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**PRIMUS AND COUNTERPARTY TERMINATE \$1.3 BILLION
OF CREDIT SWAPS**

Hamilton, Bermuda – October 5, 2009 – Primus Guaranty, Ltd. (NYSE:PRS) today announced that its subsidiary, Primus Financial Products, LLC (“Primus Financial”), has terminated \$1.3 billion notional principal of credit swaps with a significant counterparty. These swaps represent the counterparty’s entire portfolio of credit swaps with Primus Financial. Primus Financial paid \$6.5 million to the counterparty, a significant discount to the market value of the portfolio, to terminate these swaps. Included in this portfolio were a small number of reference entities which Primus Financial concluded had a high risk profile, including certain financial guarantors.

This is the second credit mitigation transaction that Primus Financial has completed and announced in recent months. Through these transactions, Primus Financial has terminated approximately \$1.4 billion of single-name credit swaps, and has capped its exposure to an additional \$1.2 billion of credit swaps, assigning them to a newly formed, wholly owned subsidiary.

The company continues to discuss with its counterparties potential credit mitigation transactions, as it actively manages its credit protection portfolio in amortization. Primus Financial’s previously announced strategy is to address certain concentration issues in a small number of higher risk sectors, including insurance, building/development and retail, among others. No assurance can be given that the company will be successful in completing risk mitigation transactions or, if successful, that Primus Financial will achieve the desired risk reductions in its portfolio.

About Primus Guaranty

Primus Guaranty, Ltd. is a Bermuda company with operations in New York, Boston and London. Through its subsidiaries, the company is a leading manager of corporate credit assets and provider of credit protection. Primus manages assets in structured credit funds and operating companies, across a range of asset classes – including investment grade, high yield and leveraged loans – using both cash and synthetic instruments.

Safe Harbor Statement

Some of the statements included in this press release and other statements Primus Guaranty may make, particularly those anticipating future financial performance, business prospects, growth and operating strategies, market performance, valuations and similar matters, are forward-

looking statements that involve a number of assumptions, risks and uncertainties, which change over time. For those statements, Primus Guaranty claims the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Any such statements speak only as of the date they are made, and Primus Guaranty assumes no duty to, and does not undertake to, update any forward-looking statements. Actual results could differ materially from those anticipated in forward-looking statements, and future results could differ materially from historical performance. For a discussion of the factors that could affect the company's actual results please refer to the risk factors identified from time to time in the company's SEC reports, including, but not limited to, Primus Guaranty's Annual Report on Form 10-K, as filed with the U.S. Securities and Exchange Commission.

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