

PRIMUS GUARANTY LTD
Form DEF 14A
March 22, 2007

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Primus Guaranty, Ltd.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- 1) Title of each class of securities to which transaction applies: _____
- 2) Aggregate number of securities to which transaction applies: _____
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined): _____
- 4) Proposed maximum aggregate value of transaction: _____
- 5) Total fee paid: _____

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount previously paid: _____

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Primus Guaranty, Ltd.
Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda
Tel: 441-296-0519

United States Mailing Address:
c/o Primus Asset Management, Inc.
360 Madison Avenue, 23rd Floor
New York, New York 10017
Tel: 212-697-2227

March 20, 2007

Dear Shareholder,

You are cordially invited to attend the 2007 Annual General Meeting of Shareholders of Primus Guaranty, Ltd., which will be held on May 8, 2007 at 8:00 A.M., local time, at The Elbow Beach Hotel, 60 South Shore Road, Paget Parish, Bermuda.

Details of the business to be presented at the meeting can be found in the accompanying Notice of Annual General Meeting and Proxy Statement. Whether or not you are able to attend, it is important that your shares be represented at the meeting. Accordingly, we ask that you please complete, sign, date and return the enclosed proxy card at your earliest convenience.

On behalf of the Board of Directors and management of Primus, I extend our appreciation for your continued support.

Yours sincerely,
Thomas W. Jasper
Chief Executive Officer

PRIMUS GUARANTY, LTD.

NOTICE OF 2007 ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 8, 2007

NOTICE IS HEREBY GIVEN that the 2007 Annual General Meeting of Shareholders of Primus Guaranty, Ltd. will be held on May 8, 2007 at 8:00 A.M., local time, at The Elbow Beach Hotel, 60 South Shore Road, Paget Parish,

Bermuda for the following purposes:

1. To elect four Class I directors to hold office for three years and until their successors are elected and qualified;
2. To appoint Ernst & Young LLP as the Company's independent auditors and to authorize the Audit Committee of the Board of Directors to set the auditors' remuneration; and
3. To consider and act on such other business as may properly come before the meeting or any adjournment or postponement thereof.

During the meeting, management also will present the Company's audited consolidated financial statements for the fiscal year ended December 31, 2006. Copies of the financial statements are contained in the Company's 2006 Annual Report to Shareholders and Annual Report on Form 10-K, which are being mailed to shareholders together with this proxy statement.

Only holders of record of the Company's common shares on March 19, 2007 are entitled to notice of, and to vote at, the Annual General Meeting and any adjournment or postponement thereof. Whether or not you plan to attend the meeting, please complete, sign, date and return the enclosed proxy card to ensure that your common shares are represented at the meeting. Shareholders of record who attend the meeting may vote their common shares in person, even though they have sent in proxies.

By Order of the Board of Directors,
Scott H. Davis
Secretary

March 20, 2007

PLEASE PROMPTLY COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD. THE PROXY IS REVOCABLE AND IT WILL NOT BE USED IF YOU: GIVE WRITTEN NOTICE OF REVOCATION TO THE SECRETARY OF PRIMUS GUARANTY, LTD., CLARENDON HOUSE, 2 CHURCH STREET, HAMILTON HM 11, BERMUDA PRIOR TO THE VOTE TO BE TAKEN AT THE MEETING; SEND ANOTHER PROXY CARD WITH A LATER DATE; OR ATTEND AND VOTE AT THE MEETING.

PRIMUS GUARANTY, LTD.

PROXY STATEMENT

ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 8, 2007

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Primus Guaranty, Ltd., a company organized under the laws of Bermuda, for use at the Company's Annual General Meeting of Shareholders to be held at The Elbow Beach Hotel, 60 South Shore Road, Paget Parish, Bermuda, on May, 8, 2007 at 8:00 A.M., local time, and at any adjournments or postponements thereof.

The Notice of Annual General Meeting, this proxy statement and the enclosed form of proxy are first being sent or given to shareholders of the Company on or about April 5, 2007.

Purposes of Meeting

The purposes of the meeting are to consider and act upon the following matters:

1. To elect four Class I directors to hold office for three years and until their successors are elected and qualified;
2. To appoint Ernst & Young LLP as the Company's independent auditors and to authorize the Audit Committee of the Board of Directors to set the auditors' remuneration; and
3. To consider and act on such other business as may properly come before the meeting or any adjournment or postponement thereof.

Record Date

Only holders of record of the Company's common shares at the close of business on March 19, 2007, the record date, are entitled to notice of, and to vote at, the meeting or any adjournment or postponement thereof. The Company's common shares are its only outstanding class of voting securities. Each common share entitles the holder of record thereof to one vote. As of the record date, there were 44,942,218 common shares outstanding.

How You Can Vote

Shareholders of record can vote in either one of the following ways:

- by completing, signing and returning the enclosed proxy card; or
- by attending the Annual General Meeting and voting in person.

Shareholders who hold their shares through a broker, bank or other nominee (in "street name") must vote their shares in accordance with the procedures prescribed by their broker, bank or other nominee. Shareholders who wish to vote using the enclosed proxy card should sign and return their signed proxies before the Annual General Meeting. The proxies will vote their shares as they direct.

Shareholders can specify whether their shares should be voted for all, some or none of the nominees for director (Proposal One on the proxy card). They can also specify whether they approve, disapprove or abstain from the other proposals to be presented at the meeting.

If you do not specify on your proxy card how you want to vote your shares, the proxies will vote them "FOR" the election of all nominees for director as set forth under Proposal One, "FOR" Proposal Two and, with respect to any other matters which may properly come before the Annual General Meeting or any adjournment or postponement thereof, at the discretion of the proxy holders.

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Revocation of Proxies

You may revoke your proxy at any time before it is exercised in any of the following ways:

- by notifying the Company's Secretary in writing;
-

by submitting another proxy by mail that is received at a later date and that is properly signed;
or

- by voting in person at the meeting.

You may not revoke a proxy merely by attending the meeting. To revoke a proxy, you must take one of the actions described above.

Quorum and Required Votes

The presence, in person or by proxy, of two or more persons at the start of the meeting and representing, in person or by proxy, in excess of 50% of the total issued voting shares is necessary to constitute a quorum.

The affirmative vote of a majority of the common shares represented and voting at the Annual General Meeting is required for the election of directors, as well as the appointment of the Company's independent auditors and authorization of the Audit Committee of the Board of Directors to set the auditors' remuneration.

Abstentions are counted as "shares present" at the meeting for the purposes of determining whether a quorum exists. However, since abstentions are not votes cast in favor of or against any matter, they will not affect the outcome of the vote. Proxies submitted by brokers that do not indicate a vote for some or all of the proposals because they do not have discretionary voting authority and have not received instructions as to how to vote on those proposals (so-called "broker non-votes") are also considered "shares present," but also will not affect the outcome of any vote.

Solicitation

We have hired D.F. King & Co., Inc. to assist us in the distribution of proxy materials and the solicitation of proxies for a fee estimated at \$8,500 plus out-of-pocket expenses. Proxies will be solicited on behalf of the Board of Directors by mail, in person and by telephone. The Company will bear the cost of soliciting proxies. The Company will also reimburse brokers and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy materials to the persons for whom they hold shares.

Audited Financial Statements

Under Bermuda law, audited financial statements must be presented to shareholders at an annual general meeting of shareholders. To fulfill this requirement, the Company will present at the Annual General Meeting audited consolidated financial statements for fiscal year 2006. Copies of the financial statements are contained in the Company's 2006 Annual Report to Shareholders, which includes the Company's Annual Report on Form 10-K, and is being mailed to shareholders together with this proxy statement.

Other Matters to be Acted Upon

The Company does not know of any matters to be presented or acted upon at the meeting other than the items described in this proxy statement. If any other matter is presented at the Annual General Meeting on which a vote may properly be taken, the shares represented by proxies will be voted at the discretion of the proxy holders.

Shareholders should complete and return the proxy card as soon as possible. In order to assure that your proxy is received in time to be voted at the Annual General Meeting, the proxy card must be completed in accordance with the instructions on it. If your common shares are held in street name, you should return your proxy card or voting instruction card in accordance with the instructions on that card or as provided by the bank, brokerage firm or other nominee that holds Company common shares on your behalf.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of March 19, 2007, to the knowledge of the Company, the beneficial ownership of the Company's common shares by (i) each person who is known by the Company to be the beneficial owner of more than five percent (5%) of the outstanding common shares of the Company, (ii) each director and nominee for director of the Company, (iii) each executive officer of the Company named in the Summary Compensation Table below, and (iv) all directors, nominees and executive officers of the Company as a group:

Name	Number of Shares Beneficially Owned ⁽¹⁾	Percentage of Common Shares Outstanding as of March 19, 2007
Greater than 5% Shareholders:		
XL Capital Ltd XL House One Bermudiana Road Hamilton HM 11, Bermuda	14,901,482	33.2% ⁽²⁾
Transamerica Life Insurance Company c/o AEGON USA Investment Management LLC 4333 Edgewood Road N.E. Cedar Rapids, Iowa 52499	5,592,266	12.4% ⁽³⁾
U.S. Trust Corporation 114 West 47 th Street, 25 th Floor New York, New York 10036-15632	3,488,695	7.8% ⁽⁴⁾
TimesSquare Capital Management, LLC Four Times Square, 25 th Floor New York, New York 10036	2,860,973	6.4% ⁽⁵⁾
Century Capital Management, LLC 100 Federal St. Boston, MA 02110	2,628,950	5.8% ⁽⁶⁾
Second Curve Capital, LLC 405 Lexington Avenue, 52 nd Floor New York, New York 10174	2,499,300	5.6% ⁽⁷⁾

UBS AG		
Bahnhofstrasse 45		
PO Box CG-8021		
Zurich, Switzerland	2,239,853	5.0% ⁽⁸⁾
Non-Executive Directors and Non-Executive Director Nominees:		
Michael P. Esposito, Jr.	75,000	* ⁽⁹⁾
Frank P. Filippis	9,900	* ⁽¹⁰⁾
Duncan E. Goldie-Morrison	29,681	* ⁽¹¹⁾
Paul S. Giordano	—	* ⁽¹²⁾
Thomas J. Hartlage	3,500	* ⁽¹³⁾
James K. Hunt	9,681	* ⁽¹⁴⁾
Fiona E. Luck	—	*
Robert R. Lusardi	29,690	* ⁽¹⁵⁾
John A. Ward, III	19,681	* ⁽¹⁶⁾

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Name	Number of Shares Beneficially Owned ⁽¹⁾	Percentage of Common Shares Outstanding as of March 19, 2007
Executive Officers:		
Thomas W. Jasper		
Chief Executive Officer & Director	723,287	1.6% ⁽¹⁷⁾
Richard Claiden		
Chief Financial Officer	73,591	* ⁽¹⁸⁾
Charles McLendon		
President-Primus Asset Management, Inc.	48,263	