-	-	-	-	-	-
Other assets held at fair value	24,929	24,929	0	33,458	33,458	-
TOTAL INVESTMENTS	2,097,082	2,107,250	10,168	2,276,526	2,306,570	30,043
Others assets / liabilities	210,538			176,701		
Revenues of Funds withheld asset	22,401			19,610		
Funds Withheld Asset	2,330,021			2,472,837		

Net gains unrealized at the date of their acquisition were purchased by PARIS RE and accounted on the line "Value of business in force (VBI)" following allocation of the difference from the first consolidation. This intangible asset was amortized over time and as the sale of the related assets became effective. As at March 31, 2009, the total amount of gains booked was entirely depreciated and there no longer remains a corresponding portfolio value.

Consequently, the present unrealized capital gain in the Funds Withheld Asset of US $10.2 million corresponds to unrealized gains created since 2006.

The net unrealized gain in the Funds Withheld Asset is not accounted in the shareholders' equity because invested assets in the Funds Withheld Asset account are not included in PARIS RE's balance sheet.

Explanation of Responses:

impairment of funds withheld asset

The following table presents the impairment of Funds Withheld Asset as of March 31, 2009 (for ABS see Note 5.3):

US $ thousand

	March 31, 2009	2009 variation	December 31, 2008
ABS	(31,791)	(4,797)	(26,994)
Others financial assets (1)	(21,676)	(4,248)	(17,428)
Total Impairment	(53,468)	(9,045)	(44,422)

(1) The Others financial assets impairment include impairment of Real estate funds for US $(13.8) million at March 31, 2009 with a 2009 variation of US $(4.2) million.

5.2 Directly held assets

The following table presents the directly held assets portfolio as of March 31, 2009.

US $ thousand

	March 31, 2009					December 31, 200				
	Historical Net book value 1	Market value 2	Unrealized gains/ Losses 3 = 2 - 1	Of which unrealized gains	Of which unrealized losses	Historical Net book value	Market value	Unrealized gains/ Losses	Of which unrealized gains	Of which unrealiz losses
Fixed maturities available for sale	2,152,070	2,194,370	42,300	59,669	(17,369)	2,038,553	2,077,754	39,201	57,019	(17,81
Short term investment available for sale	23,588	23,588	-	-	-	38,129	38,129	-	-	
Equities available for sale	230	255	25	25	-	290	297	7	7	
Non consolidated investment funds available for sale (invested in fixed maturities, equities and other assets)	1,325	1,501	176	176	-	84,254	84,835	581	581	
Non consolidated affiliates	1,837	1,547	(290)	-	(290)	1,869	1,566	(303)	-	(30
FINANCIAL INVESTED ASSETS	2,179,050	2,221,260	42,211	59,870	(17,659)	2,163,094	2,202,580	39,486	57,607	(18,12
Loans	4,318	4,318	-	-	-	4,359	4,359	-	-	
Investments in affiliates - equity		(0)	(0)	(0)	-		0	0	0	

method										
Cash and cash equivalents	501,810	502,398	587	587	-	380,463	380,690	227	227	
TOTAL DIRECT FINANCIAL INVESTMENTS	2,685,178	2,727,975	42,797	60,457	(17,659)	2,547,917	2,587,630	39,712	57,834	(18,12

The net unrealized gain on directly held financial investments amounts US $42.8 million as at March 31, 2009.

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impairment for directly held assets

The following table presents the impairment of directly held assets as of March 31, 2009:

US $ thousand	March 31, 2009	2009 variation	December 31, 2008
ABS	(326)	(326)	-
Other bonds (1)	(822)	46	(868)
Others financial assets	(136)	(36)	(100)
Total Impairment	(1,285)	(316)	(968)

(1) The variation of Other bonds directly held impairment is the impact on currency translation.

5.3 Exposure to Assets Backed Securities (ABS)

PARIS RE has no exposure to Collateralized Debt Obligations (CDO’s), Collateralized Loan Obligations (CLO’s) or any other investments in Structured Financial Products (SFP).

The Group’s exposure to “Sub-prime” and “Alt A” Residential Mortgage Backed Securities, is as shown below:

US $ thousand	Direct financial investment	Financial investment included in « Funds Withheld »	Total as of March 31, 2009	Direct financial investment	Financial investment included in « Funds Withheld »	Total as of December 31, 2008
ABS Residential	1,252	20,664	21,917	1,632	27,207	28,840
of which “Subprime”	251	5,325	5,577	260	7,540	7,801
of which “Alt A”	-	3,178	3,178	-	3,714	3,714
of which “Manufactured housing”	386	6,067	6,453	746	6,516	7,262
of which “Prime”	614	6,094	6,708	627	9,437	10,064
CMBS	1,827	765	2,592	1,883	818	2,701
ABS Auto	-	-	-	-	-	-
ABS Credit Card	-	-	-	-	-	-
ABS Equipment	-	-	-	-	-	-
Agency CMO/MBS	74,684	0	74,684	76,531	0	76,531
ABS Student Loan	14,821	-	14,821	16,009	-	16,009
Total net book value as at March 31, 2009	92,584	21,429	114,013	96,055	28,025	124,081
Unrealized losses	720	(1,832)	(1,112)	(153)	(3,074)	(3,228)
Total market value as at March 31, 2009	93,304	19,597	112,901	95,902	24,951	120,853
Total financial investments, cash and cash equivalent			5,057,996			5,060,466
% of total financial investments			2.2%			2.4%

The current market environment for certain ABS collateralized by Residential Mortgage Backed Securities is illiquid. Therefore, pricing of these securities may be difficult to assess for valuation purposes. PARIS RE obtained its valuations from a specialized data provider, which is independent from PARIS RE or from the issuers of these securities.

The unrealized losses have been booked according to the classification of the assets and taking into account the impairment rules applied by the Group (see Note 2.6):

- For directly held assets, the unrealized loss is booked through equity ("Other Comprehensive Income") except in the case of impairment, which is booked through the profit and loss statement.
  - For the underlying assets of the Funds Withheld Asset, the unrealized losses after impairment are

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offset against unrealized gains. The net amount is an unrealized gain of US $10.2 million, which is not recognized in the balance sheet but disclosed in Note 5.1"Funds Withheld Asset". In case of realized losses and impairment, the revenue of the FWA will decrease accordingly.

The table below summarizes the impact in the financial statements of the impairment and unrealized loss of ABS as of March 31, 2009:

US $ thousand

Detail of unrealized losses on ABS	Direct financial investment	Financial investment included in « Funds Withheld »	Total as of March 31, 2009	Direct financial investment	Financial investment included in <« Funds Withheld »	Total as of December 31, 2008
Unrealized gains and losses on ABS before impairment (a)	383	(33,623)	(33,240)	(153)	(30,608)	(30,221)
Cumulated impairment through balance sheet (b)	(337)	(31,791)	(32,128)	-	(26,994)	(26,994)
Outstanding unrealized gains and losses on ABS (a) – (b)	720	(1,832)	(1,112)	(153)	(3,074)	(3,227)

On March 31, 2009, the amount of the unrealized losses on ABS within the Funds Withheld Asset of US $(1.1) million was fully offset by unrealized gains in other assets in the Funds Withheld Asset. Note 5.1 shows the net unrealized gain of US $10.2 million in the Funds Withheld Asset which is not recognized in PARIS RE's balance sheet.

5.4 Exposure to financial crisis

In the context of the financial crisis, financial assets have been closely monitored. PARIS RE set out a specific procedure to identify its exposure to high-risk issuers based on exposures to issuers with a book value superior to US $1 million and unrealized losses superior to 20 % (excluding ABS, see Note 5.3).

As of March 31, 2009, the exposure to high-risk issuers includes (book value before impairment) :

- Lehman Brothers: US $0.9 million (fully impaired),
- American General Finance (AIG Subsidiary): US $3.7 million,
- International Lease Fin. Corp. (AIG Subsidiary): US $3.8 million,
- iStar Financial: US $1 million.

According to the guarantees obtained by these companies we concluded no impairment was required.

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Note 6. Deferred tax

US $ thousand

	March 31, 2009			December 31, 2008		
	France	Other	TOTAL	France	Other	TOTAL
VBI related to the Acquisition	43,448	10,570	54,019	51,738	11,024	62,762
Equalization reserve	32,206		32,206	33,735	-	33,735
Tax losses	(32,621)	-	(32,621)	(7,209)	-	(7,209)
Temporary differences	9,114	(4,540)	4,574	(9,942)	(5,673)	(15,615)
Total net deferred tax	52,148	6,030	58,179	68,322	5,351	73,673
Total deferred tax liabilities	79,005	10,755	89,760	82,250	10,248	92,498
Total deferred tax assets	(26,857)	(4,724)	(31,582)	(13,927)	(4,897)	(18,825)

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Note 7. Receivables

7.1 Receivables arising from reinsurance operations

US $ thousand

	March 31, 2009	December 31, 2008
Cash deposited with reinsurers (inward reinsurance)	26,864	17,483
Reinsurance receivables (inward reinsurance)	77,427	129,801
Reinsurance receivables (outward reinsurance)	23,750	4,201
TOTAL	128,040	151,484

7.2 Other operating receivables

US $ thousand

	March 31, 2009	December 31, 2008
Separate account on employee benefit	237	291
Current accounts	641	1,877
Other receivables (1)	53,844	55,904
Other long term assets	333	388
TOTAL	55,055	58,460

(1) As at December 31, 2008, other receivables include US $43 million income tax prepayment.

As at March 31, 2009, other receivables include US $39.7 million income tax prepayment (which were reimbursed in April 2009).

7.3 Technical accruals - assets

US $ thousand

	March 31, 2009	December 31, 2008
Premiums to be written (inward reinsurance)	1,010,266	643,744
Commissions to be written (inward reinsurance)	(214,812)	(157,312)
Commissions on unearned premiums (inward reinsurance)	169,342	117,484
TOTAL	964,796	603,916

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Note 8. Shareholders' equity

8.1 Impact of transactions with shareholders

The table below shows the position of capital and premiums as of March 31, 2009:

	Number of shares	Par Value	Premium: Common shares	Premium: Restricted Shares Units(1)	Premium: Stock Options(1)	Premium: Total	Par Value & Premiums
Capital and share premiums as at December 31, 2008	80,659,732	390,856	895,051	16,348	14,981	926,380	1,317,236
Change in number of shares and Par value		(150,842)					(150,842)
RSU and SO				212	804	1,017	1,017
Share buy back	(38,848)	(221)	(252)			(252)	(473)
Cancellation of share buy back dividends		8,731					8,731
Capital and share premiums as at March 31, 2009	80,620,884	248,524	894,799	16,560	15,785	927,145	1,175,668

(1) RSU and SO granted to management and employees are recorded under expenses and premiums according to their respective vesting period.

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8.2 Change in Other Comprehensive Income (OCI): unrealized capital gains or losses on invested assets

US $ thousand

	Gross	Tax	Net
Unrealized gains or losses of assets available for sale - Opening (1)	39,712	(6,274)	33,438
Variations relating to sale	(890)	137	(753)
Variations relating to revaluation of assets after an impairment	330	(32)	298
Variations relating to foreign exchange impact on historical cost	84	(9)	76
Variations relating to foreign exchange impact on gains and losses	1,370	(169)	1,201
Variations relating to revaluation of assets	1,362	(621)	740
Other variations	0	0	0
Invested assets bought in previous years (2)	2,256	(695)	1,561
Revaluation on acquisitions during the year (3)	2,896	(870)	2,026
Revaluation of invested assets available for sale (without exchange impact of consolidation) (4) = (2)+(3)	5,152	(1,565)	3,588
Foreign exchange impact of consolidation (5)	(2,066)	266	(1,800)
Unrealized gains or losses of assets available for sale - Closing (6) = (1)+(4)+(5)	42,798	(7,573)	35,225

8.3 Changes in consolidated shareholders' equity

US $ thousand

	March 31, 2009	December 31, 2008
Opening Shareholders' equity	2,171,759	2,474,115
Dividends	-	-,
Capital variation	(150,842)	(264,339)
RSU and stocks options	1,017	(17,148)
Treasury shares (1)	8,302	(81,642)
Capital increase tied to IPO	-	-
Currency translation variation	(107,246)	69,872
Net profit (loss)	118,595	(34,205)
Revaluation of available for sale assets (AFS)	3,588	19,961
IPO fees charged against share premiums	-	-
Other variations	-	5,146
Closing Shareholders' equity	2,045,171	2,171,759

(1) At March 31, 2009, the amount of Treasury shares includes US $44 thousand of cancellation of treasury shares capital gain.

Note 9. Technical reserves

US $ thousand

		March 31, 2009	December 31, 2008
Gross claims reserves			
Reserves for claims expenses		22,528	22,215
Claims reserves		3,187,661	3,247,313
Unexpired risk reserves		12,010	5,022
Equalization reserves		0	-
Ceded claims reserves			
Claims reserves		(198,598)	(207,768)
Unexpired risk reserves		-	-
Total net claims reserves	I	3,023,601	3,066,782
Net premium reserves			
Gross unearned premium reserves		837,328	506,803
Ceded unearned premium reserves		(83,369)	(22,599)
Total net premium reserves	II	753,959	484,205
TOTAL GROSS TECHNICAL RESERVES		4,059,527	3,781,353
TOTAL CEDED TECHNICAL RESERVES		(281,967)	(230,367)
TOTAL NET TECHNICAL RESERVES	I + II	3,777,560	3,550,986

Note 10.Foreign exchange natural hedging

US $ thousand

	Notional amount on balance sheet at closing	< 1 year	1 to 5 years	5 to 10 years	More than 10 years	Net fair value at closing (1)
			MATURITY OF HEDGE			
Swaps	-	-	-	-	-	-
Options	-	-	-	-	-	-
Future / forward	4,065	4,065	-	-	-	4,065
Credit derivatives	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-
TOTAL	4,065	4,065	-	-	-	4,065

(1) If the fair value amount at closing is negative then it relates to an unrealized gain which is reported in the liabilities part of the balance sheet with minus sign. If the fair value amount at closing is positive then it relates to an unrealized loss which is reported in the liability side of the balance sheet.

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Note 11. Financial debt

There was no financial debt in the PARIS RE consolidated financial statements as at March 31, 2009.

Note 12. Payables

12.1 Payables arising from reinsurance operations

US $ thousand

	March 31, 2009	December 31, 2008
Cash deposited by reinsurers (outward reinsurance)	27,096	27,008
Reinsurance payables (inward reinsurance)	61,405	53,247
Reinsurance payables (outward reinsurance)	57,719	49,851
TOTAL	146,220	130,106

12.2 Other operating payables

US $ thousand

	March 31, 2009	December 31, 2008
Social Security and tax payables	32,952	31,428
Current accounts	316	140
Accounts payable on assets purchased	1	3,594
Accruals and deferred income	3,825	43
Other accounts payable (1)	157,658	15,432
TOTAL	194,752	50,637

(1) At March 31, 2009, Other accounts payable include US $142 million of dividends to be paid on May 5, 2009.

12.3 Technical accruals - liabilities

US $ thousand

	March 31, 2009	December 31, 2008
Premiums to be written (outward reinsurance)	85,308	42,608
Commissions to be written (outward reinsurance)	(26,184)	(20,545)
Commissions on unearned premiums (outward reinsurance)	15,357	6,567
TOTAL	74,482	28,630

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Note 13. Reserve agreement impact

Since the Group's inception, variations relating to the Reserve Agreement were recorded in the consolidated financial statements on the line "Claims expenses" regardless of the fact that such variations also comprised premium adjustments, commissions and claims administration expenses. This presentation is based on the legal interpretation of the agreement whereas the purpose of the Reserve Agreement is to provide overall compensation for the liquidation of reserves from 2005 and prior accident years.

However, the impacts resulting from the adjustment of premiums and commissions remain significant especially when accounts are adjusted by the cedant or when business is commuted. Consequently, this presentation renders the analysis of financial results for the period highly complex and creates inaccuracies in reinsurance ratios.

With respect to IAS 1, the company is under obligation to present its financial statements in a manner that is consistent and uniform. However, due to particular circumstances and in the aim of maintaining the quality or enhancing the legibility of the financial statements and in order to facilitate the economic analysis of the consolidated financial statements as well as their comprehension by the general public, a change may be necessary. Accordingly, the Group decided to classify Reserve Agreement impacts by premiums, by commissions and by claims and, to achieve this, has presented reclassifying accounting entries by type. This presentation is applied as at March 31, 2008 and 2009:

Net underwriting income

US $ thousand	March 31, 2008 published	3 months Reserve Agreement reclassification	March 31, 2008 presented
Gross written premiums	768,694	6,627	775,321
Total Premium Revenues	768,694	6,627	775,321
Premiums ceded	(134,048)	-	(134,048)
Net written premiums	634,646	6,627	641,273
Net variation in unearned premium reserves	(359,397)	-	(359,397)
Net earned premiums	275,248	6,627	281,875
Claims net of retrocession	(166,414)	(5,040)	(171,453)
of which claims paid net of retrocession	(232,339)	(5,040)	(237,379)
of which claims reserves variation net of retrocession	65,925	-	65,925
Commissions and brokerage net of retrocession	(50,094)	(1,588)	(51,681)
Net underwriting income	58,741	(0)	58,741

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Net balance sheet position

US $ thousand

	March 31, 2009	Currency translation	2009 variation	December 31, 2008
Reserve agreement - Asset	37,031	(1,349)	(1,241)	39,621
Reserve agreement - Liabilities	(105,634)	5,467	(1,550)	(109,552)
Reserve agreement - Net	(68,603)	4,118	(2,790)	(69,931)

Note 14. Net income by business line

As explained in note 2.1 PARIS RE adopted the new standard IFRS 8 dedicated to segment reporting; PARIS RE has identified 6 reportable segments : property, casualty, marine/aviation/space, credit/surety, Facultatives, Life/accident & health. Segment information is prepared on the basis of management IT systems.

The following table provides the underwriting income statement by line of business for the 1st quarter of 2009 and the comparable period of 2008:

	Property		Casualty		Marine / Aviation / Space		Credit / Surety		Facultatives		Life / Accident & Health	
3 Months Ended March 31	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Gross written premiums	312	334	131	137	51	67	92	135	44	51	37	52
Net written premiums	256	236	131	136	49	67	83	125	20	28	37	49
Net earned premiums	140	105	55	54	26	28	24	34	33	45	21	17
Claims net of retrocession	-67	-48	-40	-40	-18	-17	-42	-15	-18	-40	-17	-11
Commissions & brokerage net of retrocession	-17	-13	-12	-11	-3	-5	-8	-12	-4	-7	-2	-4
Net underwriting income	56	43	4	2	5	6	-27	7	11	-2	2	2
General expenses	-12	-19	-5	-6	-2	-3	-2	-2	-6	-8	-2	-2
Net underwriting income after general expense	45	25	-1	-4	2	3	-29	5	5	-10	0	0
Other incomes / expenses not allocated												
CONSOLIDATED INCOME												

STATEMENT - Net income												
Total loss ratio net of reinsurance	47.6%	45.9%	72.0%	74.5%	69.9%	61.6%	179.7%	45.2%	53.7%	89.3%	80.5%	63.8%
Net commissions & brokerage ratio	12.2%	12.7%	21.2%	21.3%	12.8%	16.3%	33.8%	34.8%	12.6%	15.6%	10.0%	21.7%
General Expense Ratio	8.4%	17.7%	8.2%	12.0%	8.0%	10.3%	7.9%	5.4%	17.8%	18.3%	7.7%	11.6%
Combined Ratio	68.2%	76.3%	101.5%	107.8%	90.7%	88.3%	221.5%	85.4%	84.1%	123.2%	98.2%	97.2%

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Note 15. Financial Result

US $ thousand	3 months March 31, 2009	3 months March 31, 2008
Bonds	21,033	13,248
Equities	-	18
Other financial assets available for sale	162	2,337
Other assets held by non consolidated investment funds	101	111
Loans and other loans	39	28
Other investment income	119	2,924
Income from Funds withheld Asset	22,559	48,348
Income from cash equivalent	1,203	3,347
Expenses on investments and loans	(1,610)	(783)
Net investment incomes	43,607	69,578
Bonds	(244)	4,087
Equities	(0)	(3,005)
Cash equivalent	8	-
Net capital gains and losses	(237)	1,082
Variations in investment impairment	(364)	
Exchange rate impact	75,401	(188,001)
Valuation of derivative instruments	2,089	4,480
Financial results - Other	(182)	(806)
Net financial income excluding debt expenses	120,314	(113,667)

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Note 16. Income tax

US $ thousand

	March 31, 2009	March 31, 2008
Swiss income tax	(12,292)	3,744
Current	(12,289)	-
Deferred	(3)	3,744
Non Swiss income tax	8,844	(5,626)
Current	(4,342)	(16,189)
Deferred	13,186	10,563
TOTAL INCOME TAX	(3,447)	(1,881)

income tax by country

US $ thousand	March 31, 2009				March 31, 2008				
	France	Switzerland	Others	TOTAL	Swizerland	France	Bermuda	Others	TOTAL
Net result after tax	(31,272)	132,361	17,506	118,595	(128,043)	5,172	7,022	(13,676)	(129,525)
Net result before tax	(44,313)	144,652	21,702	122,042	(131,787)	11,329	7,022	(14,208)	(127,644)
Tax and deferred taxes	13,041	(12,292)	(4,197)	(3,447)	3,744	(6,157)	-	532	(1,881)
Calculated tax rate	29.43%	8.50%	19.34%	2.82%	2.84%	54.35%	0.00%	3.70%	-1.47%
Impact of permanent differences	2,214	-	8,343	10,557		1,717		(1,297)	420
Utilization or not of tax losses (1)	-	(1,480)	(8,805)	(10,285)	6,737			1,263	8,000
Tax rate adjustment and other	-			-		493		1,947	2,440
Total adjusted tax	15,255	(13,772)	(4,658)	(3,175)	10,481	(3,946)	-	2,444	8,978
Adjusted tax rate	34.4%	9.5%	21.5%	2.6%	8.0%	34.8%	0.0%	17.2%	7.0%

(1) Deferred taxes not activated on tax losses comes from holding companies of the PARIS RE Group.

Note 17. Net earnings per share

The Company computes net earnings per share and fully diluted net earnings per share as follows:

- The net earnings per share is calculated on the basis of the average number of shares weighted during the period. This calculation does not take into account RSU, stock options and warrants.
- The fully diluted net earnings per share is calculated on the basis of the diluted shares outstanding, including stock options, restricted stock units and warrants. The impact of the stock options and warrants on the total number of diluted shares is based on the "in the money" value of theses instruments based on PARIS RE's common stock price.

US $ thousand		3 months	
		March 31, 2009	March 31, 2008
Group net income			
Group net income	A	118,595	(129,525)
Group net income restated to include the impact of dilutive financial instruments	B	118,595	(129,525)
Equity shares (in thousands of units)			
Equity shares (ordinary) weighted at opening		80,660	83,500
Equity shares (ordinary) weighted at closing	C	80,627	85,303
Instruments potentially dilutive			
- Restricted Stock Units		391	2,072
- Stock options		-	16
- Warrants		-	477
Equity shares (ordinary) weighted after impact of the instruments potentially dilutive	D	81,017	87,868
Net earning per share (in US dollars)			
Net earning per share	= A/C	1.47	(1.52)
Net earning per share diluted	= B/D	1.46	(1.47)

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Note 18. Subsequent events

Reorganization

PARIS RE pursues its reorganization:

- On April 24, 2009, PARIS RE Acquisition France has been merged with PARIS RE Holdings France pursuant to Article L236.-1 of the French "Code de Commerce" as simplified merger. PARIS RE Holdings France held 100% PARIS RE Acquisition shares. PARIS RE Acquisition France's Assets and liabilities has been transferred to PARIS RE Holdings France retroactively on January 1st, 2009 at net book value. The merger has no effect on the consolidated financial statements.

- Sale of CGRM head office in Monaco. In connection with the planned dissolution of PARIS RE's subsidiary in Monaco, the Company has sold its office on May the 4th. The company has generated a gain net of tax of approximately EUR3.2 million which will be accounted for during the second quarter.

- The liquidation of PARIS RE Luxembourg was effective in 2009 second quarter. This liquidation has limited effect on the 2009 second quarter Financial statement.

- Registration of PARIS RE Insurance Company in 2009 second quarter.

Impact of foreign exchange differences on treaties of 2 retrocessionnaires

Discussions have occurred in June 2009 between Paris Re and 2 retrocessionaires about the calculation of foreign exchange differences in the context of quarterly accounts to be rendered according to the applicable treaties.

Parties have together decided to change the modality for the conversion to USD. This change mainly consisted in the fact that the conversion for exposure premium and related deductions should be fixed at the currency rate at the end of each related year while it was adjusted up to now at each account date. The change will be applied going back retroactively to the inception date of the treaties and is a non adjusting post balance sheet event which will be accordingly accounted for in the second quarter. Reinstatement payment will be considered like claim payments and converted at the rate of the year of settlement.

Should this new calculation methodology had been changed at the end of the first quarter 2009, then the net income for the period would have been reduced by an amount estimated in the range of 8 to 12 million dollars before tax.

The estimated impact as at June 30, 2009 on the cumulative six months period between January 1st 2009 and June 30, 2009 is assumed to be not significant.

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Partner Re combination agreement

Zug, Switzerland, July 6, 2009, PARIS RE Holdings Limited (Euronext: PRI) ("PARIS RE") announces that its Board of Directors has approved a combination agreement with PartnerReLtd., ("PartnerRe"), a global multi-line re-insurer, according to which PartnerRe intends to acquire in a multi-step transaction all the outstanding securities of PARIS RE.

In the first step of the transaction, which is expected to close in the fourth quarter of 2009, PartnerRe, which recently acquired approximately 6% of PARIS RE's outstanding common shares, will acquire the shares held by several significant shareholders (Stone Point Capital, Hellman & Friedman, Vestar Capital Partners, Crestview Partners, New Mountainand Caisse de Dépôt et Placement du Québec) and their investment entities representing approximately 57% of PARIS RE's outstanding common shares.

Promptly upon completion of the block purchase, PartnerRe intends to commence a voluntary public exchange offer on all the outstanding shares of PARIS RE not then owned by PartnerRe. The voluntary exchange offer is expected to close in the first quarter of 2010. Shareholders holding approximately 6% of PARIS RE's outstanding shares have agreed to tender into the offer. Once PartnerRe attains 90% ownership, it intends to acquire any remaining shares through a compulsory merger under Swiss law.

The consideration per share of PARIS RE in the block purchase, the subsequent exchange offer and the merger will be 0.3 PartnerRe common share. The consideration payable in all stages of the transaction could be subject to adjustment up or down if the parties' relative tangible book values diverge significantly prior to the closing of the block purchase. In addition, the number of PartnerRe shares payable for each PARIS RE share in the exchange offer and the merger will be adjusted upwards to account for any dividends declared on the PartnerRe common shares having a record date following the closing of the block purchase and prior to the settlement of the exchange offer.

PARIS RE will convene an extraordinary shareholder meeting in August to request that shareholders vote upon the appointment of new directors upon closing of the block purchase, removal of the provision in its articles of incorporation that imposes the filing of a cash tender offer by any entity which acquires more than one third of the voting rights and approval by way of a capital reduction of an extraordinary cash distribution to all of its shareholders immediately prior to the closing of the block purchase. The sellers in the block purchase have agreed to vote in favor of such resolutions. The distribution will amount to the CHF equivalent of up to US $3.85 per common share.

The multi-step transaction values PARIS RE at approximately US $2 billion.

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The contemplated transaction is subject to, among other things, PartnerRe shareholders approving the issuance of new shares to be given as consideration to PARIS RE shareholders, obtaining relevant regulatory and anti-trust approvals and the listing of PartnerRe shares on Euronext Paris.

ANNEX A: OPINION OF UBS SECURITIES LLC

July 4, 2009

The Board of Directors
PartnerRe Ltd.
Wellesley House
90 Pitts Bay Road
Pembroke
HM 11
Bermuda

Dear Members of the Board:

We understand that PartnerRe Ltd., a Bermuda exempted company ("PartnerRe"), is considering a transaction whereby it will acquire PARIS RE Holdings Limited, a Swiss Corporation ("PARIS RE"). Pursuant to the terms of a Securities Purchase Agreement, draft dated July 3, 2009 (the "PE Purchase Agreement"), among PartnerRe, certain equityholders of PARIS RE named therein (collectively, the "PE Sellers") and PARIS RE, PartnerRe will cause a newly formed wholly owned subsidiary of PartnerRe ("Purchaser") to acquire from the PE Sellers all common bearer shares, CHF 4.51 par value per share, of PARIS RE ("PARIS RE Shares"), and all warrants to purchase PARIS RE Shares ("PARIS RE Warrants"), held by the PE Sellers (the "PE Acquisition") for consideration consisting of (a) 0.300 of a common share, US$1.00 par value per share, of PartnerRe (collectively, "PartnerRe Shares") in exchange for each PARIS RE Share (the "Per Share Consideration"), and (b) 0.167 of a PartnerRe Share in exchange for each PARIS RE Warrant (the "Per Warrant Consideration" and the Per Share Consideration and the Per Warrant Consideration to be paid in the aggregate pursuant to the PE Acquisition, the "PE Acquisition Consideration"), in each case subject to adjustment as specified in the PE Purchase Agreement. Pursuant to the terms of a Transaction Agreement, draft dated July 3, 2009 (the "Transaction Agreement" and, together with the PE Purchase Agreement, the "Agreements"), between PartnerRe and PARIS RE, (i) following consummation of the PE Acquisition, PartnerRe will commence a public exchange offer (the "Offer") to acquire each outstanding PARIS RE Share not then owned by Purchaser or its affiliates in exchange for the Per Share Consideration and each outstanding PARIS RE Warrant not then owned by Purchaser or its affiliates in exchange for the Per Warrant Consideration (the Per Share Consideration and the Per Warrant Consideration to be paid in the aggregate pursuant to the Offer, the "Offer Consideration"), in each case subject to adjustment as specified in the Transaction Agreement, and (ii) following consummation of the Offer and assuming that Purchaser and its affiliates then own at least 90% of all outstanding PARIS RE Shares, PARIS RE will be merged with and into Purchaser or one of its affiliates (the "Merger" and, taken together with the PE Acquisition and the Offer as integrated transactions, collectively, the "Transaction") and each outstanding PARIS RE Share not then owned by PartnerRe or any of its affiliates will be exchanged for the right to receive the Per Share Consideration (the Per Share Consideration to be paid in the aggregate pursuant to the Merger, the "Merger Consideration" and, taken together with the PE Acquisition Consideration and the Offer Consideration, the "Consideration"), subject to adjustment as specified in the Transaction Agreement. The terms and conditions of the Transaction are more fully set forth in the Agreements.

In addition, the Agreements provide for (x) the reduction of the share capital of PARIS RE in the CHF amount equivalent to US$3.85 per PARIS RE Share through a return on capital to its shareholders (the "Share Capital Repayment") immediately prior to consummation of the PE Acquisition, subject to certain conditions and limitations as specified in the Transaction Agreement, and (y) to the extent that

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The Board of Directors
PartnerRe Ltd.
July 4, 2009

PARIS RE is not able to effect the Share Capital Repayment in full immediately prior to consummation of the PE Acquisition, an alternative arrangement in which promissory notes of PartnerRe (such promissory notes, the "PartnerRe Notes") will be issued to the PE Sellers in connection with the PE Acquisition and in which the Share Capital Repayment (or any remaining portion thereof not effected immediately prior to consummation of the PE Acquisition) will be made to PARIS RE's shareholders (including Purchaser and its affiliates as a result of the PE Acquisition or related transactions) immediately prior to consummation of the Offer (such alternative arrangement, the "Alternative Payment Arrangement").

You have requested our opinion as to the fairness, from a financial point of view, to PartnerRe of the Consideration to be paid by PartnerRe in the Transaction.

UBS Securities LLC ("UBS") has acted as financial advisor to PartnerRe in connection with the Transaction and will receive a fee for its services, a portion of which is payable in connection with this opinion, a portion of which is contingent upon consummation of the PE Acquisition and a significant portion of which is contingent upon consummation of the Offer. In the past, UBS and its affiliates have provided services to PartnerRe and its affiliates unrelated to the proposed Transaction, for which UBS and its affiliates received compensation, including having acted as co-manager for a debt securities offering of a subsidiary of PartnerRe in 2008. In addition, an affiliate of UBS in the past has been and currently is a participant in a credit facility of PartnerRe, for which such affiliate of UBS received and continues to receive fees and interest payments. In the ordinary course of business, UBS and its affiliates may hold or trade, for their own accounts and the accounts of their customers, securities of PartnerRe, PARIS RE and certain portfolio companies of certain affiliates of the PE Sellers and, accordingly, may at any time hold a long or short position in such securities. The issuance of this opinion was approved by an authorized committee of UBS.

Our opinion does not address the relative merits of the Transaction or any related transaction as compared to other business strategies or transactions that might be available to PartnerRe or PartnerRe's underlying business decision to effect the Transaction or any related transaction. Our opinion does not constitute a recommendation to any security holder as to how such security holder should vote or act with respect to the Transaction or any related transaction. At your direction, we have not been asked to, nor do we, offer any opinion as to the terms, other than the Consideration to the extent expressly specified herein, of the Agreements or any related documents or the form of the Transaction or any related transaction. In addition, we express no opinion as to the fairness of the amount or nature of any compensation to be received by any officers, directors or employees of any party to the Transaction, or any class of such persons, relative to the Consideration. We express no opinion as to (a) what the value of PartnerRe Shares will be when issued pursuant to the Transaction, (b) what the value of PartnerRe Notes will be if issued pursuant to the Alternative Payment Arrangement, or (c) the prices at which PartnerRe Shares or PARIS RE Shares will trade, or at which PartnerRe Notes (if any) or PARIS RE Warrants may be transferable, at any time. In rendering this opinion, we have assumed, with your consent, that (i) the final executed forms of the Agreements will not differ in any material respect from the drafts we have reviewed, (ii) the parties to the Agreements will comply with all material terms of the Agreements, and (iii) the Transaction and related transactions will be consummated in accordance with the terms of the Agreements without any adverse waiver or amendment of any material term or condition thereof. We have also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Transaction and any related transaction will be obtained without any material adverse effect on PartnerRe, PARIS RE or the Transaction. We further have assumed, at your direction, that a favorable tax ruling from the Swiss Federal Tax Administration as specified in the Transaction Agreement will be obtained with respect to certain matters relating to PARIS RE. In addition, we have assumed, with your consent, that, to the extent that PARIS RE is not able to effect the Share Capital

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The Board of Directors
PartnerRe Ltd.
July 4, 2009

Repayment in full immediately prior to consummation of the PE Acquisition, the Alternative Payment Arrangement, including, without limitation, the issuance of PartnerRe Notes and the financing of the Share Capital Repayment thereunder, will not affect our analyses or opinion in any material respect.

In arriving at our opinion, we have, among other things: (i) reviewed certain publicly available business and financial information relating to PartnerRe and PARIS RE; (ii) reviewed certain internal financial information and other data relating to the business and financial prospects of PARIS RE that were not publicly available, including financial forecasts and estimates prepared by the management of PARIS RE as adjusted by the management of PartnerRe that you have directed us to utilize for purposes of our analysis; (iii) reviewed certain internal financial information and other data relating to the business and financial prospects of PartnerRe that were not publicly available, including financial forecasts and estimates, both with and without giving effect to the Transaction, prepared by the management of PartnerRe that you have directed us to utilize for purposes of our analysis, which, in the case of forecasts and estimates giving effect to the Transaction, reflect certain estimates of net synergies; (iv) conducted discussions with members of the senior managements of PartnerRe and PARIS RE concerning the businesses and financial prospects of PartnerRe and PARIS RE; (v) reviewed publicly available financial and stock market data with respect to certain other companies we believe to be generally relevant; (vi) compared the financial terms of the Transaction with the publicly available financial terms of certain other transactions we believe to be generally relevant; (vii) reviewed current and historical market prices of PartnerRe Shares and PARIS RE Shares; (viii) considered certain pro forma effects of the Transaction on PartnerRe's financial statements; (ix) reviewed the Agreements; and (x) conducted such other financial studies, analyses and investigations, and considered such other information, as we deemed necessary or appropriate.

In connection with our review, with your consent, we have assumed and relied upon, without independent verification, the accuracy and completeness in all material respects of the information provided to or reviewed by us for the purpose of this opinion. In addition, with your consent, we have not made any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of PartnerRe or PARIS RE, nor have we reviewed any such evaluation or appraisal. With respect to the financial forecasts, estimates, net synergies and pro forma effects referred to above (including adjustments by the management of PartnerRe to forecasts and estimates relating to PARIS RE prepared by the management of PARIS RE), we have assumed, at your direction, that they have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the managements of PartnerRe and PARIS RE, as the case may be, as to the future financial performance of PartnerRe both with and without giving effect to the Transaction, the future financial performance of PARIS RE and such net synergies and pro forma effects. In addition, we have assumed with your approval that the financial forecasts and estimates, including net synergies, referred to above will be achieved at the times and in the amounts projected. As you are aware, we have been advised that historical financial statements for PartnerRe have been prepared in accordance with, and financial forecasts and estimates for PartnerRe have been prepared based on, United States generally accepted accounting principles ("U.S. GAAP") and that historical financial statements for PARIS RE have been prepared in accordance with, and financial forecasts and estimates for PARIS RE have been prepared based on, International Financial Reporting Standards ("IFRS"). We have not been provided with a reconciliation of the differences between U.S. GAAP and IFRS with respect to such financial statements, forecasts and estimates and, accordingly, have assumed, at your direction, without independent verification, that such differences will not be material in any respect to our analyses or opinion.

We are not actuaries, our services did not include any actuarial determinations or evaluations by us or an attempt by us to evaluate actuarial assumptions and we have not been requested to conduct, and have not conducted, a review of any individual production, underwriting or claim files of PartnerRe or

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PARIS RE. We express no opinion as to any matters relating to the reserves of PartnerRe or PARIS RE, including, without limitation, the adequacy of such reserves, and we have been advised and therefore have assumed, at your direction, without independent verification, that such reserves are appropriate. With respect to PARIS RE's existing reserve guarantee from, and other arrangements with, AXA and COLISEE RE, we also have assumed, at your direction, without independent verification, that such reserve guarantee and other arrangements will not be modified and will remain in full force and effect, and that AXA and COLISEE RE will continue to satisfy their respective obligations thereunder. Our opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information available to us as of, the date hereof.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Consideration to be paid by PartnerRe in the Transaction is fair, from a financial point of view, to PartnerRe.

This opinion is provided for the benefit of the Board of Directors in connection with, and for the purpose of, its evaluation of the Consideration in the Transaction.

Very truly yours,

/s/ UBS Securities LLC

UBS SECURITIES LLC

5TH FLOOR,
WELLESLEY HOUSE
SOUTH
90 PITTS BAY RD.
PEMBROKE HM08,
BERMUDA

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on , 2009. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

Electronic Delivery of Future PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on , 2009. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

The Board of Directors recommends you vote FOR the following proposal(s):

		For	Against	Abstain
1	To approve the issuance of PartnerRe Ltd. common shares and securities exercisable or exchangeable for PartnerRe Ltd. common shares in connection with the series of transactions to acquire PARIS RE Holdings Limited described in the accompanying proxy statement.	0	0	0
2	To approve the increase in the size of the board of directors of PartnerRe Ltd. from 11 to 12.	0	0	0
3	To approve the amendment to PartnerRe Ltd.'s 2005 Employee Equity Plan, as amended and restated, to increase the number of PartnerRe Ltd. common shares available for issuance and to increase the number of PartnerRe Ltd. common shares that may be awarded as restricted shares or restricted share units.	0	0	0

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

Important Notice Regarding the Availability of Proxy Materials for the Special Meeting: The Notice of Special General Meeting and Proxy Statement is/are available at www.proxyvote.com.

PROXY - PartnerRe Ltd.

This Proxy is solicited on behalf of the Board of Directors of PartnerRe Ltd.

in connection with our Special General Meeting of Shareholders to be held on , 2009

The undersigned shareholder of PartnerRe Ltd. hereby appoints John A. Rollwagen and Patrick A. Thiele, each the true and lawful attorney, agent and proxy of the undersigned, with full power of substitution to vote all of our Common Shares, $1.00 par value per share, which the undersigned may be entitled to vote at the Special General Meeting of Shareholders to be held , 2009 and at any adjournment or postponement of such meeting with all powers which the undersigned would possess if personally present, for the purposes set forth on the reverse side hereof.

This Proxy will be voted as directed or, if no direction is indicated, it will be voted FOR the approval of proposals 1, 2 and 3 described on the reverse side. In their discretion, the proxies are authorized to vote this proxy upon such other business as may properly come before the Special General Meeting or any adjournment or postponement therof.
Please complete, sign, date and return this card using the enclosed envelope.