

**Primus Guaranty, Ltd.,**  
**Primus Bermuda, 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 both Primus Guaranty, Ltd. and Primus Bermuda, Ltd. should satisfy either or both of the “income” or “asset” tests and as a result should be and continue to be PFICs.

Holders of Primus Guaranty, Ltd. common shares are urged to consult with their tax advisors as to the tax consequences of holding shares directly (in the case of Primus Guaranty, Ltd.) and indirectly (in the case of Primus Bermuda, Ltd.) of PFICs and the possible advisability of electing to have each of Primus Guaranty, Ltd. and Primus Bermuda, Ltd. treated as a “qualified electing fund”, or QEF, or of making a mark-to-market election with respect to Primus Guaranty, Ltd.. In general, once a QEF election is made, the election applies to all subsequent years.

To assist shareholders that are making QEF elections with respect to Primus Guaranty, Ltd. and Primus Bermuda, Ltd., Primus Guaranty, Ltd. has prepared PFIC Annual Information Statements for the tax year ended December 31, 2005, for both Primus Guaranty, Ltd. and Primus Bermuda, Ltd.. These information statements are attached.

*It is suggested that the investors consult with their 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. and Primus Bermuda, Ltd. or a mark-to-market election with respect to the ownership interest in Primus Guaranty, Ltd..*

**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, 2005

EQUITY CLASS OF ISSUER: PGL COMMON STOCK

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.

- (1) This Information Statement applies to the taxable year of Primus Guaranty, Ltd. ("PGL") beginning on January 1, 2005 and ending on December 31, 2005.
- (2) The below amounts represent the pro rata income of PGL attributable to each of the 43,176,511 shares of Common Stock outstanding as of December 31, 2005.

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

- (i) If you held PGL common shares throughout 2005, 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, 2005 and ending December 31, 2005, 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 2005.
- (iii) If you owned different numbers of PGL common shares at different times during 2005, perform the calculation specified in (ii) above separately for each lot of shares owned and use the total amounts yielded from those calculations.

	<b>Total</b>	<b>Per Common Share</b>	<b>Per Common Share Per Day</b>
Ordinary earnings: . . . . .	\$ —	\$ —	\$ —
Net long-term capital gain: . . . . .	\$ —	\$ —	\$ —

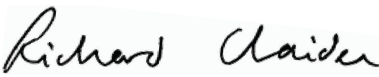
- (3) The amount of cash and fair market value of other property distributed or deemed distributed by PGL to the PGL common shares during the taxable year.

	<b>Distribution Amount</b>	<b>Per Common Share</b>
Total Distributions . . . . .	\$ —	\$ —
Fair market value of other property: . . . . .	NONE	

- (4) PGL will permit you to inspect and copy PGL's permanent books of account, records, and such other documents as may be maintained by Issuer 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. income tax principles.

PRIMUS GUARANTY, LTD.

Date: March 14, 2006

By: 

Title: Chief Financial Officer

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

PASSIVE FOREIGN INVESTMENT COMPANY (PFIC)  
 ANNUAL INFORMATION STATEMENT  
 FOR TAX YEAR ENDED DECEMBER 31, 2005

EQUITY CLASS OF ISSUER: PGL COMMON STOCK

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

- (1) This Information Statement applies to the taxable year of Primus Bermuda, Ltd. beginning on January 1, 2005 and ending on December 31, 2005.
- (2) The below amounts represent the pro rata income of Primus Bermuda, Ltd. attributable to each of the 43,176,511 shares of Primus Guaranty, Ltd Common Stock ("PGL common shares") outstanding as of December 31, 2005.

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

(i) If you held PGL common shares throughout 2005, 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, 2005 and ending December 31, 2005, 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 2005.

(iii) If you owned different numbers of PGL common shares at different times during 2005, perform the calculation specified in (ii) above separately for each lot of shares owned and use the total amount yielded from those calculations.

	<u>Total</u>	<u>Per Common Share</u>	<u>Per Common Share Per Day</u>
Ordinary earnings: . . . . .	\$2,979,544	\$0.06901	\$0.000189
Net long-term capital gain: . . . . .	\$ —	\$ —	\$ —

- (3) The amount of cash and fair market value of other property distributed or deemed distributed by Primus Bermuda, Ltd. to the PGL common shares during the taxable year.

	<u>Distribution Amount</u>	<u>Per Common Share</u>
Total Distributions . . . . .	\$ —	\$ —
Fair market value of other property: . . . .	NONE	

- (4) Primus Bermuda, Ltd. will permit you to inspect and copy Primus Bermuda, Ltd.'s permanent books of account, records, and such other documents as may be maintained by Issuer 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. income tax principles.

PRIMUS GUARANTY, LTD.

Date: March 14, 2006

By: 

Title: Chief Financial Officer