

## PARIS RE Holdings Ltd. reports a net operating loss of US \$(53.7) million for the third quarter and net operating income of US \$96.9 million for the first nine months of 2008

### Including distribution, Tangible Book Value per Share increased by 3.5% on the first nine months of 2008

**Zug, Switzerland, November 13, 2008**, PARIS RE Holdings Limited (Euronext: PRI) announced that the Company generated a net operating loss<sup>1</sup> of US \$(53.7) million, or US \$(0.62) per share, for the third quarter ended September 30, 2008, compared to net operating income of US \$90.0 million in the third quarter of 2007. Net operating income for the first nine months of 2008 was US \$96.9 million, or US \$1.10 per share, a decrease of 52.5% from US \$203.8 million for the first nine months of 2007.

Highlights from the first nine months of 2008 include:

- The Company generated a 6.2% annualized return on average tangible equity (ROATE) for the first nine months of 2008, compared with 13.7% for the same period of 2007.
- Gross written premium<sup>2</sup> was US \$242.0 million for the third quarter of 2008 and US \$1,342.0 million for the first nine months of 2008 compared to US \$170.4 million and US \$1,326.8 million, respectively, for the comparable prior year periods.
- The combined ratio was 135.1% for the third quarter of 2008 and 106.7% for the first nine months of 2008 compared to 88.8% and 92.2%, respectively, for the comparable prior year periods.
- The quarterly results were adversely impacted by US \$130 million in estimated losses, net of reinsurance and reinstatement premiums, from Hurricane Ike, representing 15.1 points of combined ratio in the nine month results. Storm Emma and Hurricane Gustav contributed an additional US \$21.1 million in estimated losses, net of reinsurance and reinstatement premiums, representing 2.4 points of combined ratio in the nine month results.
- Shareholders' equity was US \$2,106.9 million as of September 30, 2008, or US \$24.74 per share on an "if converted" basis. Adjusting for the US \$3.09 per share distribution in July 2008, shareholders' equity per share increased by 1.8% between December 31, 2007 and September 30, 2008.

#### STOCK INFORMATION

- Mmemo: PRI
- ISIN: CH0032057447
- Bloomberg: PRI FP
- Reuters: PRI PA
- Euronext Paris - A

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<sup>1</sup> Net operating income or results is defined as IFRS net income adjusted to eliminate (i) the after-tax impact of the amortization of intangibles resulting principally from the acquisition of the AXA RE business, (ii) the after-tax impact of foreign exchange gains and losses principally in connection with the revaluation of US dollar denominated capital in subsidiaries with non-US dollar functional currencies, (iii) after-tax realized capital gains and losses during the period, and (iv) after-tax impairments on invested asset.

<sup>2</sup> The pro forma adjustment to gross written premium reflects the fact that, prior to October 1, 2007, the Company wrote business through AXA RE and retroceded such business to PARIS RE. Gross written premiums are adjusted for retrocession accounted by AXA RE in the name of PARIS RE. The Reserve Agreement impacts have been allocated to the original accounts (premium, claims and commissions, instead of claims only) in the June 2007, September 2007, June 2008 and September 2008 income statements.

- Tangible shareholders' equity<sup>3</sup> was US \$1,934.9 million as of September 30, 2008, or US \$22.88 per share on an "if converted" basis. Adjusting for the US \$3.09 per share distribution in July 2008, tangible shareholders' equity per share increased by 3.5% between December 31, 2007 and September 30, 2008.
- The Company's investment portfolio generated a pre-tax investment income yield of 4.6% on average invested assets and cash for the first nine months of 2008. After adjusting to exclude US \$15.5 million of gains realized in the Funds Withheld Account (FWA) during the period, capital gains and impairments on directly held assets, the investment yield was 4.3%.
- The Company's conservative investment portfolio declined modestly during the quarter, with the net unrealized loss position increasing from US \$24.6 million as of June 30, 2008 to US \$32.3 million as of September 30, 2008<sup>4</sup>. The Company was adversely impacted by the continued credit turmoil, with US \$10.8 million and US \$20.6 million in impairments for the quarter and nine months, respectively. The deterioration in the Company's unrealized loss position, net of tax, contributed to a 1.0% decline in tangible shareholders' equity during the quarter.
- The Company repurchased 2.4 million shares in the first nine months of 2008 at an average price of EUR13.9 per share (or EUR12.5 per share restated for return of capital in July 2008) and another 4.6 million shares from FI Equity Partners through a block trade at a price of EUR12.1 per share on September 29, 2008.

Hans-Peter Gerhardt, Chief Executive Officer of PARIS RE Holdings Ltd., commented:

*"We are disappointed with our third quarter results which mark the first quarterly loss in the history of PARIS RE. Hurricane Ike was a significant loss for PARIS RE and the industry. Our results were further adversely impacted by Hurricane Gustav, other large losses and our trade credit business, which is under pressure due to the challenging economic conditions worldwide. Nevertheless, our balance sheet remains very strong, and we are pleased with our prudent investment strategy which has enabled us to build book value per share during 2008 despite high catastrophe loss activity and unprecedented turmoil in the credit markets. We are now convinced that the loss of capital for the industry as a whole will drive up rates. PARIS RE is extremely well positioned to take advantage of a hardening reinsurance market."*

## Operating Results

Gross written premium was US \$242.0 million in the third quarter of 2008 compared to US \$170.4 million in the third quarter of 2007. The increase is due to a technical change in the Company's premium recognition pattern introduced in the third quarter of 2007. For the first nine months of 2008, gross written premium was US \$1,342.0 million, an increase of 1.1% from the comparable period in 2007. At constant exchange rates, gross written premium decreased by 3.3%. The reduction in premium is a consequence of the Company's disciplined underwriting approach and a general decline in pricing in the property & casualty reinsurance market.

Net written premium was US \$207.3 million for the third quarter of 2008 compared to US \$163.4 million in the third quarter of 2007. The increase is due to a technical change in the Company's premium recognition pattern introduced in the third quarter of 2007 and a higher retention in 2008. For the first nine months of 2008, net written premium was US \$1,126.5 million, an increase of 7.6% from the comparable period in 2007. The rise in net written premium resulted primarily from the Company's decision to increase its retention in property treaty and facultative lines for 2008.

<sup>3</sup> Tangible shareholders' equity is defined as IFRS shareholders' equity of US \$2,106.9 million reduced by intangible assets (primarily related to the acquisition of AXA RE's business) net of deferred tax liabilities of US \$172.0 million.

<sup>4</sup> The unrealized loss was comprised of US \$24.6 million in unrealized losses in the directly held assets and US \$ 7.7million in the Funds Withheld Account. The unrealized losses in the FWA are not reflected in the Company's shareholders' equity account.

The loss ratio for the quarter was 105.6% compared to 58.7% for the third quarter of 2007. The 2008 loss ratio was impacted by US \$130 million in losses, net of reinsurance and reinstatement premiums, from Hurricane Ike, a major loss that added 41.9 points to the loss ratio for the quarter.

The loss ratio for the first nine months of 2008 was 76.1% compared to 63.2% for the first nine months of 2007. Hurricane Ike contributed 15.1 points to the loss ratio for the nine month period. Windstorm Emma and Hurricane Gustav contributed an additional US \$21.1 million for the nine months ended September 30, 2008, representing 2.4 points of loss ratio. Favorable prior year development on certain 2007 losses, including Storm Kyrill and the UK floods, offset the impact of these losses by 1.3 loss ratio points for the nine month period.

For the three month and nine month periods ended September 30, 2008, the Company's combined ratio was 135.1% and 106.7%, compared to 88.8% and 92.2% for the comparable 2007 periods.

The following table summarizes the Company's underwriting results for the three and nine months ended September 30, 2008:

US \$ million

Underwriting results	Nine months ended September 30		Variation / pro forma		Three months ended September 30		Variation / pro forma	
	2008	2007 Pro forma	US \$ million	%	2008	2007 Pro forma	US \$ million	%
Gross written premium <sup>1</sup>	1,342.0	1,326.8	15.2	1.1%	242.0	170.4	71.6	42.0%
Net written premium <sup>1</sup>	1,126.5	1,046.6	79.8	7.6%	207.3	163.5	43.8	26.8%
Net earned premium <sup>1</sup>	925.5	893.2	32.3	3.6%	333.7	291.2	42.5	14.6%
Net underwriting income <sup>1</sup>	57.8	166.2	(108.4)	(65.2%)	(78.1)	66.8	(144.9)	(216.9%)
Attritional loss ratio	62.3%	58.0%	-	-	63.4%	62.3%	-	-
Major loss ratio	13.8%	5.2%	-	-	42.3%	(3.6%)	-	-
Loss ratio	76.1%	63.2%	-	-	105.6%	58.7%	-	-
Combined ratio	106.7%	92.2%	-	-	135.1%	88.8%	-	-
Combined ratio (excluding management equity plan expense)	104.1%	89.9%	-	-	132.2%	86.2%	-	-

<sup>1</sup> Unaudited -Pro forma

Gross written premiums are adjusted for retrocession accounted by AXA RE in the name of PARIS RE and claims are adjusted for the impact of the Reserve Agreement with AXA RE which has been split between premiums, commissions and claims instead of claims only in the previous disclosures.

## Investment Results

Net investment income for the quarter ended September 30, 2008 was US \$54.1 million, down 6.1% from the third quarter of 2007. Net investment income for the nine months ended September 30, 2008 was US \$183.5 million, up 3.1% from the comparable 2007 period.

The net investment income for the first nine months of 2008 includes pre-tax realized capital gains, net of impairments, in the amount of US \$15.5 million<sup>5</sup> which were realized within the Funds Withheld Account (FWA). During the first quarter, the Company sold its entire equity portfolio and, during the second quarter, the Company sold a portion of its U.S. government bond portfolio. The realized capital gains generated in the FWA resulting from the two portfolio realignments discussed above are included in "net investment income" for reporting purposes in accordance with IFRS accounting conventions.

As of September 30, 2008, PARIS RE had cash and invested assets, including assets held by AXA RE on a funds-withheld basis for the benefit of PARIS RE, of

<sup>5</sup> Funds Withheld Assets pre-tax capital gains net of impairment of US \$15.5 million for the nine months ended September 30, 2008 is comprised of the following: (i) US \$31.7 million of realized capital gains, of which US \$20.2 million related to equity securities and US \$11.5 million related to fixed income securities; (ii) US \$16.2 million of impairment charges principally related to ABS.

US \$5.3 billion, a decrease of US \$305 million or 5.4% from December 31, 2007. The decline in invested assets is principally the result of a distribution to shareholders in the amount of US \$264 million in July 2008 and the repurchase of shares under the share buyback program in the amount of US \$127 million during the first nine months of 2008. The Company returned in excess of US \$390 million to shareholders through distributions and share repurchases in the first nine months of 2008, demonstrating its commitment to proactive capital management.

The Company has maintained a conservative investment portfolio and a large cash position throughout the credit crisis. The asset allocation as of September 30, 2008 was 77.8% fixed income (of which 28.9% was in government bonds, 16.6% in agencies, 2.5% in ABS, 29.8% in corporate bonds), 21.0% cash, cash equivalents and money market funds, and 1.2% other. The fixed income portfolio had an average Standard & Poor's credit rating of "AA-" with an average effective duration of 3.3 years as of September 30, 2008.

The Company has no exposure to collateralized loan obligations or collateralized debt obligations and only limited exposure to asset backed securities (ABS) collateralized by US sub-prime and "Alt-A" or low documentation mortgages. As of September 30, 2008, the Company's total ABS exposure was US \$130.0 million, of which US \$14.5 million was ABS collateralized by sub-prime and "Alt-A" residential mortgages<sup>6</sup>. The market value of the Company's ABS securities collateralized by sub-prime and "Alt-A" mortgages represented 0.3% of total invested assets.

The Company recognized impairments of US \$20.6 million (including FWA impairments) through the income statement in the first nine months of 2008, including US \$10.8 million in the third quarter ended September 30, 2008. The third quarter figure included an impairment of US \$4.5 million on Lehman Brothers bonds and an additional impairment of US \$6.0 million on ABS assets.

For the first nine months of 2008, the Company realized US \$1.2 million in net realized capital gains, compared to US \$5.8 million for the first nine months of 2007. The US \$1.2 million in net realized capital gains reflected in the Company's financial statements for the first nine months of 2008 is in addition to the US \$31.7 million in net capital gains realized through the FWA for the same period. Net realized capital gains generated in the FWA are included in "net investment income" for reporting purposes in accordance with IFRS accounting conventions.

The Company's investment portfolio had an unrealized loss of US \$32.3 million (including a US \$7.7 million of unrealized losses in the FWA which are not reflected in the Company's shareholders' equity account) as of September 30, 2008, a deterioration of US \$7.7 million as compared to June 30, 2008. The Company did not use the flexibility offered by a recent amendment on IAS 39 and chose not to reclassify some assets as loans.

## Currency Policy and Foreign Exchange Impact

PARIS RE's currency policy remains unchanged. The Company reports 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 currencies, this policy may create volatility in the Company's IFRS income statement resulting from exchange rate movements. The income statement impact is, however, offset by a corresponding credit to the Company's shareholders' equity.

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<sup>6</sup> See Table 1 for details

As a result of this policy, the Company's IFRS accounts include after-tax foreign exchange charges for the first nine months of 2008 in the amount of US \$48.6 million, compared to foreign exchange charges of US \$44.7 million for the first nine months of 2007. These non-cash losses were partially offset by a gain in the currency translation reserve within the consolidated shareholders' equity at the holding company level which amounted to US \$27.6 million for the first nine months of 2008. For the quarter ended September 30, 2008, the after tax foreign currency impact in the net result was a gain of US \$91.2 million which is attributable to the strengthening of the US dollar against other currencies.

## General Expenses

General expenses for the third quarter 2008 were US \$39.0 million, compared to US \$34.3 million for the third quarter of 2007. General expenses for the first nine months of 2008 were US \$119.7 million compared to US \$96.3 for the comparable period of 2007. Before the impact of exchange rates, general expenses increased by US \$11.0 million for the first nine months of 2008 compared to 2007, representing an increase of 11.4%. The year-over-year increase is attributable to the inclusion of our Space operation in the scope of consolidation, additional headcount to support the Company's stand-alone back office operations and certain favorable one-time items in 2007 which reduced general expenses for the first nine months of 2007.

Expenses relating to restricted stock and options were US \$21.1 million for the first nine months of 2008, compared to US \$19.5 million for the first nine months of 2007. The non-cash expenses in connection with the management equity incentive plan are expected to decrease materially in 2009 as a result of the end of the vesting schedule for grants awarded at the Company's formation.

## IFRS Results

The Company's IFRS net income, which includes amortization expense related to the purchase of AXA RE's business, currency fluctuations discussed above, realized capital gains and losses, and impairments was US \$27.4 million, or US \$0.31 per share for the third quarter of 2008, and US \$1.8 million, or US \$0.02 per share, for the first nine months ended September 30, 2008.

The following table provides a reconciliation of net operating income to IFRS net income and related diluted per share results.

US \$ million, except per share data in US \$

From net operating income to IFRS net income	Nine months ended September 30		Three months ended September 30	
	2008	2007	2008	2007
<b>Net operating income</b>	<b>96.9</b>	<b>203.8</b>	<b>(53.7)</b>	<b>90.0</b>
Net realized capital gains / (losses)	1.2	5.8	0.7	4.1
Taxes on net realized capital (gains) / losses	(0.5)	(0.8)	(0.3)	(0.6)
Impairment	(4.5)	-	(4.5)	-
Tax on impairment	1.0	-	1.0	-
Amortization of intangibles	(59.9)	(99.9)	(10.5)	(39.3)
Taxes associated with intangibles	16.2	29.1	3.5	10.6
Net FX gains / (losses) & changes in fair value in FX	(45.8)	(57.4)	99.4	(62.0)
Taxes on FX (gains) / losses & changes in fair value in FX	(2.8)	12.7	(8.2)	10.1
<b>IFRS net income</b>	<b>1.8</b>	<b>93.3</b>	<b>27.4</b>	<b>13.0</b>
<b>Diluted per common share results</b>				
Net operating income (US \$ per share)	1.10	2.36	(0.62)	1.01
IFRS net income (US \$ per share)	0.02	1.08	0.31	0.15
Weighted average common shares outstanding - diluted (million of shares)	88.27	86.45	87.19	88.72

Diluted weighted average common shares and common share equivalents outstanding used in the calculation of net operating income and IFRS net income per common share was 88.27 million in the first nine months of 2008.

## Shareholders' Equity; Book Value Per Share

Shareholders' equity at September 30, 2008 was US \$2,106.9 million and tangible shareholders' equity was US \$1,934.9 million. Book value per share and book value per share on an "if converted" basis was US \$25.65 and US \$24.74, respectively, as of September 30, 2008. Tangible book value per share and tangible book value per share on an "if converted" basis was US \$23.56 and US \$22.88, respectively, as of September 30, 2008<sup>7</sup>

Shareholders' equity was reduced by a distribution to shareholders in the amount of US \$264 million, or US \$3.09 per share, in July 2008.

## Events Post September 30, 2008

**Capital Management.** At the Company's Extraordinary General Meeting held on August 19, 2008 (renewing previous authorizations given on January 14, 2008 and on April 29, 2008), the Company's shareholders authorized a reduction in the nominal value of the Company's shares in a maximum amount of CHF407.4 million (equivalent to approximately US \$400 million) conditioned upon the Company being able to issue subordinated debt or hybrid securities on satisfactory terms and conditions. Due to unfavorable market conditions, the Company has not issued such securities. The Company will continue to monitor financial market conditions and may issue subordinated debt or hybrid securities when market conditions improve.

**Investment Portfolio.** The Company's investment portfolio was adversely impacted by the continued turmoil in the credit markets during October. As of October 31, 2008, the unrealized loss position for the Company's investment portfolio reflected a deterioration of approximately US \$33.0 million from September 30<sup>th</sup>, including US \$13.8 million of unrealized losses in the FWA, which are not reflected in the Company's shareholders' equity account. The deterioration in the Company's unrealized loss position, net of tax, during the month of October was equal to approximately 1% of tangible book value as of September 30, 2008.

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Friday March 13, 2009

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### → About PARIS RE

PARIS RE is a global provider of re-insurance solutions through its operating subsidiaries located in Switzerland, France, the United States, Singapore, Canada and Bermuda. PARIS RE employs approximately 390 people. PARIS RE operates in all lines of facultative and treaty reinsurance covering property, casualty, marine, aviation & space, credit & surety, life, accident & health as well as a wide range of other risks. At its formation, PARIS RE acquired essentially all of the active business of AXA RE. PARIS RE's majority shareholders are an investor group led by Hellman & Friedman, Stone Point Capital, Vestar Capital Partners and Crestview Partners.

*A slide presentation which may be used for reference during the earning call can be downloaded from the Company's website shortly after the conference.*

*A replay of the conference call will be available from November 13 to November 20, 2008 by dialing in:*

For France	+ 33 (0)1 71 23 02 48	
For UK	+ 44 (0)20 7806 1970	
For the US	+ 1 718 354 1112	Pass Code 5018614#

*Consolidated financial statement for the 9-month period ending September 30, 2008 will be posted on the Company's website, Investor relations section on November 26, 2008.*

*This press release may contain forward-looking statements relating to current beliefs and forecasts which are based on in particular (but not limited to) hypotheses relating to the current [and future] business, strategy and plans of PARIS RE Holdings Limited and performance of the reinsurance sector in which PARIS RE Holdings Limited operates. These forward-looking statements relate to events and depend on circumstances that may or may not occur in the future, involve known and unknown risks, as well as other factors and uncertainties that could cause actual results of operations, financial conditions, performance, achievements as well as developments of the sector in which PARIS RE Holdings Limited operates or other events to differ significantly from those made in or suggested by the forward-looking statements contained in this release. These forward-looking statements are not guarantees of PARIS RE Holdings Limited's future performance. All forward-looking statements speak only as of the date of this release. PARIS RE Holdings Limited does not assume any obligation to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise.*

*PARIS RE Holdings Limited does not communicate "profit forecast" in the sense of Article 2 of (EC) Regulation n°809/2004 of the European Commission. Thus, any forward-looking statements contained in this press release should not be held as corresponding to such profit forecasts.*

*Please refer to PARIS RE Holdings Limited's Registration Document filed with the AMF under the no. R.08-101 for a description of main risks and uncertainties that may affect the business of the Company.*

*This document is available on the Company's website: [www.paris-re.com](http://www.paris-re.com).*

<sup>7</sup> See Table 2 - *Tangible Shareholders' equity* for a reconciliation of shareholders' equity to tangible shareholders' equity

## APPENDICES

### Consolidated Balance Sheet

US \$ million (net)

Assets	September 30, 2008	December 31, 2007
<b>Intangible assets</b>	<b>238.9</b>	<b>306.5</b>
Funds Withheld Asset (FWA)	2,777.4	3,496.4
Directly held assets <sup>1</sup>	1,836.6	1,660.4
Fixed assets	3.6	3.1
<b>Invested assets</b>	<b>4,617.6</b>	<b>5,159.9</b>
<b>Ceded technical reserves</b>	<b>289.8</b>	<b>126.2</b>
<b>Deferred tax assets</b>	<b>17.0</b>	<b>3.5</b>
Receivables arising from reinsurance operations	108.3	58.8
Reserve agreement	31.3	27.9
Other operating receivables	44.9	106.3
Technical accruals - assets	907.5	625.0
<b>Other assets</b>	<b>1,092.1</b>	<b>817.9</b>
<b>Cash and cash equivalents<sup>1</sup></b>	<b>689.2</b>	<b>451.6</b>
<b>Total assets</b>	<b>6,944.5</b>	<b>6,865.6</b>
	<b>September 30, 2008</b>	<b>December 31, 2007</b>
<b>Liabilities</b>		
Capital and capital in excess of nominal value	1,406.2	1,773.9
Retained earnings and other reserves	512.6	452.8
Currency translation reserves	186.4	160.4
Net income for the year	1.8	87.0
<b>Common shareholders' equity</b>	<b>2,106.9</b>	<b>2,474.1</b>
Gross technical reserves	4,204.0	3,981.6
Foreign exchange natural hedging	(4.3)	7.2
<b>Liabilities relating to reinsurance and investment contracts</b>	<b>4,199.7</b>	<b>3,988.8</b>
<b>Provisions for risks and charges</b>	<b>11.3</b>	<b>13.4</b>
<b>Deferred tax liabilities</b>	<b>81.0</b>	<b>81.8</b>
<b>Debt</b>	<b>-</b>	<b>-</b>
Payables relating to reinsurance operations	133.3	72.1
Reserve agreement	192.3	114.1
Payables - current tax position	6.4	47.3
Other operating payables	135.2	55.5
Technical accruals - liabilities	78.4	18.5
<b>Other payables</b>	<b>545.6</b>	<b>307.5</b>
<b>Bank overdrafts</b>	<b>0</b>	<b>-</b>
<b>Total liabilities</b>	<b>6,944.5</b>	<b>6,865.6</b>
	<b>September 30, 2008</b>	<b>December 31, 2007</b>
<b>Tangible shareholders' equity</b>		
Shareholders' equity	2,106.9	2,474.1
Intangible	(238.9)	(306.5)
Deferred taxes on intangible	66.9	85.1
<b>Tangible shareholders' equity</b>	<b>1,934.9</b>	<b>2,252.6</b>

<sup>1</sup>: An amount of US \$ 370 million was reclassified from the category "Directly held assets" to the category "Cash and cash equivalents" in the comparative balance sheet of December 31, 2007.

US \$ million (net)

Tangible shareholders' equity	September 30, 2008	December 31, 2007
Shareholders' equity	2,106.9	2,474.1
Intangible	(238.9)	(306.5)
Deferred taxes on intangible	66.9	85.1
<b>Tangible shareholders' equity</b>	<b>1,934.9</b>	<b>2,252.6</b>

US \$ million

Net operating income	Nine months ended September 30			Three months ended September 30		
	2008	2007 Pro forma	2007	2008	2007 Pro forma	2007
<i>(After breakdown of net income from retrocessions)</i>						
<b>Gross written premiums <sup>1</sup></b>	<b>1,342.0</b>	<b>1,326.8</b>	<b>1,284.2</b>	<b>242.0</b>	<b>170.4</b>	<b>165.2</b>
Premiums ceded <sup>1</sup>	(215.5)	(280.1)	(270.1)	(34.7)	(6.9)	(5.6)
<b>Net written premium <sup>1</sup></b>	<b>1,126.5</b>	<b>1,046.6</b>	<b>1,014.1</b>	<b>207.3</b>	<b>163.4</b>	<b>159.6</b>
Net variation in unearned premium reserves <sup>1</sup>	(200.9)	(153.4)	(153.4)	126.4	127.8	127.8
<b>Net earned premium <sup>1</sup></b>	<b>925.5</b>	<b>893.2</b>	<b>860.7</b>	<b>333.7</b>	<b>291.2</b>	<b>287.4</b>
Claims net of retrocession <sup>1</sup>	(704.6)	(564.3)	(530.9)	(352.6)	(170.9)	(164.8)
Commissions and brokerage net of retrocession <sup>1</sup>	(163.1)	(162.8)	(163.7)	(59.2)	(53.5)	(55.8)
<b>Net underwriting income</b>	<b>57.8</b>	<b>166.2</b>	<b>166.2</b>	<b>(78.1)</b>	<b>66.8</b>	<b>66.8</b>
Net investment income	183.5	177.9	177.9	54.1	57.6	57.6
Financial results – other	(1.2)	(9.8)	(9.8)	(0.3)	(1.1)	(1.1)
<b>Net financial income before realized gains and losses and exchange rate impact</b>	<b>182.3</b>	<b>168.1</b>	<b>168.1</b>	<b>53.8</b>	<b>56.5</b>	<b>56.5</b>
General expenses before amortization of intangibles	(119.7)	(96.3)	(96.3)	(39.0)	(34.3)	(34.3)
<b>Net operating income before tax</b>	<b>120.4</b>	<b>237.9</b>	<b>237.9</b>	<b>(63.3)</b>	<b>89.0</b>	<b>89.0</b>
Income tax	(23.4)	(34.1)	(34.1)	9.6	1.0	1.0
<b>Net operating income</b>	<b>96.9</b>	<b>203.8</b>	<b>203.8</b>	<b>(53.7)</b>	<b>90.0</b>	<b>90.0</b>

<sup>1</sup> Unaudited -Pro forma

Gross written premiums are adjusted for retrocession accounted by AXA RE in the name of PARIS RE and claims are adjusted for the impact of the Reserve Agreement with AXA RE which has been split between premiums, commissions and claims instead of claims only in the previous disclosures.

Ratios						
<b>Loss ratio</b>	<b>76.1%</b>	<b>63.2%</b>	<b>61.7%</b>	<b>105.6%</b>	<b>58.7%</b>	<b>57.3%</b>
of which attritional loss ratio	62.3%	58.0%	56.3%	63.4%	62.3%	61.0%
of which major loss ratio	13.8%	5.2%	5.4%	42.3%	(3.6%)	(3.7%)
<b>Net expense ratio</b>	<b>30.6%</b>	<b>29.0%</b>	<b>30.2%</b>	<b>29.4%</b>	<b>30.1%</b>	<b>31.4%</b>
<b>Commission and brokerage ratio</b>	<b>17.6%</b>	<b>18.2%</b>	<b>19.0%</b>	<b>17.7%</b>	<b>18.4%</b>	<b>19.4%</b>
<b>General expenses ratio</b>	<b>12.9%</b>	<b>10.8%</b>	<b>11.2%</b>	<b>11.7%</b>	<b>11.8%</b>	<b>11.9%</b>
<b>General expenses ratio</b> (excluding management equity plan expense)	<b>10.4%</b>	<b>8.5%</b>	<b>8.9%</b>	<b>8.8%</b>	<b>9.2%</b>	<b>9.7%</b>
<b>Combined ratio</b>	<b>106.7%</b>	<b>92.2%</b>	<b>91.9%</b>	<b>135.1%</b>	<b>88.8%</b>	<b>88.7%</b>
<b>Combined ratio</b> (excluding management equity plan expense)	<b>104.1%</b>	<b>89.9%</b>	<b>89.6%</b>	<b>132.2%</b>	<b>86.2%</b>	<b>86.4%</b>

## Non-IFRS Measures

In addition to the IFRS measures included within this release, we have presented the following non-IFRS measures:

**Net Operating Income.** We define net operating income as IFRS net income plus (i) the after-tax impact of the intangible amortization resulting from the acquisition of AXA's reinsurance operations, (ii) the after-tax impact of foreign exchange gains and losses principally in connection with the revaluation of US dollar-denominated capital in subsidiaries with non-US dollar functional currencies, (iii) after-tax realized capital gains and losses during the period, and (iv) after-tax impairments on invested asset.

**Diluted Book Value and Tangible Book Value Per Share Using "If Converted" Method.** We define diluted book value and tangible book value per share assuming that all warrants and options (both vested and unvested) are exercised if their strike price does not exceed the fully diluted book value per share on an "if converted" basis. See the reconciliation in Table 2.

**Tangible Shareholders' Equity.** Tangible shareholders' equity is defined as IFRS shareholders' equity reduced by (i) intangible assets primarily related to the acquisition of AXA RE net of (ii) deferred tax liabilities in connection with the intangible assets.

## Accounting for Currencies

**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 in effect on the closing date of the transaction, using for practical purposes, the average annual exchange rate.

**Conversion of Financial Statements of a Foreign Affiliate.** Where the functional currency of a PARIS RE affiliate does not match 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 of the period. Exchange rate differences are recorded as variations in shareholders' equity on the line item "currency translation reserve".



## TABLE 1

US \$ million

<b>Exposure to ABS</b>	<b>September 30, 2008</b>	<b>June 30, 2008</b>	<b>December 31, 2007</b>
ABS Residential	37.6	45.6	60.8
of which "Subprime"	10.0	12.0	13.3
of which "Alt A"	7.6	8.1	12.6
of which "Manufactured housing"	7.4	7.9	9.2
of which "Prime"	12.6	17.7	25.7
CMBS	2.6	3.0	7.0
ABS Auto	-	0.6	15.1
ABS Credit Card	-	2.0	4.6
ABS Equipment	-	-	2.5
Agency CMO	77.1	72.3	35.9
ABS Student Loan	16.9	17.4	16.3
<b>Total net book value at historical cost</b>	<b>134.2</b>	<b>140.9</b>	<b>142.2</b>
Unrealized losses	(4.1)	(6.6)	(5.1)
<b>Total market value</b>	<b>130.0</b>	<b>134.3</b>	<b>137.1</b>
Total financial investments	5,303.2	5,704.2	5,608.4
<b>% of total financial investments</b>	<b>2.5%</b>	<b>2.4%</b>	<b>2.4%</b>

US \$ million

<b>Detail of impairment and unrealized losses on ABS</b>	<b>September 30, 2008</b>	<b>June 30, 2008</b>	<b>December 31, 2007</b>
Unrealized gains and losses on ABS before impairment	(24.6)	(21.0)	(8.9)
Total impairment (incl. Funds Withheld account)	(20.5)	(14.4)	(3.7)
Outstanding unrealized losses on ABS	(4.1)	(6.6)	(5.1)

## TABLE 2

US \$ million, except per share data in US \$

Book value per share	September 30, 2008	June 30, 2008	December 31, 2007
Common shareholders' equity	2,106.9	2,576.7	2,474.1
Number of shares net of treasury shares	78,574.3	83,268.7	85,557.1
Plus: RSUs including directors' equity plan	3,551.8	2,892.2	2,949.7
Number of shares	82,126.1	86,160.9	88,506.8
<b>Book value per share (Primary)</b>	<b>25.65</b>	<b>29.91</b>	<b>27.95</b>
Common shareholders' equity	2,106.9	2,576.7	2,474.1
Less: Intangible	(238.9)	(271.2)	(306.5)
Less: Deferred tax liability associated with intangible	66.9	76.4	85.1
Tangible shareholders' equity	1,934.9	2,381.9	2,252.6
Number of shares	82,126.1	86,160.9	88,506.8
<b>Tangible book value per share (Primary)</b>	<b>23.56</b>	<b>27.65</b>	<b>25.45</b>
Common shareholders' equity	2,106.9	2,576.7	2,474.1
Plus: Proceeds from exercise of options	36.8	37.0	38.2
Plus: Proceeds from exercise of warrants	143.5	169.8	169.8
Adjusted shareholders' equity	2,287.2	2,783.5	2,682.1
Common shares outstanding	78,574.3	83,268.7	85,557.1
Plus: RSUs	3,551.8	2,892.2	2,949.7
Plus: Options	1,839.3	1,852.4	1,910.0
Plus: Warrants	8,487.8	8,487.8	8,487.8
Diluted common shares outstanding	92,453.2	96,501.0	98,904.6
<b>Diluted book value per share (fully diluted)</b>	<b>24.74</b>	<b>28.84</b>	<b>27.12</b>
Common shareholders' equity	2,106.9	2,576.7	2,474.1
Less: Intangible	(238.9)	(271.2)	(306.5)
Less: Deferred tax liability associated with intangible	66.9	76.4	85.1
<b>Tangible shareholders' equity</b>	<b>1,934.9</b>	<b>2,381.9</b>	<b>2,252.6</b>
Plus: Proceeds from exercise of options	36.8	37.0	38.2
Plus: Proceeds from exercise of warrants	143.5	169.8	169.8
<b>Adjusted shareholders' equity</b>	<b>2,115.3</b>	<b>2,588.7</b>	<b>2,460.6</b>
Common shares outstanding	78,574.3	83,268.7	85,557.1
Plus: RSUs	3,551.8	2,892.2	2,949.7
Plus: Options	1,839.3	1,852.4	1,910.0
Plus: Warrants	8,487.8	8,487.8	8,487.8
Diluted common shares outstanding	92,453.2	96,501.0	98,904.6
<b>Diluted tangible book value per share (fully diluted)</b>	<b>22.88</b>	<b>26.83</b>	<b>24.88</b>