

Primus Guaranty, Ltd.

Passive Foreign Investment Company (PFIC) Information

Based on the operations, income and assets of our entire group, and in particular the operations, income and assets of Primus Financial Products, LLC, Primus Guaranty, Ltd. believes that it should satisfy either or both of the “income” or “asset” tests and as a result should be and continue to be a PFIC. In prior years Primus (Bermuda) Ltd. had been considered a stand-alone PFIC separate from Primus Guaranty, Ltd. However, effective January 1, 2012, Primus Guaranty, Ltd. and Primus (Bermuda) Ltd. were amalgamated. Additionally, Primus (Bermuda) Ltd. had previously invested in Primus CLO I, Ltd. and Primus CLO II, Ltd., each of which was considered a separate, stand-alone PFIC, until selling all of its interests on August 11, 2011 and December 8, 2010, respectively. As a result of the amalgamation of Primus Guaranty, Ltd. and Primus (Bermuda) Ltd. and the disposition of the investments in Primus CLO I, Ltd. and Primus CLO II, Ltd., Primus Guaranty, Ltd. is the only remaining PFIC in our entire group.

Holders of Primus Guaranty, Ltd. common shares (“Shareholders”) are urged to consult with their tax advisors as to the tax consequences of holding shares of PFICs and the possible advisability of electing to have Primus Guaranty, Ltd. treated as a “qualified electing fund”, or QEF. In general, once an election is made, the election applies to all subsequent years. Shareholders who are U.S. taxpayers also are reminded that a completed IRS Form 8621 must be filed along with their U.S. federal income tax return annually with respect to their ownership interest in Primus Guaranty, Ltd.

Shareholders may not make a mark-to-market election with respect to our common shares effective as of December 20, 2011, the date the common shares were no longer traded on a “qualified exchange” as a result of the de-listing of the common shares from the New York Stock Exchange. Shareholders who had previously made a mark-to-market election are advised to consult with their tax advisors as to the possibility and/or advisability of making a QEF election in respect of their holdings of Primus Guaranty, Ltd. common shares.

To assist Shareholders that are making a QEF election, Primus Guaranty, Ltd. has prepared a PFIC Annual Information Statement for the tax year ended December 31, 2012. This information statement is attached.

It is suggested that Shareholders consult with their own tax advisors and our disclosure documents on file with the SEC to determine whether to make a QEF election with respect to the ownership interest in Primus Guaranty, Ltd. This is provided for informational purposes only and is not intended to, and does not, constitute tax, legal or other advice.

ISSUER: PRIMUS GUARANTY, LTD.
CLARENDON HOUSE, 2 CHURCH STREET
HAMILTON HM 11, BERMUDA

PASSIVE FOREIGN INVESTMENT COMPANY (PFIC)
 ANNUAL INFORMATION STATEMENT
 FOR TAX YEAR ENDED DECEMBER 31, 2012

EQUITY CLASS OF ISSUER: PGL COMMON SHARES

The following annual information statement is being provided so that you may report your pro rata share of Primus Guaranty, Ltd.'s income in the event that you have elected to treat Primus Guaranty, Ltd. as a "qualified electing fund" ("QEF") under the applicable provisions of the United States Internal Revenue Code of 1986, as amended (the "Code").

- (1) This Information Statement applies to the taxable year of Primus Guaranty, Ltd. ("PGL") beginning on January 1, 2012 and ending on December 31, 2012.
- (2) The below amounts represent the pro rata income of PGL attributable to each of 30,189,009 common shares, par value \$0.08 per share ("Common Shares"), outstanding during the year ended December 31, 2012. This number of Common Shares reflects the average number of shares outstanding on each day of the year during 2012. Given the large number of days during the year on which the outstanding number of shares changed, information is not being provided as to the amount of PGL's income for 2012 that would be pro rated to each of the Common Shares outstanding on each day of the year, based on the number of Common Shares outstanding on that day.

Investors should adjust the below income amounts by their appropriate share ownership:

(i) If you held PGL Common Shares throughout 2012, multiply the number of shares by the "Per Common Share" amount below.

(ii) If you did not hold PGL Common Shares for the entire period beginning January 1, 2012 and ending December 31, 2012, multiply the number of shares you held by the "Per Common Share Per Day" amount below and by the number of days you owned the shares in 2012.

(iii) If you owned different amounts of PGL Common Shares at different times during 2012, perform the calculation specified in (ii) above separately for each lot of Common Shares owned and use the total amounts yielded from those calculations.

	Total	Per Common Share	Per Common Share Per Day
Ordinary earnings:	\$ 67,500,467	\$ 2.23593	\$ 0.006109
Net long-term capital gain:	\$ 810,208	\$ 0.02684	\$ 0.000073

- (3) The amount of cash and fair market value of other property distributed or deemed distributed by PGL with respect to its Common Shares during the taxable year.

	Distribution Amount	Per Common Share
Total Distributions	\$ -	\$ -
Fair market value of other property:		NONE

- (4) PGL will permit you to inspect and copy its permanent books of account, records, and such other documents as may be maintained by it that are necessary to establish that PFIC ordinary earnings and net capital gain, as provided in Section 1293(e) of the Code, are computed in accordance with the U.S. federal income tax principles.

Date: March 14, 2013

PRIMUS GUARANTY, LTD.

By: 

Title: Chief Financial Officer