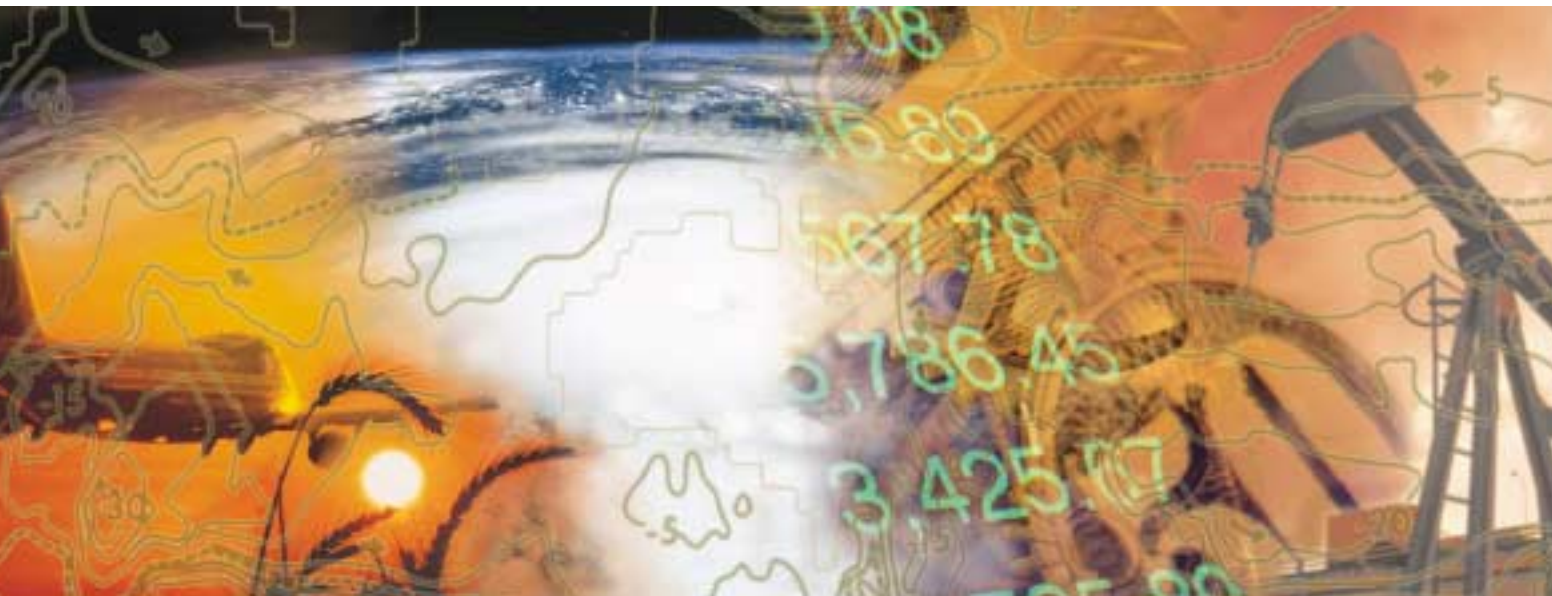


annual report 1999



PartnerRe



Financial Highlights

(Expressed in millions of U.S. dollars, except per share data)

For the year ended December 31, 1995	1996	1997	1998	1999	
\$ 230.9	\$ 206.0	\$ 427.8	\$ 687.0	\$ 1,326.4	Net premiums written
312.1	303.7	615.7	879.6	1,630.4	Total revenues
223.8	249.7	271.1	266.3	94.8	Net income
Earnings per common share:					
\$ 3.89	\$ 4.49	\$ 4.48	\$ 4.05	\$ 1.73	Diluted operating earnings per share
4.09	4.58	4.69	4.34	1.40	Diluted net income per share
Return on average common shareholders' equity					
19.0%	18.8%	16.6%	13.7%	4.3%	
Non-life ratios					
27.7%	10.9%	39.0%	56.9%	77.1%	Loss ratio
12.2%	14.4%	24.4%	28.6%	32.7%	Expense ratio
39.9%	25.3%	63.4%	85.5%	109.8%	Combined ratio

As at December 31, 1995	1996	1997	1998	1999	
\$ 1,495.9	\$ 1,505.9	\$ 3,591.8	\$ 7,554.0	\$ 7,560.0	Total assets
1,311.2	1,400.9	1,978.3	2,113.4	1,840.7	Total shareholders' equity
23.57	26.33	29.57	33.53	31.82	Book value per common share
1,398.4	1,624.3	2,496.9	2,415.7	1,598.0	Market capitalization



annual report

1999

About PartnerRe

PartnerRe Ltd. (NYSE: PRE) is a leading international reinsurance group. The Company provides multi-line reinsurance to insurance companies on a worldwide basis through its wholly owned subsidiaries Partner Reinsurance Company, SAFR PartnerRe, PartnerRe U.S. and PartnerRe Life. Risks reinsured include property, catastrophe, agriculture, casualty, marine, aviation/space, credit/surety and life/health.

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To Our Shareholders

Having successfully completed two significant acquisitions in two years – and in the context of the most difficult environment the reinsurance industry has seen in almost a decade – PartnerRe focused its attention in 1999 on executing effectively the strategic steps necessary to ensure that our Group is fully equipped and prepared for the market turn that lies ahead.

The past year has been the most challenging year the Company has experienced since its formation, with intense claims activity and continued trying business conditions. Against this background, our focus on managing capital, preserving financial security and building client relationships has developed an excellent platform that positions the Group to be ready to seize opportunities as they arise in the future.

The climate within our industry gave rise to numerous distractions that could have swayed PartnerRe's focus. Under the effective leadership of Herbert Haag and his senior management team, however, PartnerRe remains solidly grounded. The Board of Directors firmly supports and applauds the discipline that the Company displayed during the past year. Should 2000 present yet another challenging period, PartnerRe will continue to focus on its most important commitments: to provide substantial reinsurance capacity to its clients, and to return consistent value to you, our shareholders.

On the threshold of the new millennium, PartnerRe can look back on remarkable accomplishments since its inception. I thank you for your continued support, and, on behalf of the Board of Directors, I would like to thank Herbert Haag and the dedicated members of the PartnerRe management and staff for their diligent efforts in advancing the Company to realize its great potential in the future.



David T. McLaughlin
Chairman of the Board

PartnerRe's Operating Philosophy

PartnerRe

is guided by the following principles:

PartnerRe provides consistent and substantial capacity for reinsurance coverages to its clients.

PartnerRe develops stable, long-term relationships with selected quality insurance companies in markets throughout the world.

PartnerRe accepts business directly from its clients or through well-established reinsurance intermediaries.

PartnerRe employs a disciplined, analytical underwriting process based on a systematic study of fundamental concepts and careful control of the commitments arising from such risks.

PartnerRe applies consistent pricing over time commensurate with the actual risks assumed.

PartnerRe maintains a high quality investment portfolio in order to preserve its capital base.

PartnerRe seeks to maximize investment returns while maintaining appropriate liquidity and diversification to ensure it is a reliable financial partner.

PartnerRe is committed to providing the highest professional service to clients and intermediaries.

PartnerRe is committed to developing and maintaining professional, experienced staff of the highest caliber.

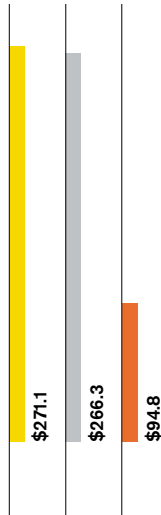
PartnerRe is subject to the highest ethical standards in all its activities.

Through consistent adherence to these principles, PartnerRe aims to be a most reliable partner to its clients in providing reinsurance coverages.



Herbert N. Haag
President & Chief Executive Officer

1997
1998
1999



Net Income
(millions)

1999 proved to be an extremely eventful year – both for the insurance industry and for PartnerRe. From the standpoint of financial results, there is no question that 1999 was difficult; the continued intense competition within the industry, coupled with an unusually high level of global loss activity, had an adverse impact on reported results for the industry and PartnerRe alike. Against this background of extreme external pressures, however, PartnerRe produced a profit for the year of \$94.8 million.

Almost every corner of the world experienced severe natural catastrophes in 1999. Europe, the United States, Japan, Australia, Turkey and Taiwan were all struck by events with insured losses that are estimated to reach or exceed \$1 billion. In total, these events of 1999 produced insured losses of more than \$24 billion. In real terms, this is the second most costly year after 1992 – the catalyst for PartnerRe’s formation.

Despite these difficult market conditions, I continue to be very excited about the activities we have undertaken at PartnerRe. Our strategic initiatives in recent years have created a sound foundation for the future, and during 1999 it has been extremely rewarding to participate in the development of the PartnerRe organization into one of the preeminent global reinsurance providers. The positive actions we have taken in this difficult environment and the positive response we have received from our clients and brokers have been most encouraging.

1999: The Turning Point?

The year began with cautious optimism that a positive change in the reinsurance-pricing environment was imminent. Surely the industry’s overall results in 1998 signaled a need for improved terms and conditions, as there was a consensus view that the level of pricing in all lines of business, for both primary insurers and reinsurers, was inadequate. However, corrective action was slow to materialize, and excessive competition in most business lines continued well into the year. It appeared that another opportunity was lost, as the earnings of most reinsurers further eroded during 1999.

Excess capacity in the reinsurance industry has led to a deterioration of results for several years now. Elusive underwriting profitability and the inability to grow has caused many reinsurers to initiate shifts in their strategies, making consolidation and diversification primary objectives. Relaxed underwriting standards and significantly broadened terms and conditions have increased many reinsurers’ exposures as some have entered into new markets without the appropriate expertise.

Natural Catastrophes 1970-1999

Real Insured Damage
\$ billions
at prices valid in 1999

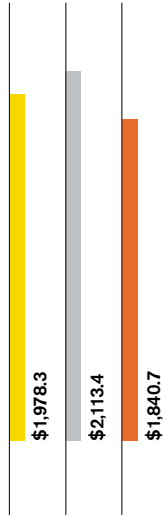


Number of Events



(Source SwissRe/sigma no. 3/2000)

1997
1998
1999



Total Shareholders' Equity
(millions)

At the same time, investors have watched these industry developments closely and many have responded by withdrawing from the insurance sector of publicly traded companies, causing stock prices to drop substantially, with some trading at deep discounts to book value.

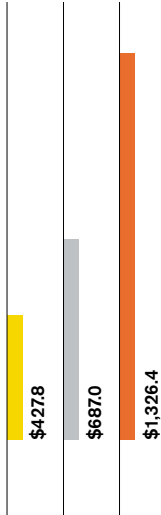
The confluence of these factors in 1999 may, however, prove to be the beginning of the turning point for the market. Signs that we are reaching the bottom of the curve have begun to appear. Due to extreme losses and naïve underwriting, the market saw its initial casualties of the persistently difficult market conditions when the first few reinsurers withdrew due to bankruptcy or unmanageable losses. The fate of these companies represents a harbinger for the difficult times that lie ahead for many others. The losses sustained by the market throughout the year, culminating in late December with some of the most severe windstorms Europe has ever seen, represent another milestone in the current cycle. Together, these developments have helped register the urgent need to return to a more disciplined pricing culture.

From an historic point of view, 1999 was an extraordinary year for catastrophe activity. In addition to ranking as one of the most costly years ever for insurers (although the number of events was very much in line with those of previous years), the European storms, Lothar and Martin, caused a combined insurance loss of more than \$6 billion. Only Hurricane Andrew in 1992 and the Northridge Earthquake in 1994 were costlier.

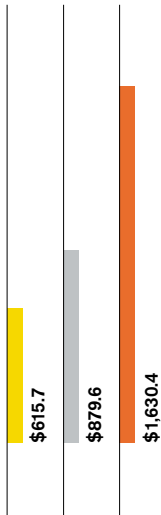
The level of natural catastrophes witnessed since the beginning of the 1990s, both in terms of number of events and insured damages, raises an important question. Is the alarming increase indeed due to greater concentration and accelerating growth of values as well as the quickly developing density of insurance globally, or have climatic changes contributed to these developments? The observation period of only a decade is insufficient to determine the answer with certainty, but the insurance industry does not have enough time to wait for the outcome of this debate.

Since the formation of our Company, we have urged our industry to approach the protection of natural disasters with financial discipline and underwriting prudence, unfortunately without the desired success, as the declining premium rates suggest. Now, the combined impact of the catastrophes and the continued competition in other lines of business call for immediate attention, and only a determined change in attitude will bring about the much-needed improvements.

1997
1998
1999



Net Premiums Written
(millions)



Total Revenues
(millions)

PartnerRe: Well Positioned for the Future

Following our acquisition of the Winterthur Insurance Group’s reinsurance operations at the end of 1998, PartnerRe entered 1999 with substantially strengthened resources and an even stronger market presence. Our combined client base welcomed the new reinsurance choice, and during the year we not only preserved but also strengthened our existing client base and business relationships. Yet the prevailing conditions did not allow us to benefit fully from our newly available capabilities, as our determined focus on underwriting discipline often prevented us from writing the business offered to us.

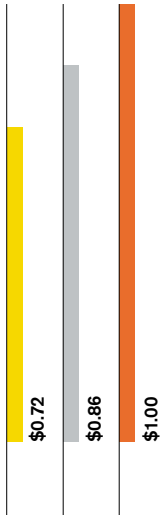
Nevertheless, PartnerRe continued to pursue its strategy to build long-term shareholder value. As a truly diversified reinsurer, since the acquisitions of SAFR in mid-1997 and Winterthur Re in 1998, we have concentrated on deepening relationships with our business partners. Our client base now stands at 1,768 insurance companies, represented in 122 markets. We continue to invest in broadening our expertise and serving our clients and brokers better than ever.

Our emphasis on delivering expertise in agriculture, aviation, catastrophe and credit & surety reinsurance differentiates us from the rest of the market and assures us the opportunity for leading positions in these lines. Through these and other specialty capabilities, including life, PartnerRe has become a sought-after discussion partner for our clients – a position that will serve us well in the future.

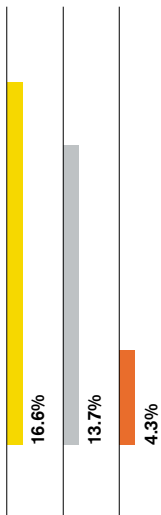
PartnerRe has certainly not been immune to the conditions affecting the industry. In addition to the impact of catastrophes on our earnings in the last three quarters of 1999, the share price of PartnerRe’s stock has suffered throughout the year, performing in line with the low valuation of the insurance and reinsurance sector as a whole.

Our only choices for responsible capital management were either to invest the Company’s capital to support profitable growth by writing business or to return it to shareholders. In light of current market conditions, we continued to implement our existing capital management strategy and repurchased 5.1 million shares and warrants during 1999, or close to 10% of the shares outstanding. With PartnerRe shares trading at book value, we considered this the best investment, while ensuring that we maintained an appropriate level of capital to support our global underwriting operations.

1997
1998
1999



Dividends per Common Share



Return on Average Common Shareholders' Equity

Operational effectiveness is an important cornerstone of our Group's vision. During 1999, our internal activities focused on ensuring long-term competitiveness. In a short three months (by April 1, 1999), we integrated the acquired Winterthur Re operations into our global organization, and throughout the year we continued our efforts to ensure seamless interaction and productivity within our global network. We combined the U.S. operations in New York and initiated the move of our two operations in Switzerland to our new premises in Zurich. In addition, we started the ambitious project of implementing a group-wide systems and operational optimization project which, once completed, will substantially improve operational efficiency throughout the Group.

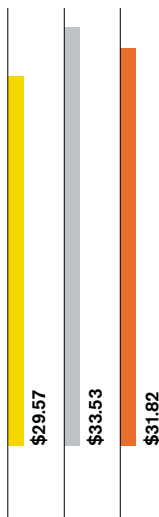
Review of 1999 Results

The 1999 results include for the first time the results of the Winterthur Re operations which were acquired on December 23, 1998.

PartnerRe's net premiums written in 1999 exceeded the one-billion-dollar mark and reached \$1,326.4 million, compared to \$687.0 million in 1998, an increase of 93% due to the inclusion of Winterthur Re's operations. Total revenues for the year amounted to \$1,630.4 million, comprising of \$1,338.0 million of net premiums earned, \$307.6 million of income from investment operations and realized losses from the sale of investments of \$15.9 million.

Reinsurance losses and loss expenses incurred for the year, including life policy benefits, amounted to \$1,130.1 million; non-life losses incurred were \$856.8 million, or 77.1% of premiums earned, whereas life benefits were \$273.3 million. Our overall (life and non-life) expense ratio was 30.7%, which includes acquisition costs, other operating expenses and foreign exchange gains. The resulting 1999 combined ratio for PartnerRe's non-life business in 1999, the trade ratio customarily used to determine property & casualty insurance underwriting performance, increased to 109.8%. The major catastrophe losses of the year, totaling \$164 million, added 14.8% to the incurred losses and combined ratio, respectively.

1997
1998
1999



Book Value per Common Share

Despite the record-high catastrophe losses in 1999, the Company produced a profit, albeit a considerably smaller one than in prior years. Our net income for 1999 was \$94.8 million and represents a return on average common equity of 4.3% for the year, clearly reflecting the impact of the severe 1999 catastrophe losses. However, since the formation of the Company six years ago, the compounded annual return was 14.4%, an achievement of which we are extremely proud. Also, for the fifth consecutive year, the dividend was raised in 1999 to \$1.00 per share, an increase of 16.3% over the prior year.

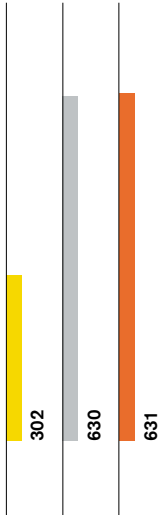
At December 31, 1999, our total assets were \$7.6 billion and shareholders' equity was \$1.8 billion. The exceptionally strong balance sheet and capital base of PartnerRe, one of the highest-capitalized professional reinsurance companies in the world, continues to be a prime competitive advantage in today's reinsurance market, which is highly sensitive to financial security, and provides great comfort to our clients around the globe.

Market Outlook

The transformation of the reinsurance market continues with increasing speed. The pace of consolidation has further accelerated as competition forces the weaker participants to run for cover, seeking refuge through mergers and acquisitions to ensure near-term survival. Without improvement in underwriting results, shareholder pressures will continue to intensify and we anticipate that the consolidation trend will continue in the coming year, the pace of which may be further accelerated by attractive valuations. Ultimately, the world will see fewer reinsurers than ever, each financially stronger and better diversified.

Communication and connectivity will be an important element of the future reinsurance transaction. Accessibility, ease of data flow, transparency of pricing and underwriting decisions, business to business connectivity – all of these will be made possible through greater use of electronic trading capabilities. This evolving business model will test the creativity and flexibility of our industry and will be an important factor in determining the market participants of the future. PartnerRe is preparing itself for this New World, keeping in mind that reinsurers must be ready to face these challenges and benefit from the opportunities, without losing sight of the importance of relationships in a global wholesale business such as reinsurance.

1997
1998
1999



Number of Employees

The highly volatile financial markets and interest rate movements of the past two years will increasingly influence reinsurers' underwriting decisions. The fear that increasing interest rates will again tempt reinsurers to underwrite with a cash-flow orientation is hopefully unfounded. Rather, despite the excess reinsurance capacity available, the recent spate of severe losses is likely to bring about more discipline in pricing and underwriting control among all reinsurers. During the latter part of 1999, we began to see some encouraging signs evidenced by meaningful improvements to reinsurance conditions applied to covers incepting after the late December European catastrophe events. This will hopefully continue throughout the year.

Our Company is ready for the challenges ahead. When evaluating the future of the reinsurance market, we believe we have the financial strength, technical capabilities and market presence to grow our business. Through our global presence, we participate in every major market, and with our strong platform we are well equipped to provide enduring solutions to meet the needs of our clients. We believe the reinsurance market is poised for recovery, and PartnerRe is ideally positioned to benefit in the long term.

Our Strength

As PartnerRe continues to face – and surmount – the challenges of an evolving organization and industry, we continue to depend on the skill, flexibility and commitment of our staff, and I would like to thank all of our 631 employees for their contribution to the progress of our Company.

In closing, we thank our shareholders, our clients and producers – all of our partners – for their support to PartnerRe during 1999. We appreciate your continued confidence in our Company, our team and our vision for the future.

Herbert N. Haag
President & Chief Executive Officer



Management of Reinsurance Operations

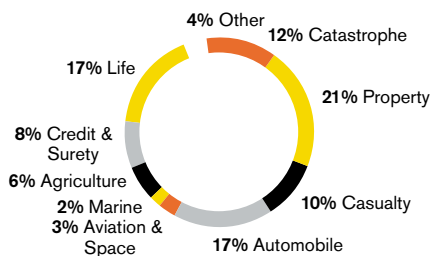
(from left)

Scott D. Moore

Hervé Cachin

Bruno Meyenhofer

Graham J. Dimmock



Business Composition - Business Lines
(based on net premiums written)

1999 – The Reinsurance Market

Nineteen ninety-nine was a difficult year for reinsurers, not least due to an acute increase in catastrophe frequency. The majority of business lines in most territories continued to experience severe competitive pressure and the industry suffered accordingly. The consensus view is that the insurance and reinsurance industry is almost uniformly at the bottom of the cycle. Inevitably, this gives cause for optimism that the environment will change. The inability of the market in 1999 to change pricing on two-year contracts designed to avoid Y2K concerns will strongly focus attention on the 2000/2001 renewal season.

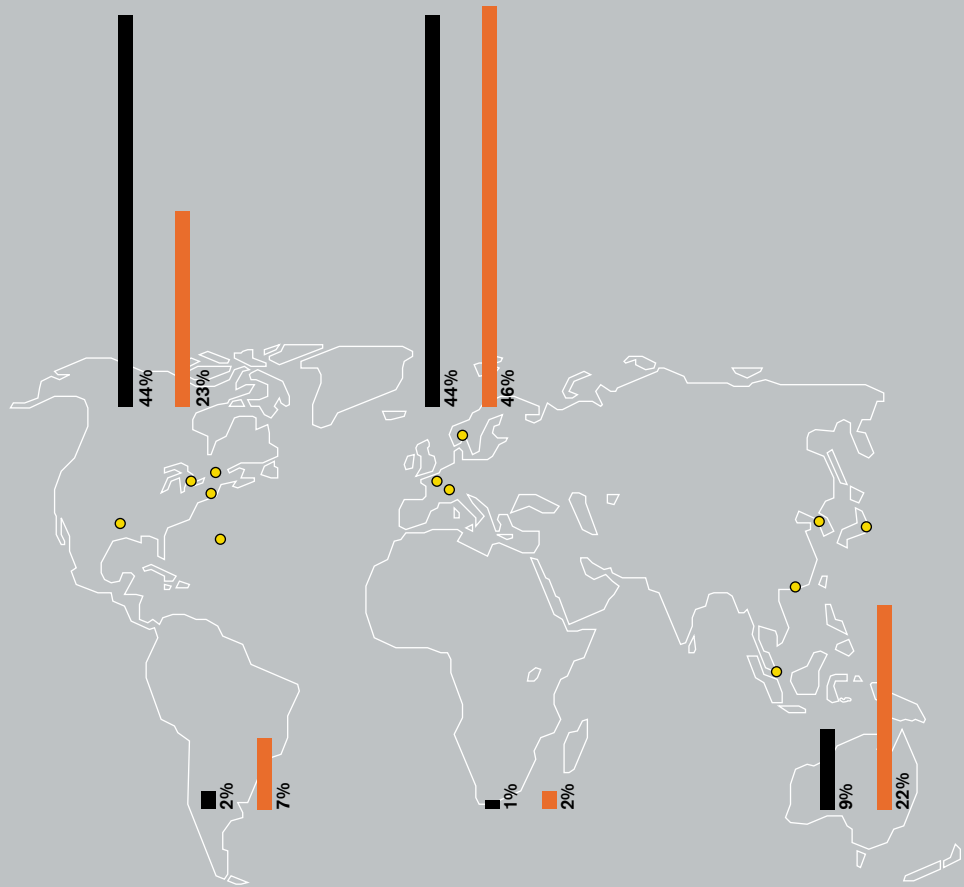
Business Lines

Property The promising signs of an upturn in primary property rates evidenced at the end of 1998 diminished during 1999. Although attritional losses and natural catastrophes began to have an impact on results by mid-year, most primary markets remained competitive through to year-end, particularly for major accounts. Proportional treaty pricing is extremely competitive, leaving reinsurers insufficient margins to fund major risk losses or catastrophes. PartnerRe’s continued cautious approach – notably reducing exposure to the underperforming heavy industrial and multi-territory treaties – cushioned the impact of the year’s natural catastrophes on our property result. Net property premiums written for 1999 were \$282.9 million.

Catastrophe Catastrophe activity increased in 1999 with a record of 8 events estimated to have caused \$1 billion or more of insured damage. The total of insured catastrophe losses in 1999 is in excess of \$24 billion and is only exceeded by 1992’s total of \$26 billion. PartnerRe’s strong global presence in the catastrophe sector is reflected in our result, with the greatest impact being from the storms Lothar and Martin, which struck Europe in late December and caused an estimated market loss in excess of \$6 billion. Our loss comes primarily from France, where we have a strong position, but we also incurred sizeable losses in Germany and in Switzerland. Other severe catastrophes included the Sydney Hailstorm, which was the worst insured disaster to have affected Australia, Typhoon Bart in Japan, tornadoes and Hurricane Floyd in the U.S. and earthquakes in Turkey and Taiwan. PartnerRe’s combined losses from these events totaled \$164 million after tax.

Event	Insurance Market Loss (in billions)
Lothar	\$ 6.0
Martin	\$ 2.5
Typhoon Bart	\$ 2.2
Hurricane Floyd	\$ 1.5
Tornadoes in U.S.	\$ 1.0
Turkey Earthquake	\$ 1.0
Taiwan Earthquake	\$ 1.0
Sydney Hailstorm	\$ 1.0

Geographic Distribution
 For the year ended December 31, 1999



Gross Premiums Written
 \$1,433m

Number of Clients
 1,768

Our Global Presence

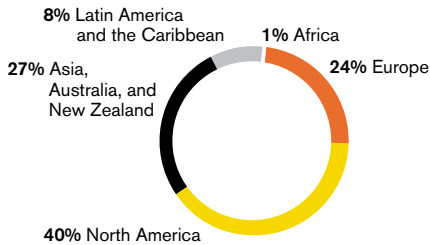
North America

Latin America and Caribbean

Europe

Africa

Asia and Pacific



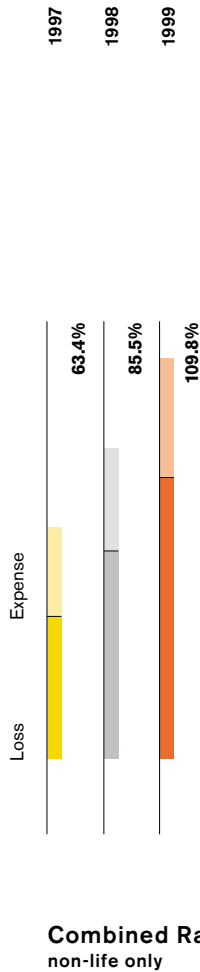
Aggregate Catastrophe Exposures

At the time of the late December storms in Europe, the majority of our book had been renewed, but we had already witnessed a modest turn in the market. Many French insurers exhausted their catastrophe protection following Lothar and drew on the automatic reinstatement after Martin. As these insurers sought further cover, we saw evidence of a return to acceptable pricing. We anticipate reasonable conditions for forthcoming renewals, although there is still considerable capacity in the market. In 1999, 59% percent of our catastrophe premium was generated in the U.S., where price levels are generally more commensurate with the risk accepted than elsewhere. However, total commitments in the U.S. reflect only 40% of our global catastrophe exposures. With our leading position in the international catastrophe market we are well positioned to take advantage of an expected upturn of prices. Net catastrophe premiums written for 1999 were \$153.1 million.

Automobile Most European primary automobile markets were fiercely competitive in 1999, showing combined ratios of over 110%. The level of awards for bodily injury has increased, exceeding general consumer price inflation, while mortality table adjustments and lower discount rates for future costs and lost earnings have also impacted award levels. In the U.S., pricing for personal automobile lines continued to deteriorate as major primary insurers competed for market share. However, in response to rapidly weakening results, conditions improved at the end of 1999. In Canada, primary insurers filed rate increases for Ontario automobile business for the first time in three years. Net automobile premiums written for 1999 were \$231.6 million.

Casualty Global capacity for casualty business has significantly increased in recent years, leading inevitably to price erosion. Although pricing levels began to stabilize at the end of 1999, we believe there is less accumulation awareness in casualty than in other lines and we therefore remain selective in this business line. We have been unaffected by the problems in certain areas of the personal accident and worker's compensation market but see opportunities as rational pricing returns. Net casualty premiums written for 1999 were \$126.9 million.

Marine Marine rates fell less in 1999 than in the four individual prior years, as rising attritional claims began to affect results. Nonetheless, an excess of global capacity is still apparent. Several large losses in 1999 did not trigger immediate corrective action, but their combined impact is expected to lead to a hardening in 2000. Net marine premiums written for 1999 were \$32.0 million.



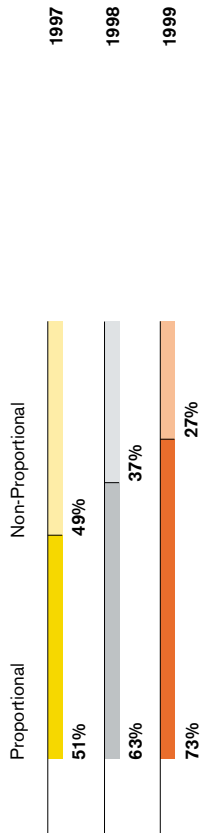
Aviation and Space In our core general aviation business, rating levels remained stable and acceptable. However, in the airline sector the available insurance capacity is twice the demand, and rates fell a further 5%. The market premium of \$950 million is marginally up, due to increased fleet size and passenger traffic growth. Total industry losses in 1999 on major risks amounted to \$1.5 billion (excluding attrition losses), while 512 passengers died on scheduled services – the smallest number ever. The EgyptAir crash off the North American coast was the largest single aircraft disaster in 1999, but this loss did not have a major impact on our results for 1999. The unusual series of landing and takeoff accidents involving prime carriers and large hull values also contributed to a market loss ratio of around 200%. Faced with these market conditions, PartnerRe has maintained a disciplined approach and has not sought to achieve its premium growth target.

The Space sector has, in the wake of a loss-burdened 1998 calendar year, seen some signs of a market turn, with rate increases appearing by the middle of 1999. We have made good progress in this sector. Together, our net aviation and space premiums written for 1999 were \$34.3 million.

Credit and Surety The overall operating environment for credit and surety lines is largely favorable. Liberalization in several markets could lead to real growth in premium, while the strong global economy decreases loss potential. Although there is a substantial uninsured market, which presents opportunity for growth, there remains pressure on pricing due to strong competition. The Philipp Holzmann experience in Germany emphasized the potential exposures in this line and the need for managing accumulations.

PartnerRe, as one of the leading credit and surety reinsurers, is involved in developing new opportunities globally. In Japan, for example, we have been able to establish a very sound position. Further areas where new business opportunities may be generated are Eastern Europe, Asia and South America. Net credit and surety premiums written for 1999 were \$109.6 million.

Agriculture PartnerRe is a global leader in agricultural reinsurance. There is less competition in this sector than in other lines as the entry cost is high and naive underwriting is quickly punished. In 1999, most markets produced profitable results, except for the crop hail insurance sector in the U.S. Most notably, the Italian market, after five consecutive loss years, achieved a turnaround. During the year, we increased our already wide client base and diversified both geographically and by line. Net agriculture premiums written for 1999 were \$80.8 million. Our existing resources in this area will be further enhanced during 2000 with the addition of a team of ten regionally based specialist consultants.



Business Composition
(based on gross premiums written)

Life Professional reinsurers show an increasing interest in the expanding life and health sector, which inevitably decreases the profit margin and undermines underwriting standards for traditional life and health reinsurance. Faced with growing competition and a relatively small existing portfolio, during 1999 we implemented a new strategy based on services and innovative retail products. This has involved a reorganization and optimization of resources between our two European operations. PartnerRe remains a market for traditional business, but an increasing part of our production is driven by product design and service capability rather than by price. Net life premiums written for 1999 were \$223.0 million.

New Solutions During 1999 we strengthened our New Solutions capabilities with senior recruitments in Europe and the U.S. Much market activity in this area could be better described as promotional rather than solution-oriented. PartnerRe remains committed to providing real solutions to specific problems.

Geographic Developments

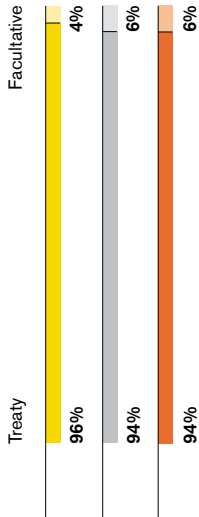
Europe European reinsurance markets remained highly competitive in 1999. However, though companies were willing to reduce pricing to gain new lead positions, they were much more reticent in accepting inadequate rates simply as followers. PartnerRe has maintained its strong position in the key European insurance markets.

The twin European storms of late December will greatly impact the 1999 gross results of French insurers and will strengthen the trend towards improved pricing levels in the personal lines, commercial and industrial sectors. Bancassurers, where we have a strong position, and direct trading mutuals continued to increase their market share.

In Germany, the fire industrial risks sector that once generated premiums in excess of \$2 billion, saw volume drop to an inadequate \$1.2 billion in 1999 due to severe competition. Primary automobile results are again negative in Germany for 1999 and this has provoked some remedial action. Our position in Germany remains strong, but we have had to carefully review our commitment in the light of 1999 experience.

Other European markets have remained competitive, except for the automobile sector in the U.K. and property insurance pricing in southern Europe. The introduction in Spain of obligatory long-term guarantees for new construction projects and the modification of the Portuguese compulsory workmen's compensation legislation generated new premium for PartnerRe in those markets. In central and eastern Europe, the flow of foreign investment into the insurance industry has continued. Notable was the decision by the Polish government to institute an auction for a 30% share of the largest insurer. PartnerRe continues to support these markets with know-how transfer and stable security.

1997
1998
1999



Business Composition
(based on gross premiums written)

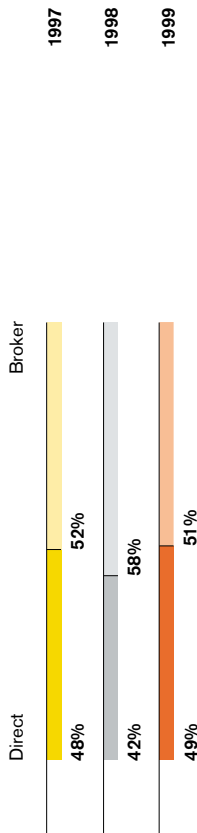
North America During the past year, structural change and deteriorating results, fuelled by a highly competitive environment, continued to define the reinsurance market in the U.S. The structural changes took the form of further consolidation, downsizing of infrastructure and divestiture of poorly performing business segments. PartnerRe U.S. has leveraged these structural changes by targeting and attracting both new clients and seasoned professionals with proven success in our industry.

Despite the strong economy, further pressure on insurance and reinsurance pricing has resulted in a year that can generally be characterized by inadequate profit margins and a marginal increase in premium growth for the non-life reinsurance sector. Although rates, terms and conditions improved in certain sectors as we approached the January 2000 renewal season, we have not seen evidence of a broad market turn in the U.S. PartnerRe has approached this challenging market with focus and discipline, utilizing our underwriting and actuarial pricing expertise to identify and evaluate those opportunities that meet our profitability standards. We will continue to focus our marketing efforts on attracting partners that share our commitment to quality underwriting and superior long-term returns.

In Canada, there have been withdrawals from a poorly performing property facultative market and, despite continuing competition, some more rational pricing is returning to the market. PartnerRe has successfully established its expanded office in Toronto and is now a significant participant in this market.

Asia and Pacific In Japan, insurance companies are facing new market dynamics and a markedly more competitive environment. The consolidation process is accelerating in this market and proposed mergers may change the positioning of current market leaders. Foreign insurers have been enthusiastically entering into the non-life market (in particular, to provide direct sales of automobile policies), but with limited success. Price competition in automobile insurance, which produces more than 50% of non-life premiums in Japan, accelerated further in 1999 and new product and service diversification is now a key competitive factor. Commercial credit insurance has potential and we are increasingly requested to support our clients with capacity and technical guidance.

Elsewhere in Asia, developments in the insurance sector and our local presence will provide opportunities in Malaysia, Thailand and Singapore. As China moves towards World Trade Organization membership, long-term prospects are good but the time scales are longer than many imagine.



Business Composition
(based on gross premiums written)

We continued to maintain good relationships and during 1999 we provided training support to local companies and will seek growth when it can be sustained in the long term. In Korea, our long-established office in Seoul positions us among the leading reinsurers. Our results in premium development have been strong and we see opportunity to grow our solid relationships further. Declining market premiums in 1999 should be reversed in 2000. The general insurance market in Hong Kong suffered a premium decline and produced negative results for the year, particularly in automobile. In Taiwan, we remain committed in the automobile sector and have sought to maintain our existing catastrophe commitments after the earthquake.

Latin America and the Caribbean Prices continued to fall in most Latin American markets in 1999, and a general reinsurance upturn is not yet in sight. During 1999 a series of catastrophes struck the region. An earthquake in Colombia caused insured losses totaling \$160 million, claims from Hurricanes Floyd, José and Lenny in the Caribbean cost the market approximately \$400 million in total, floods in Mexico resulted in a market loss of \$300 million and mudslides in Venezuela cost an estimated \$500 million. PartnerRe has treaty and facultative participations in all the affected regions but its losses from these events are limited. We will continue with our selective strategy in this region, seeking profitable niches with targeted clients.

Reinsurance Outlook

Date Recognition Failure appears to have been avoided as a cause of loss for the insurance industry. We do not now anticipate any impact from this source.

We foresee the continuation of two established trends in the reinsurance market. We anticipate that the welcome move from proportional to excess of loss coverage will continue, and there is no doubt that the bigger-is-better merger trend is set to change the insurance and reinsurance sectors still further in 2000.

PartnerRe will continue to strive to differentiate itself from the pack. We do not seek to be a “me too” reinsurer. Our results are inevitably impacted by the poor market conditions evident in 1999, but, looking forward, we believe strongly in our business and in the health of partnerships we have established with clients globally. We will remain in the game and intend to profit from its future potential.

Investments
At December 31, 1999

Asset Class
Total Invested Assets

	1997	1998	1999
Investment Grade Fixed Income	80%	79%	85%
High Yield and Convertible Bonds	3%	2%	3%
Equities	7%	2%	3%
Other Equity Substitutes	1%	1%	1%
Cash and Cash Equivalents	9%	16%	8%
Total (billions)	\$2.8	\$5.4	\$5.5

Composition
Fixed Maturities and
Short-Term Investments

	1997	1998	1999
U.S. Government	15%	23%	15%
Asset/Mortgage-backed	11%	34%	40%
U.S. Corporate	12%	13%	20%
Euro/Yankee	9%	2%	1%
Foreign Currency Denominated	48%	26%	20%
High Yield and Convertibles	5%	2%	4%
Total (billions)	\$2.3	\$4.4	\$4.8

Financial Operations

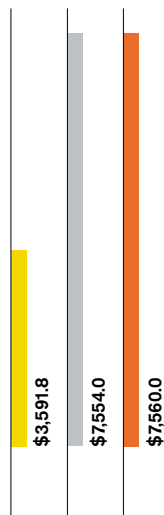
As a leading professional reinsurer, PartnerRe has continued to remain focused on its core reinsurance business, differentiating itself from the competition on both technical and service capabilities. This focused approach to the market will continue to build franchise value and is the critical element in building value for our shareholders. Equally important is the financial operation side of our business. Here, our focus is directed toward managing the asset side of the balance sheet by seeking to optimize the level of financial assets, to maximize returns and to manage capital to levels appropriate for the business plan and risk profile of the Company. This approach is based on the fundamental principle of our business: ensuring PartnerRe is positioned to respond, without hesitation, to the reinsurance obligations we have made to our clients.

Investments

Investment Philosophy PartnerRe's investment objectives have been consistent since our formation: to maximize investment returns subject to constraints that we have imposed to safeguard our ability to meet our reinsurance commitments. To achieve this objective we have adopted a policy of generally matching a portion of our assets to the duration and currency composition of our reinsurance liabilities. With the balance of our portfolio, which can be characterized as the funds representing the Company's capital, our objective is to maximize long-term total returns. Initiatives to achieve this goal include diversifying this portion of the portfolio toward equity and equity substitute securities, which over time have historically provided higher returns. We actively manage the investment portfolio on a total return basis against specific market indices or customized benchmarks that reflect the risk appetite of the Company. Our portfolio structure, which embraces appropriate risk diversification, helps ensure a balance between high quality fixed income returns and long-term investment returns that create value for clients and shareholders alike.

Investment Initiatives While asset allocation is determined at the Group or consolidated level, tactical implementation is effected at the operating level, with consideration given to local operating needs and regulatory requirements as well as optimizing tax efficiency. 1999 was a year of change within the parameters of PartnerRe's investment strategy. Consistent with our operating philosophy to leverage specific expertise through the use of external managers, we entered into new relationships with five professional investment management firms. These new relationships coincided with structural changes in the portfolio whereby we increased our exposure to equity markets while broadening the diversification within the fixed income portfolio. These initiatives, in combination with more aggressive management of our cash balances, are evident in the composition of the portfolio.

1997
1998
1999



Total Assets
(millions)

- Our cash balance at the end of 1999 was reduced to 8% of the portfolio, a substantial decrease from 16% at the end of 1998.
- At the end of 1999, the fixed income component of the portfolio increased to 85% from 79% at the end of 1998. Within the investment grade fixed income portfolio, the year over year increases in U.S. Mortgage and Asset-Backed securities to 40% from 34% and U.S. Corporate securities to 20% from 13% demonstrate the further diversification and risk appetite. We have maintained the AA overall credit rating of the portfolio.
- Equities and equity substitutes (including high yield and convertible bonds) represented 7% of the portfolio at the end of 1999, which increased from 5% at the end of 1998.

These initiatives have provided increased return potential, while reducing aggregate portfolio risk.

Investment Performance Despite the positive initiatives of introducing new professional investment managers and further diversifying the investment portfolio, the past year proved to be an extremely difficult year for investment returns. For 1999, our investment portfolio produced a negative total return for the year of 1.1%, a result that was affected by two major factors. The increase in interest rates in the U.S. and most major world markets resulted in the worst U.S. bond market returns since 1994 and the second worst performance by U.S. bonds in more than 20 years. Equally difficult, we saw the worst global bond market returns in more than 15 years. As investment grade bonds are used to back our reinsurance obligations – representing 96% of the fixed income portion at the end of 1999 – and are essential to providing stable investment income, these market developments negatively affected our portfolio returns. A second factor that influenced investment returns in 1999, was our practice of matching the currency of assets with the corresponding reinsurance liabilities. Currency matching offsets currency movements in the matched assets and liabilities, thus reducing volatility. Investment returns, however, only consider asset performance. Consequently, the combination of our substantial amount of business in Europe and the weakness in all European currencies against the U.S. dollar during the past year had an adverse impact on investment returns.

Outlook Looking forward, the generally higher interest rate environment which adversely impacted investment returns in 1999, has significantly increased the yield on existing investment assets and on investments made with new cash flow from premiums and reinvested investment income. We can anticipate that, with the expected continued strength of the U.S. economy, there is a high probability that we will see further increases in interest rates in the year 2000. Higher average yields on our investments, the increased diversification of the portfolio and higher reinvestment rates in the year 2000 continue to support growth and improve shareholder value in the years ahead.

Capital Management

Our approach to capital management is driven by the fundamental principle of maintaining the level of capital necessary to deliver consistent and substantial capacity to our clients, while ensuring that our capital is utilized to provide an appropriate return to shareholders. The primary components of our approach to capital management include maintaining (i) an appropriate level of capital to support reinsurance exposures, (ii) an appropriate amount of financial leverage, (iii) a consistent dividend policy and (iv) share repurchase authorizations. Capital management activities and initiatives during 1999 included the following:

Operating Leverage The primary determination of the level and composition of capital is based on our ability to put the capital to work in the form of operating leverage. In difficult reinsurance environments such as the last several years, we have made the determination that when reinsurance terms and conditions were inadequate it was not prudent to increase or aggressively expand our premium volume or increase our exposures. Our net premium to capital ratio at the end of 1999 stood at .72. Premium alone is not a sufficient measure of operating leverage. More importantly, it is the aggregate exposures represented by those premiums which determine the level of required capital.

Financial Leverage Debt is part of our overall capital structure. Introducing leverage in the form of preferred stock and long-term debt has enabled us to improve our returns to common shareholders. Our debt to capital ratio stood at .12 at the end of 1999. The ratio of total debt, plus preferred stock to total capital, plus debt, stood at .22.

Dividend Policy We initiated our first quarterly dividend payment in early 1994 and have paid a dividend every quarter thereafter. During 1999, we paid a quarterly dividend at the rate \$0.25 per share. On February 8, 2000, we increased that quarterly dividend rate to \$0.26 per share. This represents our sixth increase in the dividend rate, as we enter our seventh year of operations.

Share Repurchases During 1999, we repurchased 5.1 million Common Shares and warrants for an aggregate value of \$177.3 million. We entered 2000 with a remaining authorization of 4.4 million shares.

When considering the overall risk profile of the Company for 1999 and our business plan for 2000, we believe we have the appropriate level of capital. As we enter 2000, we have sufficient flexibility in our capital model and business plan to utilize the available tools to ensure our capital level is appropriate and fully utilized. Importantly, these initiatives have all been implemented while maintaining our strong financial strength ratings (A+ by A.M. Best, AA by S&P and Aa3 by Moody's).

Information Technology (IT)

Operational efficiency is a key component of PartnerRe's vision. To remain a successful reinsurer in the future, PartnerRe puts emphasis on efficient infrastructure, measured by the ability to respond to client needs in a cost-effective manner. During 1999, we undertook an extensive Group-wide review and finalized our IT strategy with the ultimate aim of supporting PartnerRe's global integrated operations. As part of this IT strategy we implemented a Group-wide communications platform among all of our offices, which has greatly enhanced communications throughout the organization and with clients. Other decisions have been taken with respect to data applications, technical architecture and the IT organization. During 2000, we will direct substantial resources toward implementing global standardization of data and systems, processes and information, with particular focus on management information systems and developing opportunities for PartnerRe to leverage the new e-commerce environment. This strategy will reduce the number of systems and interface requirements, improve data capture and provide more information about our clients. Its effective implementation will differentiate PartnerRe by developing the capabilities to leverage expertise across markets, linking client relationships with our technical knowledge and quality service. This will enable us to continue to be flexible and responsive to clients, and will support better decisions in running our business. These steps are consistent with our goals to grow the reinsurance portfolio profitably and achieve superior long-term returns for our shareholders.

Review of Major Events in 1999



European Windstorms

The storms Lothar and Martin, combined, are expected to go down in history as the most costly natural catastrophe ever to hit Europe.

As the last week of 1999 began, two intense storms devastated highly industrialized and populated areas in central Europe. France sustained the most severe infrastructure damage from the storms, which together are considered the most costly natural catastrophe ever in Europe. The total direct economic loss from these two storms is estimated to reach at least \$10 billion, while the insured loss is expected to reach roughly \$6 billion.

The conditions for these storms developed from an unusually large arctic air mass, much further south than normal, and warm tropical air circulating around the Azores High. Their convergence created the first storm, named Lothar, and a very strong jet stream propelled the system towards western Europe along the 49th parallel. The depression reached landfall in northwest France on the morning of December 26 and, unlike the category 2 hurricane that it resembled, did not weaken over land. Instead, Lothar, with record wind speeds, tore through parts of France, Germany and Switzerland.

As Lothar dissipated, a new depression developed in the Atlantic, and was swept directly to the French coast by the jet stream, along the 47th parallel. The storm, named Martin, with lesser wind speeds than Lothar, made landfall on the evening of December 27. Extensive damage was caused in southwestern France, parts of Italy, and in the whole of the Alps region. In addition, the storm led to significant flood damage and a large number of avalanches.

Dual storms striking within 72 hours of each other have now occurred in Europe three times in the last decade. However, the 1999 storms stand out due to their sustained high wind speeds over a wide area and heavy rainfall.

Major Events of 1999

Damage Aspects Lothar traveled, with hurricane force, across the whole of northern France and is the first known storm of such intensity to have passed directly over Paris. Gusts in the city's streets exceeded 145 km/h – some 20% higher than the maximum speeds previously recorded. In Paris an estimated 60% of buildings suffered some degree of roof damage, and in some towns in eastern France nearly all buildings were affected. Cultural monuments and buildings were damaged and thousands of trees were uprooted. Notably, Notre Dame cathedral and the royal palace at Versailles suffered roof damage. Elsewhere, electricity pylons, cars, homes, buildings and cultural sites were affected. Nearly one out of every twelve schools was damaged. In the Vendee region, on the western coast, more than 2,000 people were evacuated from their homes due to floods. The transport infrastructure was severely disrupted and all the underground links between France and Italy were damaged by floods. Numerous crops were ruined and most greenhouses were destroyed.

The French government has estimated the cost to its public services at about \$3 billion, with the electricity service alone requiring \$2.7 billion. The national electricity company mobilized 52,000 people to help restore power supplies to some 2.9 million homes, as a quarter of the high-tension grid network was damaged. For France Telecom, the national operator, lack of electricity delayed restoration of telephone services to some 1.3 million homes.

Insurance and Reinsurance Aspects The French government declared a natural catastrophe in 69 out of the country's 95 departments. This declaration triggered the national CATNAT reinsurance pool, which covers most natural perils except wind, which is covered with homeowner policies. Consequently, the losses from flood and avalanche fall under this pool system, but distinguishing whether flood or wind caused some of the damage could pose a problem. The government has indicated it will cover damage to national monuments. Previously, the most significant historical insured losses from windstorms in France were caused by windstorms Daria (90A) and Herta (90D) in 1990. Together, these storms caused an estimated insured loss in northern France of \$1.5 billion. Lothar and Martin are expected to cost \$4.7 billion in combined insured damage for France. Some analysts predict that the loss for Lothar will exceed the reinsurance programs of more than 80% of many French insurance companies.



The total insured loss in Switzerland is expected to reach \$365 million. The Swiss Insurance Federation estimates that losses to buildings and contents will cost the private insurance companies in Switzerland about \$86 million. State insurers expect losses to buildings to total \$254 million. In addition, there are potential motor losses of about \$25 million. In southern Germany, the insured losses caused by Lothar are expected to reach \$520 million. The region sustained a series of minor losses, such as damage to roofs. Major losses, such as the destruction of a school, costing \$1.25 million, were few.



The Rescue of Philipp Holzmann

The potential insolvency of construction firm Philipp Holzmann demonstrated the important role of credit and surety insurers and reinsurers to the business community.

Usually, insurance and reinsurance industry headlines revolve around catastrophic losses and the “near-miss” goes unreported. However, in instances such as the potential insolvency of construction firm Philipp Holzmann, insurers and reinsurers play important roles behind the scenes, both in advance and in the aftermath, of these “near-misses”.

The potentially very significant loss to the credit and surety market was clearly demonstrated when Philipp Holzmann, the second largest construction giant in Germany, announced in November 1999 that it was on the verge of bankruptcy. Typically, in the case of insolvency, credit insurers indemnify the suppliers for their unpaid receivables, while surety insurers, who have guaranteed advanced payments, timely completion and maintenance of building work, will either have to fulfill the obligations of the construction company or indemnify the principal. The economic implications of the threat of insolvency of this important employer, long regarded as a prestigious conglomerate, caused great concern within Germany.

Holzmann started out as a family construction firm near Frankfurt in 1849 and quickly established itself with major projects such as the Opera House in Frankfurt and the Palace of Justice in Munich. During the 20th century, the company grew internationally, completing such notable projects as the construction of the Baghdad and East African Railways and the Sariyar Dam in Turkey.

In 1979 the company began to expand by means of acquisitions, broadening their activities into new fields, and in the 1980's, expanded further, entering eastern Germany and southeast Asia. However, in 1997 the economic crisis

Major Events of 1999

experienced by the construction industry appeared to have an impact on the company. A loss of about \$670 million from 1995 to 1998 instigated a review and subsequently a restructuring program in 1998.

The announcement on November 14, 1999, revealing that the company had discovered \$1.24 billion in potential losses, came as a shock as at that time it was believed that the company was recovering. However, in the 1990's, Holzmann moved from construction into property development, a business that turned troublesome in the mid-1990's, when the German construction industry stagnated in a general recession. The company was badly hit by plunging rental values and land prices, especially in the eastern part of Germany. Allegedly, falling prices were not reflected in project accounts, and central managers were reportedly often not kept fully informed by local staff.

Negotiations with the company's creditor banks failed, and the company was forced to file for insolvency. On November 24, when the government intervened and offered \$129 million of state money, the banks finally agreed to the rescue plan. The final package of \$2.22 billion included \$520 million in fresh credit, a \$670 million capital increase and a 1 for 26 capital writedown. This package was subject to a sweeping overhaul including the disposal of its \$520 million property portfolio to the creditor banks. The rescue plan foresaw at least 3,000 job losses in Germany and the reduction of its subsidiaries from 37 to 17. (In the case of bankruptcy, 16,000 people would have lost their jobs in Germany alone.) In addition, Holzmann is still in discussion with construction unions to sanction unpaid overtime which would contribute \$92.7 million to the restructuring package. Holzmann has since won overwhelming support from its shareholders for the rescue package, but the European Commission, which has strict rules on public aid for companies, must give its approval before completion.

Credit and surety insurers, with the support of their reinsurers, play as critical a role as banks in any negotiations aimed at formulating a rescue plan. A refusal to maintain the credit lines granted to suppliers or, in the case of sureties, to issue new bonds, could trigger immediate bankruptcy. German credit insurers and sureties contributed greatly to the accomplishment of Holzmann's rescue plan. After reaching common agreement, they decided not only to maintain their credit lines of almost \$520 million (of which the largest part is reinsured), but even to substantially increase their respective liabilities, allowing Holzmann to offer surety bonds when bidding for new construction projects.



Presently, all the interested parties believe that Holzmann's revitalization is feasible. However, the realization that a company of this size and reputation could come so close to insolvency is unprecedented in Europe. It has heightened the awareness of the enormous risks involved in a potential bankruptcy of this magnitude and, importantly, the need for credit insurance and surety bonds. Simultaneously, it has emphasized the need for adequate reinsurance protection.



Tropical Cyclones

Tropical cyclone activity in the Atlantic was severe in 1999. The season's five major hurricanes became category four storms – the most in a single season since records began in 1886.

The tropical cyclone activity experienced in the Atlantic in 1999 was typical of the current La Niña phase (cooler-than-average sea surface temperatures across the eastern tropical Pacific Ocean), which began in mid-1998. A recent study conducted by scientists from the National Center for Atmospheric Research and the National Oceanic and Atmospheric Administration showed that in the presence of a La Niña phase, Atlantic hurricanes cause on average 20 times more damage costs than during an El Niño period (warmer-than-average ocean temperatures). Nevertheless, Hurricane Andrew occurred in the outgoing phase of a major El Niño.

There were 12 named tropical cyclones in the Atlantic in 1999, including eight hurricanes and four tropical storms. This is above the 1950-1999 average of 9.9 named tropical cyclones, 5.9 hurricanes, and 4.0 tropical storms. The season's five major hurricanes – Bret, Cindy, Floyd, Gert and Lenny – became category 4 hurricanes (210 km/h or more) – the most in a single season since records began in 1886. The past five-year total of 41 hurricanes and 20 major hurricanes is also a record. The trademark of 1999's storms was the intensity of the accompanying rainfall.

In the eastern Pacific, 1999 was one of the most inactive tropical cyclone seasons on record. Only nine tropical storms were formed, six reached hurricane intensity, while only two became major hurricanes. The 1999 season ties 1966 as the second-least-active season since the satellite era began (in 1966) after 1977. The northwest Pacific experienced higher activity than in 1998 with 22 typhoons, but still below the annual average of 28. Four of these – Dan, Bart, Maggie and Leo – recorded maximum sustained winds of over 185 km/h with

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Typhoon Bart becoming the most destructive. In other ocean basins Cyclone 05 B devastated Orissa in India at the end of October, causing more than 10,000 deaths and an economic loss of \$2.5 billion. And on December 15, Cyclone John, a category 5 cyclone, struck the northwest coast of Australia. Only sparsely populated areas and offshore oil fields and ports were affected, with initial insured damage estimated at \$187 million.

Hurricane Floyd Hurricane Floyd became a tropical depression on September 7 over the Atlantic Ocean about 1600 km east of the Lesser Antilles. It reached a peak intensity of 249 km/h (category 4) on September 13, about 480 km east of the central Bahamas. That day, Floyd struck the Bahamas with maximum sustained winds of 250 km/h and tides of up to 4.5 meters above normal. The hurricane disrupted electrical power, water and communications, and damage to housing was significant.

As Floyd moved through the northwest Bahama Islands it began to parallel the southeast U.S. coast, weakening as it passed 160 km east of the Florida coast. The hurricane made landfall on September 16 near Cape Fear, North Carolina with category 2 winds of 169 km/h. After crossing eastern North Carolina and Virginia, Floyd weakened to a tropical storm and, on September 17, moved over Long Island, New York and New England where it became extra-tropical.

Rainfall totals from Hurricane Floyd were exceptionally high, ranging from 30 to 35 cm over portions of Maryland and Delaware, to 35 to 50 cm over portions of eastern North Carolina and Virginia. Up to 28 cm were recorded over portions of New England. These rains combined with previously saturated ground water levels to produce an inland flood disaster. There were 56 deaths in the U.S., mostly due to drowning from freshwater floods. Total damage estimates have been put at \$7 billion and the insured loss at \$2.2 billion.

Typhoon Bart In late September, Super Typhoon Bart (No. 18), with maximum wind speeds of 145 km/h, gusting up to 240 km/h, tracked across all four major islands of Japan. The eye of the storm struck the island of Kyushu, affecting Kumamoto and Kagoshima prefectures. Landfall coincided with the local high tides, generating storm surges that flooded one-story houses to roof height.



The typhoon then made landfall in Yamaguchi Prefecture in western Honshu, impacting both the west and east coasts, before weakening over cooler waters and passing over the northern island of Hokkaido, causing little damage. In total, 29 people were killed and more than 500 were injured. The typhoon's associated rainfall and storm surges flooded more than 4,200 homes and caused more than 245 mudslides. Oil, steel and petrochemicals plants were among the industrial facilities to be hit and rice production was adversely affected.

Typhoon Bart's path was only about 100 km south of Typhoon Mireille's in 1991, the largest insured loss in that country. Insured losses for Bart have been estimated at \$2.5 billion, with a total economic loss in the region of \$3.3 billion.



Transportation Accidents in 1999

Two of the major transportation accidents in 1999 illustrated the pressure on the world's transportation systems and the complex claims process surrounding such accidents.

During 1999, we witnessed disasters that illustrated the pressure that exists on the world's transportation systems and infrastructures. The complexities surrounding many of these accidents make establishing cause and responsibility difficult, but such information is important for improving safety standards and identifying liable bodies. For the insurance and reinsurance industry, these complex cases create great challenges in managing the claims as all the legal, technical and social aspects surrounding such accidents must be taken into account.

Mont Blanc Tunnel Fire There were 97 fatalities in road tunnel fires worldwide in 1999. The most notorious was the Mont Blanc tunnel fire that claimed 39 lives on March 24, 1999. The Mont Blanc tunnel is a 35-year-old, single-lane route under the Alps between France and Italy. The French state-controlled ATMB and the Italian state-controlled SITMB each operate one half of the tunnel.

The fire started in a new Belgian-registered truck loaded with margarine and flour and spread to 20 trucks and 11 cars. For more than two days the fire burned with peak temperatures of over 1,000 degrees Celsius, damaging the tunnel as well as the vehicles. The toxic fumes from the truck and its load hindered the escape of the motorists and the access of the fire and rescue crews. The report by six experts appointed by the operating companies stated that there were known shortcomings in the ventilation and other emergency systems that had not been addressed by the tunnel management. The alleged lack of coordination between the French and Italian operators is believed to have exacerbated the disaster. SITMB and ATMB have agreed on a repair and renovation program, with reopening anticipated for autumn 2000.

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The French Federation of Insurance Companies stated that the motor liability insurers of the vehicles involved would pay compensation to victims and their dependants without waiting until ultimate liability is established, when they will seek redress from the insurers responsible. The total insured loss is estimated to be about \$85 million. It is believed by property insurers that loss of income and damage to the tunnel itself could total \$63 million. Motor insurers estimate that compensation for the victims of the disaster as well as for the damaged cars and transported goods will be in the range of \$7.5 million. Allegations of negligence have been raised against the operators of the tunnel, which in turn could establish a liability claim. General liability insurers estimate this potential loss at the level of the insurance policy limit of \$15 million, until all the costs and losses are allocated to the ultimately liable parties. However, many negotiations or court decisions may proceed before the final distribution of liabilities between the parties.

Paddington Rail Crash The world's rail industry also experienced a number of serious accidents in 1999 as it worked to meet greater safety provisions, against a background of aging infrastructure and intense commercial pressures. Of these, the U.K. Paddington crash has had the greatest impact on the insurance industry.

The two-train, morning rush-hour accident occurred on October 5, 1999. A local commuter train collided with a London-bound, 600-ton express train just outside Paddington Station in West London. Both drivers were among the 31 killed and 160 injured, mostly caused by the resulting fire and suffocating smoke. The interim accident report from the U.K. Health and Safety Executive has indicated that the commuter train appeared to pass through a red signal and crossed onto a track on which the express train was bound for London. The location and visibility of the signal are key investigation issues. According to the Chief Inspector of Railways, the cause was probably due to many inter-linking factors, including signaling, driver training and timetable pressures.

The apparent acceptance of liability by the rail industry will allow for speedy compensation to victims and their families. These could be very high, as most were career people, earning medium to high salaries, many with dependent families. Claims from survivors who suffered serious injury could be far higher, as they may include lifetime care as well as loss of earnings and other damages. Many relatives of the victims, survivors and others affected by the crash have already started seeking compensation, including some making claims for 'significant psychological trauma'. Trauma claims could also come from rescuers, as in recent years employers – whether police or fire service – have been held to have a duty of care which may be breached when they are called on to deal with catastrophes beyond the norm. Also, some owners of local businesses, who suffered a drop in trade, have taken steps to seek compensation. Based on a worst case scenario, the London Insurance Market initially estimated the loss, from the ground up, at \$149 million. This estimate was subsequently reduced to \$57 million.





Industrial Losses in the United States

The three most expensive industrial losses in the U.S. in 1999 were linked to a common underlying theme by investigators: the sufficiency of safety equipment and procedures.

During 1999, there were at least six explosions in U.S. industrial plants. The three most expensive losses to the insurance industry were an explosion at a steel manufacturer's powerhouse, a serious blast at an alumina refinery and an inferno at an oil refinery, with total insured losses estimated at \$1.01 billion.

Ford and Rouge Steel Loss On February 1, 1999, an explosion occurred at a Dearborn, Michigan powerhouse at a manufacturing plant jointly owned by Ford (40%) and Rouge Steel (60%), the eighth largest integrated steel manufacturer in the U.S. The single-site manufacturing facility has produced flat-rolled carbon steel products for the automobile industry for more than 75 years. The explosion, caused by a natural gas buildup in one of the six boilers housed in the same building, totally disabled operations. Six Ford employees were killed and 14 others were seriously injured. The blast reportedly hit with such intensity that it blew the clothing off employees inside the powerhouse. Other victims had their clothing burned off following the explosion. A state investigation found that the failure to shut off one of the two gas mains leading into the boiler's furnace led to the natural gas explosion and concluded that there were inadequate procedural controls for the safe shutdown of the boiler, improper valve lineups and inadequate work group communication.

The Dearborn assembly plant, where all of Ford's Mustang models are produced, lost a full week of production. Rouge Steel was obliged to purchase 430,000 tons of semi-finished steel to support its automotive order book until the mill returns to full production. The new power generation station will provide electricity and steam for the plant and is scheduled to be completed in June of 2000. The estimated total gross property damage and

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business interruption is \$490 million, split between Ford (\$250 million) and Rouge Steel (\$240 million).

Chevron Refinery Loss On March 25, 1999, there was an explosion followed by a fire at the Chevron oil refinery in Richmond, California. No injuries were incurred, although an estimated 600 people went to area hospitals, mainly complaining of breathing problems. The refinery is one of the largest on the U.S. West Coast, with a 240,000 barrel-per-day capacity. The explosion occurred in a hydrocracking unit, a processing unit that converts gas oil into gasoline and jet fuel. A failed valve caused a leak in the unit's piping system. The resultant vapor cloud, at 500 degrees, ignited and caused the explosion and fire. State investigators concluded that the failure to use a pressure-release device required by the manufacturer contributed to the incident.

The fire, with dense black smoke, was contained within three hours of the explosion. Although the hydrocracking unit was shut down, all other unaffected areas of the refinery remained open. Gasoline production continued at reduced levels of about 70%. The latest total estimated loss is \$250 million, split between property damage (\$50 million) and business interruption (\$200 million).

Kaiser Aluminium Loss On July 5, 1999, a series of explosions rocked the alumina refinery operated by Kaiser Aluminium and Chemical Corp. in Gramercy, Louisiana and rendered the plant inoperable. Twenty-four workers were injured, two of whom suffered extensive burns. Kaiser Aluminium is the world's second largest producer of smelter-grade alumina. The Gramercy plant alone is responsible for 2% of world production.

The majority of the digestion unit, which is critical to the chemical process, was totally destroyed. Most of the damaged flash tanks released fragments of metal that damaged all of the digestion tanks. One of two test tanks (adjacent to the flash tanks) was ruptured and the other received some damage, as did certain buildings near the explosion. A fine red powder of bauxite, some possibly mixed with caustic sodium hydroxide, reportedly was visible on cars up to 2.5 km from the plant. Altogether, more than 1,000 vehicles had to be cleaned, but there was no health threat to the local population.



The initial investigation suggested that the explosion was caused by a power distribution interruption that caused the process flow pumps to cease operating. As a result, substantial pressure built up and caused the explosion. Kaiser's management expects to have the plant operating at a reduced production level in mid-2000, and completely operational by the end of 2000. As of October 1999, the first phase of rebuilding the damaged portion of the plant had begun. In the meantime Kaiser has assisted its customer base by obtaining alumina from alternative sources. The total estimated insured loss is \$270 million, split between property damage (\$145 million) and business interruption (\$125 million).



The Earthquakes in Turkey and Taiwan

The tragic earthquakes that hit Turkey and Taiwan in 1999 provide a comparative research opportunity to advance the world's knowledge in earthquake management.

In 1999, the world's tectonic environment continued to remind us of its constant activity and its ability to bring suffering and damage. The average annual number of earthquakes of magnitude 7 on the Richter scale or above during the 20th century was 12, but in 1999, 20 were recorded. The two most powerful and destructive earthquakes occurred in Turkey on August 17 and Taiwan on September 21 (see table). Due to their similarities, these tragic events offer an unprecedented comparative research opportunity to advance the states of knowledge and practice in earthquake management.

Seismicity of the Regions Both countries have a history of high seismic activity, but Turkey's has historically been more intense. Turkey has experienced 60 earthquakes of magnitude 6 or greater over the course of the 20th century. Although Taiwan is shaken by scores of harmless tremors each year, prior to this it had encountered four deadly and destructive earthquakes of over 6 in magnitude.

Turkey and Taiwan are both located along important and complex seismic fault lines. In Turkey, the northward movements of the African and Arabian Plates create large releases of seismic energy along its border with the Eurasian Plate. The August 1999 quake occurred on the North Anatolian Fault, with a depth of 17 kms and a rupture of approximately 100 kms. The fault is one of the longest in the world and extends for about 1,500 kms. Its seismicity is comparable to that of the San Andreas Fault in California.

The level of potential seismic hazard in Taiwan is also of comparable severity to California. Taiwan stands at a complex junction between the Eurasian Plate and

Major Events of 1999

the Philippine Sea Plate along the Manila trench at the south of the island. The 1999 earthquake involved 80 kms of reverse fault rupture passing along the mountain spine of the island with a depth estimated at between 1km and 5kms. Invaluable data should be gathered from the two different displacement mechanisms as structures were subjected to large strike-slip fault displacements in Turkey and reverse faulting in Taiwan.

Damage Influences Liquefaction, the temporary transformation of a solid soil into a semiliquid state when vibrated, was an important factor in both cases. In Taiwan, there was widespread liquefaction-induced ground and foundation failure in the river port of Taichung. This was also very significant in Turkey, where the city of Adapazari was constructed over lake bed sediments. The earthquake in Taiwan generated two enormous landslides at Tsaoling and Nankang.

The areas affected are associated with fast-developing industrial and commercial economies. The affected Turkish region is responsible for producing one third of the country's gross domestic product, while Taiwan had remained relatively untroubled by the recent financial turmoil in Asia. Damage to the transportation, power and communications infrastructure hindered the normal business activity in both countries. The Marmara Sea region, with its oil and petrochemical industry, was economically the most affected area in Turkey. In Taiwan the microchip industry fared particularly badly, as it takes only a modest jolt to upset the delicate production and testing equipment.

Lessons Learned The building codes in both countries had been developed, refined and drawn from both local and international experience. The first code in Turkey was established after the 1939 Erzincan earthquake, and was subsequently revised and updated several times. Although it is generally recognized to be in accordance with international standards, it has been criticized in the aftermath of this tragic event. The Taiwan building code was revised in 1974, 1982 and 1996. The 1996 code is similar to the 1994 American Concrete Institute and Uniform Building Codes (UBC), but most of the damaged buildings were designed in accordance with the 1982 code.



In both countries, industry experts believe that compliance with the codes appears to have been diluted, overlooked or wrongly interpreted in many instances. In both cases, the pressure of a rapid population growth set against the background of a competitive commercial environment has been seen as undermining the implementation of the existing codes. Furthermore, substandard materials and inadequate reinforcements were observed in many structures. Proper control of building contractors and more rigid enforcement of building codes are acknowledged by local authorities to be two of the important lessons to be learned from these disasters.

Major Events of 1999

Insurance and Reinsurance Aspects Only about 15.5% of all households in Taiwan purchasing insurance, and about 1% of all fire policies issued, have earthquake cover as a supplement and, of this, 72% are issued to commercial and industrial enterprises, some of which buy business interruption. The government-owned Central Re takes a minimum compulsory cession of 10% of the gross line of the local insurance companies. A high proportion of the domestic risk is reinsured internationally and facultative reinsurance is widely used for high values. There is an increasing use of non-proportional or layered placements for major commercial risks and the Ministry of Finance has instructed Central Re to study ways of providing earthquake coverage for residential risks. The estimated total insurance loss of \$1 billion represents only just over 7% of the expected economic loss.

Insurance penetration in Turkey is also low and is estimated to be around 15% to 20%. The vast majority of residential buildings were uninsured, as were many shops and small-to-medium-sized industrial risks. However, it is estimated that above 70% of the relatively limited number of fire policies issued were extended to cover earthquake. Business interruption is not normally purchased. Milli Re, 75% owned by the Turkish bank Is Bankasi, accepts 5-10% of the reinsurance programs of the market's insurance companies. These companies buy sizeable excess of loss protection for fire and allied perils in the global reinsurance market. The government is considering setting up a fund to introduce compulsory earthquake cover for households. The estimated total insured loss of \$1 billion is only 8% of the total economic loss.

	Turkey August 17, 1999, at 3:02 a.m.	Taiwan September 21, 1999, at 1:47 a.m.
Displacement mechanism	strike-slip fault (max observed horizontal offset at the surface: 5 m)	thrust fault (max observed vertical offset at the surface: 10 m)
Epicenter	Izmit, northwest Turkey	Nantou, central Taiwan
Magnitude	7.4 Richter scale	7.6 Richter scale
Number of aftershocks	300+	10,000+
Number of people:		
Killed	17,000	2,400
Injured	27,000	11,000
Homeless	500,000	310,000
Buildings damaged or destroyed	44,000	52,000
Estimated economic loss	\$12 billion	\$14 billion
Estimated insured loss	\$1 billion	\$1 billion

Natural Catastrophes in 1999

After an active 1998, the world again experienced an increase in natural catastrophe-related losses in 1999. Insured losses from natural disasters in 1999 are the second highest ever, topped only by 1992, the year of Hurricane Andrew. Besides the December storms (Anatol, Lothar and Martin), earthquakes in Turkey, Greece and Taiwan as well as the hailstorm in Sydney and Typhoon Bart in Japan left their mark on the insurance and reinsurance industry.

January 18-21	Fiji Islands	Cyclone 'Dani'
January 25	Colombia, Pereira	Earthquake 6.0*
February 9-26	Austria, France, Switzerland	Avalanches
March 9-10	Mauritius	Cyclone
March 22-24	Western Australia	Cyclone 'Vance'
March 30	North India, Chamoli	Earthquake 6.7
April 5	Papua New Guinea	Earthquake 7.3
April 14	Sydney	Hailstorm
April 19	Alaska, Unimak Island	Volcanic Eruption
May 4	U.S., Oklahoma, Kansas	Tornadoes
May 7	Iran, City of Shiraz	Earthquake 6.5
May 13	Austria, Germany, Switzerland	Floods
May 19	New Zealand, Wellington	Earthquake 6.3
May 20	Pakistan, Province of Sind	Cyclone 'O2A'
May 24	Peru	Flooding
June 15	Central Mexico	Earthquake 6.7
June 23	Philippines	Volcanic Eruption
June 28	Japan, Hiroshima Prefecture	Floods
July 1-7	China, Anhui and Zhejiang Provinces	Floods
July 7-21	Bangladesh, India	Floods
July 9-14	Federal Republic of Yugoslavia	Floods
July 19	U.S., Nebraska	Tornadoes
July 20	West Indies, Montserrat	Volcanic Eruption
August 17	Turkey, Izmit	Earthquake 7.4
September 7	Greece, Athens	Earthquake 5.9
September 14-17	U.S. East Coast	Hurricane 'Floyd'
September 20-24	Japan	Typhoon 'Bart'
September 21	Taiwan, Nantou County	Earthquake 7.6
September 24	Costa Rica and Honduras	Floods
September 30	Mexico, Oaxaca	Earthquake 7.5
October 14-19	Cuba, Florida, U.S. East Coast	Hurricane 'Irene'
October 29	India, Orissa	Cyclone '05B'
November 12	Turkey, Düzce	Earthquake 7.2
November 14-21	St. Croix, St. Martin, Anguilla	Hurricane 'Lenny'
November 15	Southern France	Floods
December 3-4	Northern Europe (mainly Denmark)	Winterstorm 'Anatol'
December 15	Western Australia	Cyclone 'John'
December 15-22	Venezuela	Landslide, Floods
December 26	France, Germany, Switzerland and other neighboring countries	Winterstorm 'Lothar'
December 27-28	France, Switzerland, Italy	Winterstorm 'Martin'

*Richter Scale used for all earthquake measurements

Financial Review

Selected Consolidated Financial Data

(Expressed in millions of U.S. dollars, except share and per share data)

The following Selected Consolidated Financial Data is presented in accordance with generally accepted accounting principles. This data should be read in conjunction with the Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements.

For the year ended December 31, 1995	1996	1997	1998	1999	Operating Data
\$ 230.9	\$ 206.0	\$ 472.5	\$ 735.8	\$ 1,433.0	Gross premiums written
230.9	206.0	427.8	687.0	1,326.4	Net premiums written
222.4	210.5	476.2	685.6	1,338.0	Net premiums earned
79.2	88.1	121.0	169.4	307.6	Net investment income
10.6	5.1	18.0	23.7	(15.9)	Net realized investment gains (losses)
—	—	0.4	0.9	0.7	Other income
312.1	303.7	615.7	879.6	1,630.4	Total revenues
61.5	23.0	207.3	396.9	1,130.1	Losses and loss expenses including life policy benefits
88.3	53.9	327.0	602.5	1,579.4	Total expenses
223.8	249.7	288.7	277.1	51.0	Income before taxes
—	—	17.6	10.7	(43.8)	Income tax expense (benefit)
223.8	249.7	271.1	266.3	94.8	Net income
3.89	4.49	4.48	4.05	1.73	Diluted operating earnings per common share
4.09	4.58	4.69	4.34	1.40	Diluted net income per common share

Non-life Ratios

27.7%	10.9%	39.0%	56.9%	77.1%	Loss ratio
12.2%	14.4%	24.4%	28.6%	32.7%	Expense ratio
39.9%	25.3%	63.4%	85.5%	109.8%	Combined ratio

\$ 0.45	\$ 0.60	\$ 0.72	\$ 0.86	\$ 1.00	Dividends per Common Share
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As at December 31, 1995	1996	1997	1998	1999	Balance Sheet Data
\$ 1,428.2	\$ 1,443.9	\$ 2,820.2	\$ 5,432.2	\$ 5,494.8	Total investments, cash and cash equivalents
1,495.9	1,505.9	3,591.8	7,554.0	7,560.0	Total assets
68.4	59.9	1,221.3	4,618.2	4,747.0	Unpaid losses and loss expenses and policy benefits for life contracts
—	—	—	220.0	220.0	Long-term debt
1,311.2	1,400.9	1,978.3	2,113.4	1,840.7	Total shareholders' equity
23.57	26.33	29.57	33.53	31.82	Diluted book value per common and common equivalent share
54.8	54.5	55.8	56.8	53.2	Weighted average number of common and common equivalent shares outstanding
50.8	47.8	53.8	52.8	49.3	Number of common shares outstanding

In 1997 and 1998, the Company acquired SAFR and Winterthur Re, respectively. (See Note 2 to the Consolidated Financial Statements.)

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is a discussion and analysis of PartnerRe Ltd.'s (the "Company") financial condition at December 31, 1999 and 1998, and results of operations for the years ended December 31, 1999, 1998, and 1997. This discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

General

PartnerRe Ltd. (the "Company") provides multi-line reinsurance to insurance companies on a worldwide basis through its wholly owned subsidiaries, Partner Reinsurance Company Ltd. ("Partner Reinsurance Company"), SAFR PartnerRe ("SAFR") and Partner Reinsurance Company of the U.S. ("PartnerRe U.S."). Risks reinsured include property, catastrophe, agriculture, automobile, casualty, marine, aviation and space, credit and surety, technical and miscellaneous lines and life/annuity and health.

Because the Company underwrites potentially volatile lines of business, such as catastrophe reinsurance, the operating results and financial condition of the Company can be adversely affected by catastrophes and other large losses that may give rise to claims under reinsurance coverages provided by the Company. The Company endeavors to manage its exposure to catastrophic losses and other large losses by (i) attempting to limit its aggregate exposure on catastrophe reinsurance in any particular geographic zone, (ii) selective underwriting practices, (iii) diversification by geographic area and by lines and classes of business, and (iv) to a certain extent by purchasing retrocessional reinsurance.

Business Environment

The reinsurance industry is cyclical and is influenced by such factors as the occurrence and/or frequency of natural disasters or other catastrophic events, variations in interest rates and financial markets, changes in the legal, regulatory and judicial environments, inflationary pressures and general economic conditions. These factors influence the demand for reinsurance by primary insurers, the supply (or capacity) which is generally represented by the total capital of reinsurers in the market, and pricing (premium rates). Over most of the past several years, many primary insurers have reduced their dependence on reinsurers by increasing the amount of risk they retain.

The reinsurance industry is highly competitive. Management believes the absence of large losses affecting the industry in the last several years until the second quarter of 1999, combined with a favorable investment environment have created excess capacity in the market. Accordingly, reinsurance premium rates have declined in major reinsurance markets over each of the last several years. This environment has also resulted in significant consolidation in the industry. Because of the prolonged cyclical downturn in the reinsurance industry, certain of the Company's competitors have encountered financial difficulties, related primarily to poor underwriting results.

Although management believes that there have been some signs of improvement, it is too early to tell if this is indicative of an improvement in the underlying fundamentals of the industry. Despite the magnitude of the catastrophe events in 1999, the Company does not expect that current global industry conditions will change very rapidly. Management believes, however, unsatisfactory insurance and reinsurance results and continued industry consolidation have begun to have an effect on pricing and available capacity in certain business lines and geographic markets. Although management believes that the industry has reached the bottom of the cycle, it believes the market recovery will be a gradual process with some improvements in certain segments and markets. Consequently, management considers it prudent not to pursue premium growth in a highly competitive market, although the acquisition (the "Acquisition") of the reinsurance operations ("Winterthur Re") of the Winterthur Insurance Group ("Winterthur") has resulted in an increase in the Company's reported premium volume compared to 1998 reported premiums. Management believes that through dedication to client service and its disciplined approach to underwriting, the Company provides a stable and reliable source of underwriting capacity to its clients.

Winterthur Re Acquisition

On December 23, 1998, the Company completed the acquisition of Winterthur Re from Winterthur. The purchase included Winterthur Reinsurance Corporation of America in New York and Winterthur Re Life Insurance Company in Dallas (collectively, the "U.S. Operations") and the reinsurance operations of Winterthur in Switzerland (the "Swiss Operations"). The total purchase price was financed with \$220.0 million from external bank debt and \$551.2 million from sources internal to the Company.

The Acquisition provided further geographic diversification of underwriting risks and complemented the Company's underwriting skills, adding risk specialties such as agricultural, credit and surety, engineering, aviation and marine. The expanded breadth of capabilities substantially enhanced the Company's position globally while, in the United States, the transaction also advanced the Company's strategy by providing a solid platform of underwriting capabilities, infrastructure and market presence.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Since the Acquisition closed in late December 1998, the results of Winterthur Re were immaterial to the Company's consolidated results of operations for 1998. The 1997 results included SAFR (acquired in mid-1997) for the second half of the year. Results of operations for the years ended December 31, 1999, 1998, and 1997 were as follows (\$ millions, except per share data):

	1999	1998	1997
Operating earnings available to common shareholders	\$ 92.0	\$ 230.3	\$ 250.1
Net realized investment (losses) gains, net of tax	(17.2)	16.0	11.4
Net income available to common shareholders	\$ 74.8	\$ 246.3	\$ 261.5
Diluted operating earnings per common share	\$ 1.73	\$ 4.05	\$ 4.48
Net realized investment (losses) gains per common share	(0.33)	0.29	0.21
Diluted net income per common share	\$ 1.40	\$ 4.34	\$ 4.69

Operating earnings available to common shareholders for 1999 decreased by 60% compared to 1998, and net income available to common shareholders decreased by 69.6%. The decrease in operating earnings was primarily attributable to the significant impact of major catastrophe losses in 1999, mitigated by the effect of the higher investment income resulting from the Acquisition. The Company incurred losses related to large catastrophic events of approximately \$164 million, net of tax, during 1999 compared to approximately \$43 million, net of tax, for large catastrophe losses occurring during 1998. The decrease in net income was primarily attributable to the decrease in operating earnings and the net realized investment losses in 1999. The decrease in the diluted operating earnings per common share in 1999 compared to the 1998 period was mitigated by the lower number of common shares and common equivalent shares outstanding in the 1999 period, a result of the Company's ongoing share repurchase plan.

Operating earnings available to common shareholders for 1998 decreased by 7.9% compared to 1997, and net income available to common shareholders decreased by 5.8%. These decreases were primarily the result of the reductions in premium rates and increased loss activity as compared to 1997. The decrease in net income was attributable to the decrease in operating earnings offset by the increase in net realized investment gains.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company's return on average common shareholders' equity for 1999 was 4.3% compared to 13.7% in 1998 and 16.6% in 1997. The decrease in the return on common shareholders' equity from 1998 to 1999 was primarily due to lower net income in 1999, a result of the impact of major catastrophe losses. The decrease in the return on common shareholders' equity from 1997 to 1998 was due primarily to the increase in the average common shareholders' equity in 1997 compared to 1998, resulting from the increase in capital attributable to the SAFR acquisition in mid-1997.

Reinsurance Operations - Underwriting Results

Non-life underwriting business comprised the majority of the Company's underwriting results. The underwriting results of the life business are shown separately in Note 17 to the Consolidated Financial Statements included in this report. The following analysis includes life business unless otherwise noted.

Gross and net premiums written and earned for the years ended December 31, 1999, 1998 and 1997 were as follows (\$ millions):

	1999	1998	1997
Gross premiums written	\$ 1,433.0	\$ 735.8	\$ 472.5
Net premiums written	1,326.4	687.0	427.8
Net premiums earned	1,338.0	685.6	476.2

The increases in gross premiums written, net premiums written and net premiums earned for the 1999 period compared to 1998 were primarily due to the Acquisition. The increases in gross premiums written, net premiums written and net premiums earned for 1998 compared to 1997 were primarily due to the inclusion of SAFR's global multi-line reinsurance premiums written for the entire year in 1998 compared to only the second half of 1997. Prior to becoming a multi-line reinsurer in mid-1997, the Company was engaged exclusively in the catastrophe reinsurance business. The differences between gross and net premiums written were attributable to the purchase of retrocessional protection. The Company selectively purchases retrocession protection as part of its overall risk management process. The increase in the amount of retrocession protection purchased in 1999 compared to 1998 and in 1998 compared to 1997 was due to the increased premium and exposure base attributable to the Winterthur Re acquisition in December 1998 and the SAFR acquisition in July 1997. Premiums written are earned on a basis that is consistent with the risks covered under the terms of the underlying reinsurance contracts, which is generally one to two years.

**Management's Discussion and Analysis of Financial Condition
and Results of Operations**

The distribution of net premiums written by line of business for the years ended December 31, 1999, 1998 and 1997, which demonstrates the diversification effect achieved as a result of the Company's transformation from a mono-line to a multi-line reinsurer, was as follows:

	1999	1998	1997
Catastrophe	12%	25%	45%
Property	21	30	24
Casualty	10	5	1
Automobile	17	20	13
Aviation/Space	3	1	1
Marine	2	4	2
Agriculture	6	2	3
Credit/Surety	8	5	3
Life	17	7	7
Other	4	1	1

The distribution of gross premiums written by type of business for the year ended December 31, 1999, 1998 and 1997 was as follows: treaty proportional 73%, 63% and 51%, treaty non-proportional 21%, 31% and 45%, and facultative 6%, 6% and 4%, respectively. The shift in the business mix over the three year period was due to the addition of multi-line business from the Winterthur Re and SAFR acquisitions.

The geographic distribution of gross premiums written for the years ended December 31, 1999, 1998 and 1997 was as follows:

	1999	1998	1997
Europe	44%	48%	44%
North America	44	37	37
Asia, Australia, New Zealand	9	12	14
Latin America and the Caribbean	2	2	4
Africa	1	1	1

As a result of the Acquisition, the percentage of business written in North America increased in 1999 compared to 1998, which is in line with Company's strategic goal of balancing the global distribution of the reinsurance portfolio. As a significant portion of SAFR's multi-line business is written in Europe, in the 1998 period compared to 1997 the relative proportion of premiums written in Europe increased while the proportion of premiums written in North America remained relatively constant.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Losses and loss expenses incurred (and the corresponding ratios as a percentage of net premiums earned) for the years ended December 31, 1999, 1998, and 1997 were as follows (\$ millions):

	1999	1998	1997
Losses and loss expenses (non-life only)	\$ 856.8	\$ 363.0	\$ 173.8
Loss ratio (non-life only)	77.1%	56.9%	39.0%
Life policy benefits	\$ 273.3	\$ 33.9	\$ 33.5

The increases in the losses and loss expenses (and the non-life ratio) and life policy benefits in 1999 compared to 1998 are primarily attributable to the additional non-life and life business resulting from the Acquisition and the significant impact of major catastrophes in 1999. Catastrophe activity increased in 1999 with a record of eight events, each of which is estimated to have caused \$1 billion or more of insured damage to the industry. The total of insured catastrophe losses in 1999 was in excess of \$24 billion for the industry and was only exceeded by 1992's total of \$26 billion. In 1999, the Company recorded claims related to these catastrophe events, including the April 14, 1999 hailstorms in Australia, tornadoes in Oklahoma, Kansas, Texas and Tennessee between May 3 and 7, 1999, earthquakes in Turkey and Taiwan, Hurricane Floyd in the U.S. and Caribbean, Typhoon No. 18 (Bart) in Japan and the severe storms Lothar and Martin in France, Switzerland and Germany at the end of December 1999. The Company incurred losses related to these large catastrophic events of approximately \$164 million, net of tax, during 1999 compared to approximately \$43 million, net of tax, for large catastrophe losses occurring during 1998.

The increase in the losses and loss expense (and the non-life ratio) in the 1998 period compared to 1997 was primarily attributable to increased catastrophe activity and the inclusion of SAFR's multi-line business for all of 1998 compared to six months in 1997. In 1998, the Company incurred losses of approximately \$43 million, net of tax, related to large catastrophe events, including the January 1998 ice storm in eastern Canada and Hurricane Georges.

**Management's Discussion and Analysis of Financial Condition
and Results of Operations**

Underwriting expenses include acquisition costs (primarily brokerage, commissions, excise taxes and other costs directly related to underwriting reinsurance contracts) and other operating expenses. Underwriting expenses (and the corresponding expense ratios for the non-life business) for the years ended December 31, 1999, 1998, and 1997 were as follows (\$ millions):

	1999	1998	1997
Acquisition costs	\$ 318.6	\$ 165.2	\$ 88.4
Other operating expenses	93.1	33.1	26.2
Total underwriting expenses	\$ 411.7	\$ 198.3	\$ 114.6
Acquisition expense ratio (non-life only)	25.8%	23.7%	18.9%
Other operating expense ratio (non-life only)	6.9	4.9	5.5
Expense ratio (non-life only)	32.7%	28.6%	24.4%

The increases in the acquisition costs and acquisition expense ratio in 1999 compared to 1998 and in 1998 compared to 1997, are attributable to the inclusion of Winterthur Re's and SAFR's global multi-line businesses. The global multi-line businesses acquired in 1998 and 1997 have a higher percentage of proportional treaties which carry a higher average commission rate than non-proportional treaties. The increases in the other operating expenses and the related ratio in 1999 compared to 1998 and in 1998 compared to 1997, are primarily related to the doubling of the Company's staff and addition of physical operations in Switzerland and the United States as a result of the Acquisition in 1998 and the addition of staff and physical operations in France and the United States as a result of the SAFR acquisition in mid-1997.

Net foreign exchange gains (losses) amounted to \$0.9 million, \$3.5 million and (\$0.5) million for the 1999, 1998 and 1997 periods, respectively. Foreign exchange gains and losses are functions of the relative value between the U.S. dollar and other currencies in which the Company does business. (See Note 3 (i) to the Consolidated Financial Statements.)

Investment Results

Net investment income and net realized investment gains (losses) for the years ended December 31, 1999, 1998, and 1997 were as follows (\$ millions):

	1999	1998	1997
Net investment income	\$ 307.6	\$ 169.4	\$ 121.0
Net realized investment gains (losses)	(15.9)	23.7	18.0

Net investment income for 1999 increased by 81.6% compared to 1998 primarily due to increased invested assets resulting from the Acquisition. Net investment income for 1998 increased by 40.0% compared to 1997 primarily due to increased invested assets resulting from the SAFR acquisition.

Financial Condition and Liquidity and Capital Resources

Shareholders' Equity and Capital Management

Shareholders' equity at December 31, 1999 was \$1,840.7 million compared to \$2,113.4 million at December 31, 1998. The major factors influencing the level of shareholders' equity in 1999 were:

- net income of \$94.8 million;
- dividend payments of \$72.1 million;
- a net decrease in common shares and additional paid-in capital of \$177.1 million, due primarily to the repurchase of common and common equivalent shares;
- the \$34.9 million negative effect of the currency translation adjustment resulting from the strengthening of the U.S. dollar against the Euro; and
- an \$83.8 million decrease in the market value of investments, net of deferred taxes.

The Company continuously evaluates its capital needs to support its reinsurance and investment operations. The Company repurchased approximately 5.1 million common and common equivalent shares in 1999 at an aggregate purchase price of approximately \$177.3 million. During 1999, the Company increased its authorization to repurchase shares by 5 million shares. As of December 31, 1999, approximately 4.4 million shares remained authorized for repurchase under that repurchase program.

Assets

At December 31, 1999, total assets were \$7,560.0 million compared to \$7,554.0 million at December 31, 1998.

Total investments, including cash and cash equivalents, were \$5,494.8 million as at December 31, 1999 compared to \$5,432.2 million at December 31, 1998. The major factors influencing the increase in cash and investments in 1999 were:

- net cash provided by operating activities of \$428.6 million;
- increase in unsettled security trades of \$225.1;
- dividend payments of \$72.1 million;
- net cash payments for the issue and repurchase of common and common equivalent shares aggregating \$176.3 million;
- increase in net unrealized losses on investments of \$155.2 million; and
- the negative impact of the stronger U.S. dollar relative to the Euro as it relates to conversion of SAFR's investments and cash balances into U.S. dollars.

At December 31, 1999, fixed maturities, short-term investments and cash and cash equivalents had an average expected duration of 4.0 years, up from the duration of 3.6 years as at December 31, 1998. As of December 31, 1999, approximately 92% of the fixed maturities were rated A- or better by Standard & Poor's (or estimated equivalent) compared to 97% as of December 31, 1998.

The Company's investment strategy is unchanged from previous years, although the Acquisition and the continuing evolution of the Company into a global multi-line reinsurer has affected the construction and composition of the investment portfolio. The Company's investment philosophy distinguishes between those assets that are matched against existing liabilities ("liability funds") and those that are part of shareholders' equity ("shareholder equity funds"). Liability funds are invested in investment grade fixed income securities and are generally matched in currency and duration to the estimated liabilities in a way that generally seeks to immunize liabilities against changes in the general level of interest rates or the relative valuation of currencies. Shareholder equity funds are available for investment in a broadly diversified portfolio, which includes investments in common stock, longer duration fixed income and other asset classes that offer potentially higher returns.

At December 31, 1999, fixed maturities, short-term investments and cash and cash equivalents had an average yield to maturity at market of 6.7%, compared to 5.2%, as at December 31, 1998. The increase in average yield to maturity in 1999 was primarily due to a significant upward shift of the yield curve both in the U.S. and in most developed markets. A second factor was the investment of excess cash balances during the year which also had the effect of lengthening the average duration of the Company's fixed income investment portfolio.

Liabilities

The Company has recorded non-life reserves for unpaid losses and loss expenses, of \$2,616.6 million and \$2,649.4 million at December 31, 1999 and 1998, respectively. Policy benefits for life contracts were \$2,130.4 million and \$1,968.8 million at December 31, 1999 and 1998, respectively. The value of unpaid losses and loss expenses and policy benefits for life and annuity contracts between December 31, 1999 and December 31, 1998 was heavily influenced by exchange rates. The value of the U.S. dollar strengthened approximately 14% against the Euro and the Swiss Franc in the 1999 period and, since a large proportion of the Company's liabilities in its European multi-line business is expressed in these currencies, there was a corresponding reduction in the value of these liabilities expressed in U.S. dollar terms. Accordingly, the value of the Company's invested assets denominated in these currencies (invested in the same relative proportions as the liabilities) experienced offsetting losses due to foreign exchange.

As discussed further in Note 5 to the Consolidated Financial Statements, the Company's reserves for unpaid losses and loss expenses include an estimate for its net ultimate liability for asbestos and environmental claims. Ultimate values for such claims cannot be estimated using traditional reserving techniques. There are significant uncertainties in estimating the amount of the Company's potential losses for these claims and these uncertainties are not likely to be resolved in the near future. The Company actively evaluates potential exposure to asbestos and environmental claims and establishes additional reserves as appropriate. The Company believes that it has made a reasonable provision for these exposures and is unaware of any specific issues that would materially affect its estimates. Furthermore, as discussed in Note 6 to the Consolidated Financial Statements, the Company has a guaranty from the AGF Group relating to certain of these exposures whereby AGF has agreed to guarantee adverse loss development for pre-1992 business written by certain companies which were part of the AGF Group and which are currently part of SAFR. This guaranty expires on December 31, 2001.

Liquidity

The Company expects that its financing and operational needs for the foreseeable future will be met by funds generated from operations. Cash provided by operating activities for the year ended December 31, 1999 was \$428.6 million compared to \$206.0 million in 1998, the increase being mainly attributable to the increases in premiums collected and investment income as a result of the Acquisition. The Company is expecting cash outflows in 2000 related to the settlement of claims from the large catastrophe losses incurred in 1999.

The Company relies primarily on cash dividends from Partner Reinsurance Company and SAFR, including its subsidiary, PartnerRe U.S. (collectively the "reinsurance subsidiaries") to pay its operating expenses. Although the payment of dividends by the reinsurance subsidiaries to the Company is limited under Bermuda and French law and certain insurance statutes of various U.S. states in which PartnerRe U.S. is licensed, there are presently no significant restrictions on the payment of dividends by the reinsurance subsidiaries. (See Note 12 to the Consolidated Financial Statements.)

Currency

The Company's functional currency is the U.S. dollar. The Company has exposure to foreign currency risk due to its ownership of SAFR, whose functional currency is the Euro (formerly the French franc), and due to SAFR and Partner Reinsurance Company (including the Swiss branch) underwriting reinsurance exposures and collecting premiums in currencies other than the U.S. dollar and holding certain net assets in such currencies.

As a result of the SAFR acquisition in 1997, the Company's most significant foreign currency exposure is to the Euro. The Euro decreased in value by 14% in 1999 (from 1.17 to 1.01 Euro per U.S. dollar) thereby reversing the aggregate currency translation gain of \$11.6 million as at December 31, 1998 to a cumulative net loss position of \$23.3 million at December 31, 1999.

Effects of Inflation

The effects of inflation are considered implicitly in pricing and estimating reserves for unpaid losses and loss expenses and life policy benefits. The actual effects of inflation on the results of operations of the Company cannot be accurately known until claims are ultimately settled.

Impact of the Year 2000 (Y2K) on Computer Systems

The Y2K computer issue was the result of computer programs being written using two digits rather than four to identify the year. Computer systems which used time-sensitive software may have recognized a date using "00" as the year 1900 rather than the year 2000. As a result systems failures could have occurred and caused disruption to business operations.

The Company assessed the potential impact that the Y2K issue may have had on its computer systems, as well as those of various third parties that the Company utilizes in conducting its business activities. Third parties include cedents, intermediaries, retrocessionaires, banks, investment managers and software vendors. It is not possible to conclude that all aspects of the Y2K issue that may affect the Company, particularly those related to third parties, have been fully resolved. The costs associated with the Company's Y2K compliance project were not material.

Uncertainty exists as to whether Y2K related insurance claims will have a material effect on the insurance and reinsurance industry. Based on the general absence of Y2K related computer problems during the transition period from 1999 to 2000, "date recognition failure" appears to have been avoided as a cause of loss for the insurance and reinsurance industries.

The Company has analyzed its exposure to potential Y2K coverage issues and believes it has mitigated, wherever possible, risks providing coverage for the direct consequence of systems not being able to identify specific dates. In those instances with the potential for indirect losses, the Company has, where deemed appropriate, required a relevant coverage exclusion or cancelled the reinsurance contract. It is the Company's position that losses directly related to Y2K systems failures should not be covered by the Company's reinsurance treaties as they are not fortuitous losses and do not form an insured peril.

The Company believes losses asserted, if any, that are indirectly related to Y2K should not be considered as one occurrence and therefore should not be aggregated under excess of loss reinsurance protections.

The Company believes that its exposures to Y2K claims will not have a significant impact on its operations or financial condition. However due to the wide spectrum of legislation and forms of coverage and their interpretation, it is not possible to predict if and what exposure reinsurance companies ultimately may have irrespective of whether the coverage remains silent or an exclusion applies.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Investments and Hedging Activities", which becomes effective for the Company in 2001. This statement requires the recognition of all derivatives in the balance sheet as either assets or liabilities measured at fair value. The Company has not yet determined the impact SFAS 133 will have on its operations or financial position when such statement is adopted.

Forward-Looking Statements

Certain statements contained in this document, including Management's Discussion and Analysis, may be considered forward-looking statements as defined in section 27A of the United States Securities Act of 1933, as amended, and section 21E of the United States Securities Exchange Act of 1934, as amended. Forward-looking statements are made based upon management's expectations and beliefs concerning future developments and their potential effect on the Company. Many factors could cause the Company's actual results to differ materially from those in the forward-looking statements, including the following: (i) the occurrence of catastrophic events with a frequency or severity exceeding the Company's expectations; (ii) a decrease in the level of demand for reinsurance and or an increase in the supply of reinsurance capacity; (iii) increased competitive pressures, including the consolidation and increased globalization of reinsurance providers; (iv) actual losses and loss expenses exceeding the Company's loss reserves, which is necessarily based on actuarial and statistical projections of ultimate losses; (v) changing rates of inflation and other economic conditions; (vi) losses due to foreign currency exchange rate fluctuations; (vii) changes in the legal or regulatory environments in which the Company operates; and (viii) integration risk related to the Company's acquisitions. The foregoing list of important factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included herein. The Company undertakes no obligation to release publicly the results of any future revisions it may make to forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PartnerRe Ltd.
Consolidated Balance Sheets
(Expressed in thousands of U.S. dollars, except share data)

December 31, 1998	December 31, 1999	Assets
		Investments:
\$ 4,342,615	\$ 4,776,148	Fixed maturities, available for sale, at fair value (amortized cost: 1998, \$4,342,575; 1999, \$4,939,883)
42,624	58,477	Short-term investments, available for sale, at fair value (amortized cost: 1998, \$42,897; 1999, \$58,650)
122,816	186,708	Equities, available for sale, at fair value (cost: 1998, \$121,340; 1999, \$176,824)
881,799	438,183	Cash and cash equivalents, at fair value, which approximates amortized cost
42,343	35,286	Other invested assets
5,432,197	5,494,802	Total investments
69,189	74,680	Accrued investment income
515,227	446,305	Reinsurance balances receivable
368,455	262,425	Reinsurance recoverable on paid and unpaid losses
391,772	371,178	Funds held by reinsured companies
217,257	375,505	Deferred acquisition costs
20,206	14,958	Current taxes recoverable
504,029	481,588	Goodwill
35,628	38,548	Other
\$ 7,553,960	\$ 7,559,989	Total Assets
		Liabilities
\$ 2,649,380	\$ 2,616,556	Unpaid losses and loss expenses
1,968,781	2,130,421	Policy benefits for life and annuity contracts
430,963	386,610	Unearned premiums
36,639	39,361	Funds held under reinsurance treaties
220,000	220,000	Long-term debt
13,061	238,119	Payable for securities purchased
61,115	6,810	Deferred taxes payable
60,587	81,401	Accounts payable, accrued expenses, and other
5,440,526	5,719,278	Total Liabilities
		Shareholders' Equity
52,801	49,265	Common shares (issued and outstanding 1998, 52,801,182; 1999, 49,264,866)
10,000	10,000	Preferred shares (issued and outstanding 1998, 10,000,000; 1999, 10,000,000, liquidation preference \$25.00 per share)
1,053,138	879,603	Additional paid-in capital
(433)	—	Deferred compensation
		Accumulated other comprehensive (loss) income:
7,724	(76,125)	Net unrealized gains (losses) on investments, net of income taxes
11,619	(23,264)	Currency translation adjustment
978,585	1,001,232	Retained earnings
2,113,434	1,840,711	Total Shareholders' Equity
\$ 7,553,960	\$ 7,559,989	Total Liabilities and Shareholders' Equity

See accompanying Notes to Consolidated Financial Statements.

PartnerRe Ltd.
Consolidated Statements of Operations and Comprehensive Income
(Expressed in thousands of U.S. dollars, except share and per share data)

For the year ended December 31, 1997	For the year ended, December 31, 1998	For the year ended December 31, 1999	
Revenues			
\$ 472,509	\$ 735,849	\$ 1,432,966	Gross premiums written
\$ 427,831	\$ 687,025	\$ 1,326,410	Net premiums written
48,414	(1,395)	11,599	Decrease (increase) in unearned premiums
476,245	685,630	1,338,009	Net premiums earned
121,025	169,382	307,638	Net investment income
18,011	23,650	(15,880)	Net realized investment gains (losses)
449	915	691	Other income
615,730	879,577	1,630,458	Total Revenues
Expenses			
207,272	396,889	1,130,102	Losses and loss expenses including life policy benefits
88,409	165,221	318,579	Acquisition costs
26,233	33,170	93,094	Other operating expenses
—	1,051	12,903	Interest expense
4,589	9,684	25,715	Amortization of goodwill
503	(3,490)	(906)	Net foreign exchange losses (gains)
327,006	602,525	1,579,487	Total Expenses
288,724	277,052	50,971	Income before taxes
17,646	10,746	(43,784)	Income tax expense (benefit)
271,078	266,306	94,755	Net Income
9,555	20,000	20,000	Preferred dividends
\$ 261,523	\$ 246,306	\$ 74,755	Net Income Available to Common Shareholders
Comprehensive Income (Loss)			
\$ 271,078	\$ 266,306	\$ 94,755	Net income
Other comprehensive income (loss), net of tax:			
(15,316)	26,935	(34,883)	Foreign currency translation adjustments
(11,953)	4,359	(83,849)	Unrealized gains (losses) on securities
\$ 243,809	\$ 297,600	\$ (23,977)	Comprehensive income (loss)
Per Share Data			
Earnings per common share:			
\$ 5.18	\$ 4.65	\$ 1.44	Basic net income
\$ 4.69	\$ 4.34	\$ 1.40	Diluted net income
55,794.7	56,803.6	53,231.1	Weighted average number of common and common equivalent shares outstanding

See accompanying Notes to Consolidated Financial Statements.

PartnerRe Ltd.
Consolidated Statements of Shareholders' Equity
(Expressed in thousands of U.S. dollars)

For the year ended December 31, 1997	For the year ended December 31, 1998	For the year ended December 31, 1999	
			Common Shares
\$ 47,774	\$ 53,842	\$ 52,801	Balance at beginning of year
(418)	(1,423)	(4,704)	Repurchase of common shares
6,486	382	1,168	Issue of common shares
53,842	52,801	49,265	Balance at end of year
			Preferred Shares
—	10,000	10,000	Balance at beginning of year
10,000	—	—	Issue of preferred shares
10,000	10,000	10,000	Balance at end of year
			Additional Paid-In Capital
785,709	1,148,965	1,053,138	Balance at beginning of year
(16,199)	(98,859)	(172,593)	Repurchase of common shares and warrants
147,293	3,032	(942)	Issue of common shares
232,162	—	—	Issue of preferred shares
1,148,965	1,053,138	879,603	Balance at end of year
			Deferred Compensation
(957)	(680)	(433)	Balance at beginning of year
277	247	433	Amortization of deferred compensation
(680)	(433)	—	Balance at end of year
			Accumulated Other Comprehensive Income (Loss)
15,318	(11,951)	19,343	Balance at beginning of year
(11,953)	4,359	(83,849)	Unrealized (losses) gains on investments, net of reclassification adjustments
(15,316)	26,935	(34,883)	Currency translation adjustment
(11,951)	19,343	(99,389)	Balance at end of year
			Retained Earnings
553,043	778,131	978,585	Balance at beginning of year
271,078	266,306	94,755	Net income
(36,435)	(45,852)	(52,108)	Dividends on common shares
(9,555)	(20,000)	(20,000)	Dividends on preferred shares
778,131	978,585	1,001,232	Balance at end of year
\$ 1,978,307	\$ 2,113,434	\$ 1,840,711	Total Shareholders' Equity

See accompanying Notes to Consolidated Financial Statements.

PartnerRe Ltd.
Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)

For the year ended December 31, 1997	For the year ended December 31, 1998	For the year ended December 31, 1999	
			Cash Flows from Operating Activities
\$ 271,078	\$ 266,306	\$ 94,755	Net income
			Adjustments to reconcile net income to cash provided by operating activities:
195	1,664	10,419	Accrual of discount on investments, net of amortization of premium
4,576	9,684	25,715	Amortization of goodwill
(18,011)	(23,650)	15,880	Net realized investment (gains) losses
			Changes in:
(72,284)	1,408	(16,355)	Unearned premiums
36,765	32,066	65,319	Reinsurance balances receivable
18,524	(55,226)	274,671	Unpaid losses and loss expenses including life policy benefits
21,475	(26,242)	(41,835)	Other items, net
262,318	206,010	428,569	Net cash provided by operating activities
			Cash Flows from Investing Activities
1,908,461	1,811,997	5,997,415	Sales of fixed maturities
41,866	132,771	200,389	Redemptions of fixed maturities
(1,852,547)	(2,297,231)	(6,763,370)	Purchases of fixed maturities
(150,733)	165,010	(24,337)	Net (purchases) sales of short-term investments
63,514	95,414	(48,398)	Net sales (purchases) of equities
277,738	721,088	—	Cash obtained in acquisition
(767,202)	(257,617)	—	Cash used for acquisition
(777)	(28,889)	14,422	Other
(479,680)	342,543	(623,879)	Net cash (used in) provided by investing activities
			Cash Flows from Financing Activities
(45,990)	(65,852)	(72,108)	Cash dividends paid to shareholders
(16,617)	(100,282)	(176,898)	Repurchase of common shares and warrants
(5,102)	244	399	Accounts payable related to repurchase of common shares
242,162	—	—	Issue of preferred shares
559	3,414	156	Issue of common shares
—	220,000	—	Long-term debt
175,012	57,524	(248,451)	Net cash provided by (used in) financing activities
			Effect of exchange rate changes on cash
539	12,563	145	
(41,811)	618,640	(443,616)	(Decrease) increase in cash and cash equivalents
304,970	263,159	881,799	Cash and cash equivalents – beginning of year
\$ 263,159	\$ 881,799	\$ 438,183	Cash and cash equivalents – end of year

See accompanying Notes to Consolidated Financial Statements.

1. Organization

PartnerRe Ltd. (the “Company”) provides multi-line reinsurance to insurance companies on a worldwide basis through its wholly owned subsidiaries, Partner Reinsurance Company Ltd. (“Partner Reinsurance Company”), SAFR PartnerRe (“SAFR”) and Partner Reinsurance Company of the U.S. (“PartnerRe U.S.”). Risks reinsured include property, catastrophe, agriculture, automobile, casualty, marine, aviation and space, credit and surety, technical and miscellaneous lines and life/annuity and health.

The Company was incorporated in August 1993 under the laws of Bermuda. The Company commenced operations in November 1993, upon completion of the sale of common shares and warrants pursuant to subscription agreements and an initial public offering. On July 10, 1997, the Company completed the acquisition of SAFR and on December 23, 1998, the Company completed the acquisition of Winterthur Re.

2. Acquisitions

Winterthur Re Acquisition

On December 23, 1998, the Company completed the acquisition (the “Acquisition”) of the active reinsurance operations (“Winterthur Re”) of the Winterthur Insurance Group (“Winterthur”). The purchase included Winterthur Reinsurance Corporation of America in New York and Winterthur Re Life Insurance Company in Dallas (collectively, the “U.S. Operations”) and the reinsurance operations of Winterthur in Switzerland (the “Swiss Operations”).

On October 3, 1998, Partner Reinsurance Company entered into an Asset Purchase Agreement with Winterthur Swiss Insurance Company and certain affiliates (collectively, “Winterthur Swiss”), to purchase the Swiss Operations. On the same date, Partner Reinsurance Company entered into a Reinsurance Agreement with Winterthur Swiss to transfer certain life and non-life reinsurance portfolios of Winterthur Swiss, including current business and reserves of approximately \$1.5 billion, to Partner Reinsurance Company.

On October 23, 1998, PartnerRe U.S. Corporation, a wholly owned subsidiary of the Company, entered into a Share Purchase Agreement with two U.S. subsidiaries of Winterthur to acquire the U.S. Operations.

2. Acquisitions (Continued)

Although the Company entered into both agreements in October 1998, the Acquisition was not completed until all regulatory approvals were obtained on December 23, 1998. The Swiss Operations and U.S. Operations have functioned as part of Partner Reinsurance Company (through a branch in Switzerland) and PartnerRe U.S., respectively, since January 1, 1999.

The aggregate purchase price for the Swiss Operations and U.S. Operations was approximately \$771 million. The Company financed the purchase proceeds with \$551 million from sources internal to the Company and \$220 million of external bank debt. The Company accounted for the Acquisition as a purchase.

SAFR Acquisition and Preferred Share Offering

On July 10, 1997, the Company completed the acquisition of SAFR, a French reinsurance company, from Swiss Reinsurance Company ("Swiss Re"). The total purchase price was financed as follows: (i) 6,453,007 newly issued common shares of the Company, which have been recorded at \$152.9 million in the consolidated statement of shareholders' equity, were transferred to Swiss Re (4,353,007 of which Swiss Re received by exercise of its existing Class A Warrants of the Company through delivery of shares of SAFR); and (ii) \$773.9 million of cash consideration which included (a) \$192.2 million in net proceeds from a public offering (the "Offering") of 8.0 million of 8% Series A Cumulative Preferred Shares, (the "Preferred Shares"), (b) \$50.0 million in net proceeds from the sale to Swiss Re of 2.0 million Preferred Shares, directly and not as part of the Offering, and (c) the balance from sources internal to the Company. The Company accounted for the SAFR acquisition as a purchase.

3. Significant Accounting Policies

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Intercompany accounts and transactions have been eliminated. Certain reclassifications have been made to prior year amounts to conform with the current year's presentation. These consolidated financial statements do not include SAFR's results for the first half of 1997. Since the Acquisition closed late in 1998, the results of Winterthur Re were immaterial to the Company's consolidated results of operations for 1998. The consolidated balance sheet as at December 31, 1998 includes Winterthur Re's assets and liabilities.

3. Significant Accounting Policies (Continued)

(a) Premiums

Premiums written are based upon reports received from ceding companies, supplemented by the Company's own estimates of premiums written for which ceding company reports have not been received. Differences between such estimates and actual amounts are recorded in the period in which the actual amounts are determined. Premiums are earned on a basis that is consistent with the risks covered under the terms of the reinsurance contracts, which is generally one to two years. Unearned premiums represent the portion of premiums written which is applicable to the unexpired risks under contracts in force. Annuity and universal life insurance premiums received are accounted for in a manner consistent with accounting for interest-bearing financial instruments and are not reported as revenues but rather as direct deposits to the contract. Amounts assessed against annuity and universal life policyholders are recognized as revenue in the period assessed.

(b) Losses and Loss Expenses, Including Life Policy Benefits

The liability for unpaid losses and loss expenses for property and casualty business includes amounts determined from loss reports on individual cases and amounts for losses incurred but not reported. Such reserves are estimated by management based upon reports received from ceding companies, supplemented by the Company's own actuarial estimates of reserves for which ceding company reports have not been received and based on the Company's own historical experience. To the extent that the Company's own historical experience is inadequate for estimating reserves, such estimates may be actuarially determined based upon industry experience and management's judgment. The estimates are continually reviewed and the ultimate liability may be in excess of, or less than, the amounts provided, for which any adjustments will be reflected in the periods in which they become known.

The liabilities for policy benefits for ordinary life and accident and health policies have been established based upon information reported by ceding companies supplemented by the Company's best actuarial estimates of mortality, morbidity, persistency and investment income, with appropriate provision for adverse deviation. Future policy benefit reserves for annuity and universal life products are carried at their accumulated values. Reserves for policy claims and benefits include both mortality and morbidity claims in the process of settlement and claims that have been incurred but not yet reported. Interest rate assumptions used to estimate liabilities for policy benefits for life and annuity contracts ranged from 3.5% to 6.0%. Actual experience in a particular period may vary from assumed experience and, consequently, may affect the Company's operating results in future periods.

3. Significant Accounting Policies (Continued)

(c) Deferred Acquisition Costs

Acquisition costs, primarily brokerage, commissions and excise taxes, which vary directly with, and are primarily related to, the acquisition of new and renewal reinsurance contracts, are capitalized and charged to expense as the related premium revenue is recognized. Anticipated losses and loss expenses, other costs and investment income related to these premiums are considered in determining the recoverability of deferred acquisition costs. Acquisition costs related to individual life and annuity business are deferred and amortized over the premium paying periods in proportion to anticipated premium income, allowing for lapses, terminations and anticipated investment income. Acquisition costs related to universal life and single premium annuity contracts are deferred and amortized over the lives of the policies as a percentage of the estimated gross profits expected to be realized on the policies.

(d) Funds Held by Reinsured Companies

Funds held by reinsured companies represent premiums retained by ceding companies for a period in accordance with contractual terms. The Company generally earns investment income on these balances during the period funds are held.

(e) Investments

Fixed maturities and short-term investments are classified as "available for sale" and carried at fair value, based on quoted market prices. The difference between amortized cost and fair value, net of the effect of deferred income taxes, is included as a separate component of "accumulated other comprehensive income". Equity investments are carried at fair value, based on quoted market prices, with the difference between original cost and fair value, net of the effect of deferred taxes, included as a separate component of "accumulated other comprehensive income". Short-term investments comprise securities with a maturity greater than three months but less than one year from the date of purchase. Investment purchases and sales are recorded on the trade date.

The Company utilizes financial futures contracts for the purpose of managing certain investment portfolio exposures and duration. Futures contracts are not recognized as assets or liabilities in the accompanying consolidated financial statements. Changes in the market value of futures contracts produce daily cash flows, which are included in net realized gains or losses on investments in the statement of operations. Collateral held by brokers equal to a percentage of the total value of open futures contracts is included in fixed maturities.

3. Significant Accounting Policies (Continued)

Investment income is recognized when earned and includes the accrual of discount or amortization of premium on fixed maturities and short-term investments. Realized gains and losses on the disposition of investments, which are determined based upon specific identification of the cost of investments sold, and provisions for other than temporary impairments in the value of investments retained, are reflected in the statements of operations.

(f) **Cash and Cash Equivalents**

Cash equivalents are carried at fair value and include debt securities that, at purchase, have a maturity of three months or less.

(g) **Goodwill**

Goodwill represents the excess of the purchase price over the fair value of the net assets received related to the acquisitions of SAFR and Winterthur Re. The Company amortizes goodwill on a straight-line basis over a period of 20 years. Accumulated amortization as of December 31, 1999 and 1998 was \$40.0 million and \$14.3 million, respectively.

(h) **Income Taxes**

Certain subsidiaries of the Company operate in jurisdictions where they are subject to taxation. Current income taxes are charged or credited to operations, or “accumulated other comprehensive income” in certain cases, based upon enacted tax laws and rates applicable in the relevant jurisdiction in the period in which the tax becomes payable. Deferred income taxes are provided for all temporary differences between the bases of assets and liabilities used in the financial statements and those used in the various jurisdictional tax returns.

(i) **Translation of Foreign Currencies**

The functional currency of the Company is the U.S. dollar. The national currencies of the Company’s subsidiaries are generally their functional currencies, except for the Bermuda subsidiaries whose functional currency is the U.S. dollar. In translating the consolidated financial statements of those subsidiaries whose functional currency is other than the U.S. dollar, assets and liabilities are converted into U.S. dollars using the rates of exchange in effect at the balance sheet dates and revenues and expenses are converted using the average exchange rates for the period. Related translation adjustments and exchange gains and losses on forward exchange contracts used to hedge these investments are reported as a separate component of “accumulated other comprehensive income”.

3. Significant Accounting Policies (Continued)

In recording foreign currency transactions, revenue and expense items are converted into the functional currency at the weighted average rates of exchange for the year. Monetary assets and liabilities originating in currencies other than the functional currency are translated into the functional currency at the rates of exchange in effect at the balance sheet dates. Non-monetary items originating in currencies other than the functional currency are translated into the functional currency at the rates of exchange in effect at the dates when the transactions occurred. The resulting exchange gains or losses are included in the results of operations. Exchange gains and losses related to the translation of investments available for sale are included in net unrealized gains and losses on investments, a component of "accumulated other comprehensive income".

The Company's policy is to match, where deemed appropriate, liabilities for unpaid losses with investments denominated in the same currency. To the extent that investments are insufficient to pay claims that are denominated in the same currency, or in the event that losses relate to business written in currencies for which it is impracticable to maintain investments, the Company is exposed to currency risk and, accordingly, related exchange rate fluctuations are reflected in the consolidated statement of operations.

(j) **Net Income per Common Share**

Diluted net income per common share is based upon the weighted average number of common shares outstanding using the treasury stock method for all potentially dilutive securities, including common share warrants and options. Basic earnings per share is determined as net income available to common shareholders divided by the weighted average number of common shares outstanding for the period, giving no effect for dilutive securities.

(k) **New Accounting Pronouncements**

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Investments and Hedging Activities", which becomes effective for the Company in 2001. This statement requires the recognition of all derivatives in the balance sheet as either assets or liabilities measured at fair value. The Company has not yet determined the impact SFAS 133 will have on its operations or financial position when such statement is adopted.

4. Investments Available for Sale

(a) Fixed Maturities, Equities and Short-term Investments

The cost, market value, gross unrealized gains and gross unrealized losses on investments available for sale at December 31, 1999 and 1998 were as follows (\$000's):

	Cost ¹	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
1999				
Fixed maturities				
- U.S. Government	\$ 672,221	\$ 13,484	\$ (16,160)	\$ 669,545
- States or political subdivisions of states of the U.S.	6,299	—	(497)	5,802
- other foreign governments	870,205	8,575	(46,225)	832,555
- corporate	1,352,596	21,920	(63,333)	1,311,183
- mortgage / asset-backed securities	2,038,562	3,173	(84,672)	1,957,063
Total fixed maturities	4,939,883	47,152	(210,887)	4,776,148
Short-term investments	58,650	—	(173)	58,477
Equities	176,824	19,583	(9,699)	186,708
	\$ 5,175,357	\$ 66,735	\$ (220,759)	\$ 5,021,333
1998				
Fixed maturities				
- U.S. Government	\$ 955,495	\$ 13,912	\$ (20,618)	\$ 948,789
- States or political subdivisions of states of the U.S.	6,360	182	—	6,542
- other foreign governments	863,358	17,696	(12,487)	868,567
- corporate	1,023,953	18,575	(20,480)	1,022,048
- mortgage / asset-backed securities	1,493,409	3,783	(523)	1,496,669
Total fixed maturities	4,342,575	54,148	(54,108)	4,342,615
Short-term investments	42,897	—	(273)	42,624
Equities	121,340	10,786	(9,310)	122,816
	\$ 4,506,812	\$ 64,934	\$ (63,691)	\$ 4,508,055

¹Cost is amortized cost for fixed maturities and short-term investments and original cost for equity securities.

(b) Maturity Distribution

The distribution of fixed maturities and short-term investments at December 31, 1999 by contractual maturity is shown below (\$000's):

1999	Amortized Cost	Market Value
One year or less	\$ 269,098	\$ 272,851
More than one year through five years	1,523,890	1,480,327
More than five years through ten years	683,860	669,074
More than ten years	483,123	455,310
Subtotal	2,959,971	2,877,562
Mortgage / Asset-backed securities	2,038,562	1,957,063
Total	\$ 4,998,533	\$ 4,834,625

4. Investments Available for Sale (Continued)

(c) **Change in Net Unrealized Gains (Losses) on Investments**

The analysis of the change in net unrealized gains (losses) on investments for the years ended December 31, 1999, 1998 and 1997 is as follows (\$000's):

	1999	1998	1997
Fixed maturities	\$ (163,775)	\$ (10,293)	\$ (5,395)
Short-term investments	100	784	(1,057)
Cash and cash equivalents	47	—	—
Equity securities	8,408	4,920	(3,034)
	(155,220)	(4,589)	(9,486)
Decrease (Increase) in tax liability and other foreign exchange gains or losses	71,371	8,948	(2,467)
Net change reflected in "accumulated other comprehensive income"	\$ (83,849)	\$ 4,359	\$ (11,953)

(d) **Realized Gains and Losses**

Proceeds from the sales of investments available for sale for the years ended December 31, 1999, 1998 and 1997 were \$6,346.6, \$1,953.0 and \$2,091.0 million, respectively. Realized investment gains and losses for the years ended December 31, 1999, 1998 and 1997 were as follows (\$000's):

	1999	1998	1997
Gross realized gains	\$ 81,195	\$ 72,116	\$ 60,227
Gross realized losses	(97,075)	(48,466)	(42,216)
Total net realized (losses) gains	\$ (15,880)	\$ 23,650	\$ 18,011

(e) **Net Investment Income**

The components of net investment income for the years ended December 31, 1999, 1998 and 1997 were as follows (\$000's):

	1999	1998	1997
Fixed maturities	\$ 278,888	\$ 140,374	\$ 105,629
Short-term investments	1,330	4,828	2,707
Equities	7,292	2,487	1,294
Cash and cash equivalents	28,072	28,563	16,432
Other	10,689	2,223	1,008
Investment expenses	(18,633)	(9,093)	(6,045)
Net investment income	\$ 307,638	\$ 169,382	\$ 121,025

At December 31, 1999 and 1998, cash and securities with a market value of approximately \$907.8 million and \$895.0 million, respectively, were deposited, pledged or held in an escrow account to support long-term debt or in favor of ceding companies or government authorities to comply with reinsurance contract provisions and insurance laws. Excluding debt securities issued by the U.S. and other AAA-rated sovereign governments, the Company is not exposed to any significant credit concentration risk.

5. Unpaid Losses and Loss Expenses

The table below is a reconciliation of the beginning and ending liability for unpaid losses and loss expenses, excluding policy benefits for life contracts, for the years ended December 31, 1999, 1998 and 1997 (\$000's):

	1999	1998	1997
Gross liability at beginning of year	\$ 2,649,380	\$ 1,098,527	\$ 59,866
Reinsurance recoverable at beginning of year	257,398	126,112	—
Net liability at beginning of year	2,391,982	972,415	59,866
SAFR net liability, acquired July, 1997	—	—	921,275
Winterthur Re net liability, acquired December, 1998	—	1,402,256	—
Net incurred losses related to:			
Current year	887,974	420,854	173,774
Prior year	(31,219)	(57,857)	—
	856,755	362,997	173,774
Net paid losses related to:			
Current year	144,720	148,509	145,429
Prior year	537,682	231,454	8,623
	682,402	379,963	154,052
Effects of exchange rate changes	(155,761)	34,277	(28,448)
Net liability at end of year	2,410,574	2,391,982	972,415
Reinsurance recoverable at end of year	205,982	257,398	126,112
Gross liability at end of year	\$ 2,616,556	\$ 2,649,380	\$ 1,098,527

The 1999 and 1998 reductions in incurred losses relating to prior years represent favorable settlements of previously established case reserves and changes in actuarial estimates of losses incurred but not reported as a result of favorable loss experience.

The Company's reserve for unpaid losses and loss expenses as of December 31, 1999 and 1998 included \$41.7 million and \$56.6 million, respectively, that represents an estimate of its net ultimate liability for asbestos and environmental claims. The gross liability for such claims as at December 31, 1999 and 1998 was \$175.5 million and \$188.7 million, respectively, of which \$164.5 million and \$166.7 million, respectively, related to U.S. casualty exposures arising from business written by SAFR (see Note 6).

SAFR ceased writing industrial casualty business covering risks in the United States in 1986. Ultimate values for such claims cannot be estimated using traditional reserving techniques and there are significant uncertainties in estimating the amount of the Company's potential losses for these claims. In view of the changes in the legal and tort environment that affect the development of such claims, the uncertainties inherent in valuing asbestos and environmental claims are not likely to be resolved in the near future.

5. Unpaid Losses and Loss Expenses (Continued)

There can be no assurances that the reserves established by the Company will not be adversely affected by development of other latent exposures, and further there can be no assurances that the reserves established by the Company will be adequate.

The Company does, however, actively evaluate potential exposure to asbestos and environmental claims and establishes additional reserves as appropriate. The Company believes that it has made a reasonable provision for these exposures and is unaware of any specific issues which would materially affect its loss and loss expense estimates. Furthermore, as discussed in Note 6, the Company has a guaranty from the Assurances Générales de France ("AGF") and certain of its affiliates (collectively, the "AGF Group") whereby AGF has agreed to guarantee adverse loss development for pre-1992 business written by certain companies that were part of the AGF Group and which are currently part of SAFR. This guaranty expires on December 31, 2001.

6. Ceded Reinsurance

The Company uses retrocessional agreements to reduce its exposure to risk of loss on reinsurance assumed. These agreements provide for recovery of a portion of losses and loss adjustment expenses from retrocessionaires. The Company remains liable to the extent the retrocessionaires do not meet their obligations under these agreements, and therefore the Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk. Provisions are made for amounts considered potentially uncollectible. The allowance for uncollectible reinsurance recoverable was \$12.7 million and \$13.9 million as at December 31, 1999 and 1998, respectively.

The Company has obtained a guaranty from the AGF Group relating to loss development on U.S. casualty exposures arising from business written prior to January 1, 1992 by certain companies that were at the time part of the AGF Group and are currently part of SAFR. This guaranty expires on December 31, 2001, with the final settlement due on or before September 30, 2002. If losses and loss expenses relating to those reserves develop further after the final settlement under the guaranty, the Company will be required to increase loss reserves with a corresponding reduction in income in the period in which the deficiency is identified. Balances payable under the guaranty have been received when due. There can be no assurances that AGF will be able to meet its obligations under the guaranty. As at December 31, 1999 AGF had an AAA claims-paying ability rating from Standard & Poor's.

6. Ceded Reinsurance (Continued)

Premiums and losses and loss expenses for 1999, 1998 and 1997 are reported net of reinsurance in the Company's statement of operations. Assumed, ceded and net amounts for the years ended December 31, 1999, 1998 and 1997 were as follows (\$000s):

	Premiums Written	Premiums Earned	Losses and Loss Expenses
1999			
Assumed	\$ 1,432,966	\$ 1,447,404	\$ 1,287,738
Ceded	106,556	109,395	157,636
Net	\$ 1,326,410	\$ 1,338,009	\$ 1,130,102
1998			
Assumed	\$ 735,849	\$ 749,974	\$ 449,106
Ceded	48,824	64,344	52,217
Net	\$ 687,025	\$ 685,630	\$ 396,889
1997			
Assumed	\$ 472,509	\$ 528,453	\$ 248,061
Ceded	44,678	52,208	40,789
Net	\$ 427,831	\$ 476,245	\$ 207,272

7. Long-Term Debt

In connection with the Acquisition, the Company's subsidiary, PartnerRe US, obtained a \$220.0 million, 5.81% fixed rate bank loan. The loan, which is fully collateralized, is repayable in 2008, with interest payments due semiannually. The company incurred interest expense of \$12.9 million and \$1.1 million in 1999 and 1998, respectively, and paid interest of \$13.0 million in 1999 in relation to the loan.

8. Taxation

Under current Bermuda law, none of the Company or any of its Bermuda-domiciled subsidiaries is required to pay any taxes in Bermuda on either income or capital gains. The Company has received from the Minister of Finance of Bermuda an assurance under The Exempted Undertakings Tax Protection Act, 1966 of Bermuda that in the event of any such taxes being imposed, the Company will be exempted until 2016. Certain subsidiaries of the Company operate in, and are subject to taxation by, other jurisdictions.

Income tax expense for the years ended December 31, 1999, 1998 and 1997 and income taxes payable as at December 31, 1999, 1998 and 1997 are as follows (\$000's):

	1999	1998	1997
Current income tax (benefit) expense	\$ (22,557)	\$ 24,786	\$ 24,281
Deferred income tax benefit	(21,227)	(14,040)	(6,635)
Income tax (benefit) expense	\$ (43,784)	\$ 10,746	\$ 17,646
Current income tax (recoverable) payable	\$ (14,958)	\$ (20,206)	\$ 37,944
Deferred income tax payable	6,810	61,115	77,895
Income taxes (recoverable) payable	\$ (8,148)	\$ 40,909	\$ 115,839

PartnerRe Ltd.
Notes to Consolidated Financial Statements

8. Taxation (Continued)

Deferred income taxes reflect the tax impact of temporary differences between the carrying amounts of assets and liabilities for financial reporting and income tax purposes. Significant components of the net deferred tax liability as of December 31, 1999 and 1998 are as follows (\$000's):

	1999	1998
Discounting of loss reserves and adjustment to life policy reserves	\$ 50,369	\$ 55,503
Retirement and other compensation plans	2,384	4,118
Tax loss carryforwards	33,638	7,196
Unearned premium	8,292	7,205
Other deferred tax assets	2,073	6,816
Deferred tax assets	96,756	80,838
Unrealized appreciation and timing differences on investments	34,801	75,407
Deferred acquisition costs	38,139	30,537
Tax equalization reserves	12,852	20,858
Other deferred tax liabilities	17,774	15,151
Deferred tax liabilities	103,566	141,953
Net deferred tax liability	\$ 6,810	\$ 61,115

As at December 31, 1999 the Company had deferred tax loss carryforwards with the following expiration dates: \$4.7 million in 2005, \$11.6 million in 2006, \$14.6 million in 2018 and \$2.7 million in 2019.

In 1998 the Company adopted Statement of Financial Accounting Standards No. 130 "Reporting Comprehensive Income". This statement requires disclosure of the amount of income tax expense or benefit allocated to each component of "other comprehensive income". The following table summarizes the changes in "accumulated other comprehensive income" and the related tax benefit for the years ended December 31, 1999 and 1998 (\$000's):

	1999	Before Tax	Tax Effect	Net of Tax
Foreign currency translation adjustment	\$ (34,883)	\$ —	\$ —	\$ (34,883)
Unrealized (losses) gains on investments:				
Unrealized (losses) gains on investments and other foreign exchange gains and losses	(135,775)	34,632	(101,143)	
Less reclassification adjustment for losses included in net income	15,880	1,414	17,294	
	(119,895)	36,046	(83,849)	
Change in accumulated other comprehensive income	\$ (154,778)	\$ 36,046	\$ (118,732)	
1998				
Foreign currency translation adjustments	\$ 26,935	\$ —	\$ 26,935	
Unrealized (losses) gains on investments:				
Unrealized gains on investments and other foreign exchange gains and losses	19,061	1,318	20,379	
Less reclassification adjustment for (gains) losses included in net income	(23,650)	7,630	(16,020)	
	(4,589)	8,948	4,359	
Change in accumulated other comprehensive income	\$ 22,346	\$ 8,948	\$ 31,294	

9. Agreements with Related Parties

The Company is party to agreements with Swiss Reinsurance Company ("Swiss Re"), Head & Company L.L.C. ("Head Company"), Morgan Stanley and their respective affiliates as discussed below.

Agreements with Swiss Reinsurance Company

The Company utilizes, in the conduct of its business, certain underwriting services and licensed technology provided by Swiss Re pursuant to various service agreements. Fees incurred pursuant to such agreements include fixed fees for access to technology and database resources. Fees incurred for each of the years ended December 31, 1999, 1998 and 1997 were \$0.3 million.

In the normal course of their underwriting activities, the Company and certain subsidiaries entered into reinsurance contracts (assumed and ceded) with Swiss Re and certain Swiss Re subsidiaries during 1999 and 1998. Included in the 1999 consolidated results were assumed and ceded premiums of \$18.7 million and \$9.6 million, respectively, losses and loss expenses, including policy benefits for life contracts, of \$17.0 million and loss recoveries of \$14.2 million. As at December 31, 1999, there were reinsurance balances receivable and recoverable aggregating \$42.8 million, unpaid losses and loss expenses, including policy benefits for life contracts, of \$24.9 million, and funds held under reinsurance treaties of \$2.3 million. Included in the 1998 consolidated results were assumed and ceded premiums of \$6.3 million and \$5.2 million, respectively, losses and loss expenses, including policy benefits for life contracts, of \$10.8 million and loss recoveries of \$4.0 million. As at December 31, 1998, there were reinsurance balances receivable and recoverable aggregating \$36.8 million, unpaid losses and loss expenses, including policy benefits for life contracts, of \$22.7 million, and funds held under reinsurance treaties, net of funds held by Swiss Re, of \$2.9 million.

Investment Advisory Agreements

The Company utilizes the services of Swiss Re, Head Asset Management (Bermuda) L.P. ("HAMB"), an affiliate of Head Company, and Morgan Stanley Dean Witter Investment Management and affiliates ("MSDWIM"), a division of Morgan Stanley, to manage portions of its investment portfolio pursuant to investment advisory agreements. Pursuant to these agreements, which are subject to the Company's investment guidelines and other restrictions, the Company pays a fee to each of Swiss Re, HAMB and MSDWIM. Investment fees for the years ended December 31, 1999, 1998 and 1997 aggregated \$2.7 million, \$1.7 million and \$1.5 million, respectively, under these agreements.

10. Retirement Benefit Arrangements

For employee retirement benefits, the Company maintains defined contribution plans, which are contributory or non-contributory depending upon local market practices.

Contributions are based on the participants' base salary and the accumulated benefit for the majority of the plans vests immediately or over a two-year period. As of January 1, 2000, all employees previously enrolled in defined-benefit retirement plans have been transferred to defined-contribution plans. As required by law, certain retirement plans also provide for death and disability benefits as well as lump sum indemnities to employees upon retirement.

The Company incurred pension expense for these pension arrangements of \$2.1 million, \$1.6 million, and \$2.3 million, for the years ended December 31, 1999, 1998 and 1997, respectively.

11. Stock and Stock Option Plans

Stock Option Plan

The Company has adopted a Stock Option Plan (the "Option Plan") under which the Company may grant, subject to certain restrictions, incentive ("ISOs") and non-qualified ("NQSOs") stock options to directors and employees of the Company. The Option Plan is administered by the Compensation Committee of the Board of Directors (the "Committee"). Under the Option Plan, ISOs may only be granted to employees of the Company, while NQSOs may be granted to employees, directors and consultants to the Company and to any other person selected by the Committee.

Pursuant to the terms of the Option Plan, the dates on which each option can be exercised, the expiration date of each option and the purchase price of shares subject to each option shall be fixed by the Committee at the time such options are granted. The exercise price of the options will be subject to a minimum price in the case of ISOs equal to the fair market value, as defined, of the common shares on the date of grant and a minimum price in the case of NQSOs equal to the par value of the common shares. No options shall be exercisable after 10 years from the date of grant. A total of 2 million Common Shares may be issued under the Option Plan.

Non-Employee Directors' Stock Plan

The Company has adopted a non-employee Directors' Stock Plan (the "Directors' Stock Plan"). Under the terms of the Directors' Stock Plan, non-employee Directors receive \$35,000 in annual fees, paid at each annual shareholders' meeting, in common shares ("Directors' Shares") or cash depending on their election. The Directors' Stock Plan also provides for automatic annual awards of stock options to purchase 8,000 common shares at an exercise price per share equal to the market value per share at the time of grant, to be made to non-employee Directors at each successive annual shareholders' meeting. No options shall be exercisable after 10 years from the date of grant. A total of 500,000 Common Shares may be issued under the Directors' Stock Plan.

PartnerRe Ltd.
Notes to Consolidated Financial Statements

11. Stock and Stock Option Plans (Continued)

A summary of the status of the Company's outstanding stock options as of December 31, 1999, 1998 and 1997 and changes during the years ending on those dates is presented below:

	1999		1998		1997	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at beginning of year	1,579,358	\$ 28.24	1,376,308	\$ 22.82	1,249,308	\$ 21.24
Granted	640,210	40.48	349,250	47.59	152,000	35.93
Exercised	(7,100)	27.12	(145,900)	23.40	(23,700)	23.57
Forfeited	(30,460)	44.52	(300)	34.13	(1,300)	28.11
Outstanding at end of year	2,182,008	31.59	1,579,358	28.24	1,376,308	22.82
Options exercisable at year end	1,418,078	\$ 26.23	1,232,958	\$ 23.88	1,010,561	\$ 21.71

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in 1999, 1998 and 1997, respectively: risk-free interest rates of 5.7%, 5.3% and 6.4%, expected lives of seven years, expected volatility of 25% and a dividend yield of 2%. The weighted average fair value of options granted during 1999, 1998 and 1997 was \$18.89, \$13.78 and \$10.15, respectively.

The following table summarizes information about stock options outstanding at December 31, 1999:

Range of Exercise Prices	Number Outstanding	Options Outstanding		Options Exercisable	
		Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 19.38 - \$ 20.00	951,808	3.9 years	\$ 19.96	951,808	\$ 19.96
24.00 - 34.41	158,800	6.5	29.42	145,700	29.13
35.06 - 37.47	405,650	9.1	36.69	55,070	35.69
40.12 - 44.75	340,000	9.0	43.64	136,000	42.28
46.16 - 50.36	325,750	8.2	47.66	129,500	48.17
\$ 19.38 - \$ 50.36	2,182,008	6.5	\$ 31.59	1,418,078	\$ 26.23

11. Stock and Stock Option Plans (Continued)

Exercise prices for all options issued during 1999, 1998 and 1997 equaled the market price of the stock on the grant date.

The Company applies APB Opinion No. 25 in accounting for stock options. Accordingly, no compensation cost has been recognized for grants of stock options under the Option Plan or the Directors' Stock Plan. Had compensation cost for the Company's stock option plans been determined based on the fair value at the grant dates for awards under those plans consistent with the method of SFAS No. 123, the Company's net income available to common shareholders and earnings per common share would have been reduced to the pro forma amounts indicated below (\$000's except per share data):

	1999	1998	1997
Net income available to common shareholders:			
As reported	\$ 74,755	\$ 246,306	\$ 261,523
Pro forma	\$ 70,218	\$ 244,409	\$ 260,798
Earnings per common share:			
Basic			
As reported	\$ 1.44	\$ 4.65	\$ 5.18
Pro forma	\$ 1.35	\$ 4.61	\$ 5.17
Diluted			
As reported	\$ 1.40	\$ 4.34	\$ 4.69
Pro forma	\$ 1.32	\$ 4.30	\$ 4.67

Performance Incentive Plan

The Company has adopted a Performance Incentive Plan (the "PIP") under which the Company may grant, subject to certain restrictions, stock options, restricted stock ("RS"), phantom stock units ("PSU"), performance units ("PU"), and performance shares ("PS") to key employees of the Company. The PIP is administered by the Committee.

Pursuant to the terms of the PIP, awards may be granted to eligible employees at any time, in any amount, to be determined by the Committee. The RS and PSU awards will be subject to terms, conditions, restrictions and restricted periods fixed by the Committee which may be linked to prescribed performance goals. The PU and PS awards will be subject to performance goals that shall be fixed by the Committee. A total of 500,000 Common Shares may be issued under the PIP.

The Company issued restricted shares of 6,950 shares in 1997 and 39,500 shares in 1996 with weighted-average grant date fair values of \$35.00 and \$28.78 per share, respectively. The shares issued in 1997 and 1996 have vested. The Company incurred compensation expense for such grants in the years ended December 31, 1999, 1998 and 1997 of approximately \$433,000, \$247,000 and \$277,000, respectively. Related deferred compensation expense at December 31, 1999 and 1998 was \$nil and \$433,000, respectively.

12. Dividend Restrictions and Statutory Requirements

Under Bermuda law, the Company is prohibited from declaring or paying a dividend if such payment would reduce the realizable value of its assets to an amount less than the aggregate value of its liabilities (\$5,719.3 million), issued share capital (share capital in the amount of \$59.3 million) and share premium (additional paid-in capital in the amount of \$879.6 million) accounts.

The Company's ability to pay common and preferred shareholders' dividends and operating expenses is dependent on cash dividends from Partner Reinsurance Company and SAFR, including its subsidiary, PartnerRe U.S. (collectively the "reinsurance subsidiaries"). The payment of such dividends by the reinsurance subsidiaries to the Company is limited under Bermuda and French law and certain insurance statutes of various U.S. states in which PartnerRe U.S. is licensed. The restrictions are generally based on net income and/or certain levels of policyholders' surplus as determined in accordance with the relevant statutory accounting practices. At December 31, 1999, 1998 and 1997 there were no material statutory restrictions on the reinsurance subsidiaries' abilities to pay dividends. PartnerRe U.S., a company licensed in the U.S., may generally pay cash dividends only out of statutory surplus and the maximum amount of dividends that may be paid in any twelve month period, without prior regulatory approval, is the lesser of net investment income or 10% of statutory surplus.

The reinsurance subsidiaries are required to file annual statements with insurance regulatory authorities prepared on an accounting basis prescribed or permitted by such authorities ("statutory basis"), maintain minimum levels of solvency and liquidity, and comply with risk-based capital requirements and licensing rules. As of December 31, 1999, the reinsurance subsidiaries' solvency, liquidity, surplus and risk-based capital amounts were well in excess of the minimum levels required. The typical adjustments to insurance statutory amounts to convert to U.S. GAAP include elimination of certain statutory reserves, deferral of certain acquisition costs, recognition of deferred income taxes, valuation of bonds at market and presenting ceded reinsurance balances gross of assumed balances.

13. Shareholders' Equity

Authorized Shares

At December 31, 1999 and 1998, the total authorized shares of the Company were 120 million shares, par value \$1.00 per share, of which 100 million shares have been designated as Common Shares, 10 million have been designated as 8% Series A Cumulative Preferred Shares and 10 million shares remain undesignated.

Class A and Class B Warrants

In 1993, in connection with the issuance of common shares, the Company issued Class A Warrants to purchase, in the aggregate, approximately 10.1 million common shares, 0.2 million of which are outstanding as of December 31, 1999. In 1993, the Company also issued Class B Warrants to purchase, in the aggregate, up to approximately 6.8 million common shares provided certain performance criteria were met. The exercise price of all warrants was initially \$20 and, in accordance with the original terms of the warrants, it was reduced by \$3 on April 15, 1998, in the case of the Class A Warrants, and on the fourth anniversary of the vesting date in the case of those Class B Warrants which have vested. The exercise price is also subject to adjustment upon the occurrence of certain events relating principally to changes in the number of common shares, options or warrants outstanding. Twenty percent of the Class B Warrants were available for vesting on each of the first five anniversary dates of the issue of the Warrants. The vesting conditions for the Class B Warrants available for vesting in November 1998, 1996, 1995 and 1994, which aggregated to 5.5 million warrants, were not met and those warrants have been forfeited. The vesting conditions for the 1.3 million Class B Warrants available for vesting in November 1997 were met and those warrants are available for exercise through November 2004 at an exercise price of \$20 per share, which reduces to \$17 per share in November 2001.

Series A Cumulative Preferred Shares

In July 1997, the Company issued 10 million of the Company's 8% Series A Cumulative Preferred Shares, par value \$1.00 per share, for net proceeds of \$242.2 million, 2 million of which shares were issued to Swiss Re. Cumulative dividends of \$0.50 per share are payable quarterly. The Company may under certain circumstances, described in the Company's Bye-Laws and the Certificate of Designation, redeem the preferred stock, in whole or in part, after July 10, 2002 for \$25.00 per share plus accrued dividends. In the event of liquidation of the Company, the holders of outstanding preferred shares would have preference over the common shareholders and would receive a distribution of \$25.00 per share plus accrued dividends.

13. Shareholders' Equity (Continued)

Earnings Per Share

The reconciliation of basic and diluted earnings per share is as follows (\$000's except per share amounts):

	1999			1998			1997		
	Income	Shares	Per Share	Income	Shares	Per Share	Income	Shares	Per Share
Net income	\$ 94,755			\$266,306			\$ 271,078		
Preferred stock dividends	(20,000)			(20,000)			(9,555)		
Basic Earnings Per Share									
Net income available to common shareholders	\$ 74,755	51,941.0	\$ 1.44	\$246,306	52,997.7	\$ 4.65	\$ 261,523	50,465.4	\$ 5.18
Effect of Dilutive Securities:									
Class A and B Warrants		63.7			3,179.2			4,779.7	
Stock Options		1,226.4			626.7			549.6	
Diluted Earnings Per Share									
Net income available to common shareholders	\$ 74,755	53,231.1	\$ 1.40	\$246,306	56,803.6	\$ 4.34	\$ 261,523	55,794.7	\$ 4.69

14. Commitments

Lease Arrangements

The Company leases office space under operating leases expiring in various years through 2009. The leases are renewable at the option of the lessee under certain circumstances. The following is a schedule of future minimum rental payments, exclusive of escalation clauses, on non-cancelable leases as of December 31, 1999 (\$000's):

Period	Amount
2000	\$ 8,127
2001	5,519
2002	5,286
2003	5,191
2004 through 2009	22,262

Rent expense for the years ended December 31, 1999, 1998 and 1997 was \$8.4 million, \$5.7 million and \$2.5 million respectively.

PartnerRe Services Ltd., a wholly owned subsidiary of the Company, rents office space from Swiss Re in Zurich, Switzerland. The lease became effective November 1, 1993 and was renewed until March 31, 2000. Future minimum rental payments through March 31, 2000 under the lease (which are included in the amounts in the above table) are \$6,000. Rent expense for the years ended December 31, 1999, 1998 and 1997 was \$285,000, \$288,000, and \$283,000, respectively.

14. Commitments (Continued)

Employment Agreements

The Company has entered into employment agreements with its executive officers for periods extending up to December 2000. These agreements provide for annual compensation in the form of salary, bonus, options to purchase shares in the Company and the reimbursement of certain expenses, as well as certain severance provisions.

Service Agreement with Winterthur

To ensure the ongoing smooth operation of the Swiss Operations and certain units of Winterthur until the transition of the Swiss Operations to PartnerRe is completed (expected in 2000), the Company has entered into a Services Contract with Winterthur which provides for the use of office space until March 31, 2000 and information systems as well as accounting and other services until December 31, 2000 unless it is cancelled or extended by mutual agreement. Net fees payable to Winterthur Swiss Insurance Company under this Service Contract in 2000 are approximately \$1.6 million.

15. Fair Value of Financial Instruments

Statement of Financial Accounting Standards ("SFAS") No. 107 "Disclosures about Fair Value of Financial Instruments" requires disclosure of fair value information of financial instruments. For certain financial instruments where quoted market prices are not available, management's best estimate of fair value may be based on quoted market prices of similar instruments or on other valuation techniques. Financial instruments may or may not be recognized on the balance sheet. SFAS 107 excludes insurance contracts, other than financial guarantees and investment contracts and certain other financial instruments.

The following methods and assumptions were used by the Company in estimating fair market value of each class of financial instruments recorded on the consolidated balance sheet:

Fair value for fixed maturities, short-term investments and equities are based on quoted market prices. Carrying value of long term debt and other invested assets approximate fair value. Policy benefits for life and annuity contracts, requiring disclosure under SFAS 107, have a fair value equal to the cash value available to the policyholder should the policyholder surrender the policy.

15. Fair Value of Financial Instruments (Continued)

The carrying values and fair values of the financial instruments recorded in the consolidated balance sheet as at December 31, 1999 and 1998 were as follows (\$000's):

	1999		1998	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Fixed maturities	\$ 4,776,148	\$ 4,776,148	\$ 4,342,615	\$ 4,342,615
Short term investments	58,477	58,477	42,624	42,624
Equities	186,708	186,708	122,816	122,816
Other invested assets	35,286	35,286	42,343	42,343
Liabilities				
Net policy benefits for life and annuity contracts	\$ 996,857	\$ 914,979	\$ 1,303,378	\$ 1,128,070
Long-term debt	220,000	197,290	220,000	220,000

Statement of Financial Accounting Standards No. 119 "Disclosures about Derivative Financial Instruments with Off-Balance Sheet Risk and Fair Value of Financial Instruments" requires additional disclosure for entities that hold or issue derivative financial instruments for purposes other than trading.

To the extent that the Company has net asset positions in non-U.S. dollar currencies, the Company may purchase forward foreign exchange contracts to sell currencies (mainly the Euro and Canadian dollar, in amounts equal to its net asset positions in those currencies). As at December 31, 1999 and 1998, cumulative net realized losses of \$1.1 million and \$10.7 million, respectively, related to these contracts, were included in the currency translation account, a component of "accumulated other comprehensive income".

The Company also uses forward foreign exchange contracts to hedge currency exposures of securities held in the Company's investment portfolio. These contracts are classified as financial instruments held or issued for purposes other than trading. As at December 31, 1999 and 1998, net unrealized gains of \$0.2 million and \$nil, respectively, were included in net unrealized gains on investments, a component of "accumulated other comprehensive income".

In both cases above, changes in the value of the forward foreign exchange contracts offset changes in the value of the underlying investments being hedged. The Company is exposed to credit risk in the event of nonperformance by the other parties to the contracts. However, because the counterparties to these agreements are high quality international banks, the Company does not anticipate nonperformance. The difference between the contract amounts and the related market value is the Company's maximum credit exposure.

15. Fair Value of Financial Instruments (Continued)

Forward foreign exchange contracts outstanding at December 31, 1999 and 1998 were as follows (\$000's):

	Contract Amount	Market Value	1999 Net Unrealized (Losses) Gains	Contract Amount	Market Value	1998 Net Unrealized (Losses) Gains
Receivable	\$ 81,827	\$ 81,741	\$ (86)	\$ 377,491	\$377,593	\$ 102
Payable	(81,827)	(81,531)	296	(377,491)	(374,651)	2,840
Net	\$ —	\$ 210	\$ 210	\$ —	\$ 2,942	\$ 2,942

Included in the table above are forward exchange contracts which have been closed by offsetting contracts maturing on the same date with an aggregate value of \$nil and \$58.8 million in 1999 and 1998, respectively.

Futures Contracts

The Company uses equity index futures as part of its asset allocation strategy, whereby equity index futures contracts are held in an amount equal to the market value of an equity market exposure. Each index futures contract held by the Company is rolled over quarterly into a new contract with a later maturity, thereby maintaining a constant equity market exposure. The market value of equity index futures contracts held at December 31, 1999 was \$94 million.

Exchange traded bond and note futures are used by the Company as substitutes for ownership of the physical bonds and notes for the purposes of managing portfolio duration. The market value of bond and note futures contracts held at December 31, 1999 was \$142 million.

16. Credit Agreements

The Company has entered into agreements with financial institutions to provide unsecured committed credit facilities in the aggregate amount of \$250 million. These facilities provide for the issuance of lines of credit and letters of credit. Under the terms of certain reinsurance agreements, irrevocable letters of credit were issued on an unsecured basis in the amount of \$173.8 million, \$63.8 million, and \$54.5 million at December 31, 1999, 1998 and 1997, respectively, in respect of reported loss reserves.

17. Segment Information

In 1998, the Company adopted Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise". The determination of the Company's reportable segments is based on how the Company is managed. The Company employs a matrix organization whereby the core underwriting operations are managed by teams of "Client Partners", which generally are responsible for geographic zones, and "Technical Partners", which are responsible for specialty lines or classes of business.

17. Segment Information (Continued)

Management believes measuring underwriting results by line of business is the most relevant representation of the segmentation of the Company's underwriting operations. As a result of the Acquisition, the Company has further diversified its operations and has strengthened its existing specialty lines. As of April 1, 1999, the Company further defined its organizational structure and, accordingly, the Company's segment reporting has been amended. The corresponding information for prior periods has been restated to conform to the current period.

Because the Company does not manage its assets by segment, investment income is not allocated to the segments of the property and casualty reinsurance operations. However, because of the interest sensitive nature of some of the Company's Life products, investment income is considered in management's assessment of the profitability of the Life reinsurance operations. The following items are not considered in evaluating the results of each segment: other operating expenses, net realized investment gains/losses, other income, goodwill amortization, interest expense, net foreign exchange gains/losses, income tax and preferred share dividends. Segment revenues and profits (or losses) are shown net of intercompany transactions.

Management measures segment results for the property, casualty and specialty segments on the basis of the "technical ratio", which is obtained by dividing the sum of the loss and loss adjustment expenses and acquisition costs by net premiums earned. Management measures segment results for the Life segment on the basis of "technical result" which is defined as net premiums earned less loss and loss adjustment expenses and acquisition costs. The following table provides a summary of the segment revenues and results for the years ended December 31, 1999, 1998 and 1997 (\$ millions):

Property (including Catastrophe)	1999	1998	1997
Net premiums written	\$ 436.0	\$ 383.4	\$ 293.6
Net premiums earned	446.6	391.9	324.0
Technical ratio ⁽¹⁾	106.6 %	69.5 %	45.4 %
Casualty (including Automobile)			
Net premiums written	\$ 358.5	\$ 173.0	\$ 60.5
Net premiums earned	338.2	166.4	71.2
Technical ratio ⁽¹⁾	116.0 %	107.7 %	102.0 %
Specialty (Agriculture, Marine, Aviation/Space, Credit/Surety, Miscellaneous)			
Net premiums written	\$ 308.9	\$ 83.9	\$ 44.6
Net premiums earned	325.8	79.5	50.0
Technical ratio ⁽¹⁾	84.2 %	79.2 %	84.3 %
Life, Annuity & Health			
Net premiums written	\$ 223.0	\$ 46.6	\$ 29.1
Net premiums earned	227.4	47.8	31.0
Technical result ⁽²⁾	(78.5)	0.1	(2.8)
Investment income	107.8	5.1	2.0
Net technical result	\$ 29.3	\$ 5.2	\$ (0.8)

⁽¹⁾ Technical ratio is obtained by dividing the technical result by net premiums earned.

⁽²⁾ Technical result is defined as net premiums earned less loss and loss adjustment expenses and acquisition costs.

PartnerRe Ltd.
Notes to Consolidated Financial Statements

17. Segment Information (Continued)

Reconciliation to Income before taxes:	1999	1998	1997
Technical result	\$ (110.6)	\$ 123.6	\$ 180.6
Other operating expenses	(93.1)	(33.2)	(26.2)
Net investment income	307.6	169.4	121.0
Net realized investment (losses) gains	(15.9)	23.7	18.0
Other income	0.7	0.9	0.4
Interest expense	(12.9)	(1.1)	—
Amortization of goodwill	(25.7)	(9.7)	(4.6)
Net foreign exchange gains (losses)	0.9	3.5	(0.5)
Income before taxes	\$ 51.0	\$ 277.1	\$ 288.7

The following table provides the geographic distribution of gross premiums written for the years ended December 31, 1999, 1998 and 1997 (\$ millions):

	1999	1998	1997
Europe	\$ 629.9	\$ 354.2	\$ 210.2
North America	631.9	270.9	176.6
Asia, Australia and New Zealand	135.5	87.8	63.9
Latin America and the Caribbean	27.0	16.6	19.4
Africa	8.7	6.3	2.4
Total gross premiums written	\$ 1,433.0	\$ 735.8	\$ 472.5

The Company produces its business both through brokers and through direct relationships with insurance company clients. None of the Company's clients accounted for more than 4% of total gross premiums written. One broker accounted for approximately 10%, 12% and 13% of total gross premiums written in 1999, 1998 and 1997, respectively. All segments include business written through this broker.

PartnerRe Ltd.
Notes to Consolidated Financial Statements

18. Unaudited Quarterly Financial Information

(\$ millions except per share amounts)	1999				1998			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Net premiums written	\$ 296.5	\$ 320.0	\$ 301.8	\$ 408.1	\$ 106.8	\$ 142.7	\$ 168.8	\$ 268.8
Net premiums earned	349.4	346.9	326.0	315.8	171.3	168.9	177.1	168.3
Net investment income	79.2	78.3	78.1	72.9	44.4	43.1	41.8	40.1
Net realized investment gains (losses)	16.0	(31.6)	(4.0)	3.7	(1.3)	6.4	1.5	17.1
Other income	0.1	0.3	0.5	(0.1)	0.2	0.3	0.2	0.2
Losses and loss expenses	350.2	290.6	267.8	221.5	105.0	110.6	93.4	87.9
Acquisition costs and other expenses	113.9	98.6	106.7	92.5	50.1	52.2	48.7	47.3
Amortization of goodwill, interest expense and net foreign exchange (gains) losses	11.0	4.5	13.1	10.1	2.0	0.2	2.4	2.7
Income tax expense (benefit)	(20.1)	(15.6)	(7.3)	(0.8)	(5.9)	0.5	6.1	10.1
Net (loss) income	(10.3)	15.8	20.3	69.0	63.4	55.2	70.0	77.7
Preferred dividends	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Net (loss) income available to common shareholders	(15.3)	10.8	15.3	64.0	58.4	50.2	65.0	72.7
Earnings per common and common equivalent share:								
Diluted operating (loss) income per common share	\$ (0.55)	\$ 0.78	\$ 0.33	\$ 1.11	\$ 1.08	\$ 0.76	\$ 1.12	\$ 1.08
Diluted net (loss) income per common share	\$ (0.30)	\$ 0.21	\$ 0.28	\$ 1.15	\$ 1.05	\$ 0.90	\$ 1.12	\$ 1.25
Dividends per common share	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22
Common stock price range								
High	\$ 34.00	\$ 39.50	\$ 41.25	\$ 46.00	\$ 46.44	\$ 52.38	\$ 52.00	\$ 49.75
Low	29.38	34.00	36.44	39.50	34.00	40.06	48.44	43.63

To the Board of Directors and Shareholders of PartnerRe Ltd.

We have audited the accompanying consolidated balance sheets of PartnerRe Ltd. and subsidiaries (the 'Company') as of December 31, 1999 and 1998, and the related consolidated statements of operations and comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion such consolidated financial statements present fairly, in all material respects, the financial position of PartnerRe Ltd. and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States.

Deloitte & Touche

Hamilton, Bermuda
February 8, 2000

The management of PartnerRe Ltd. is responsible for the integrity of the financial information included in this annual report and for assuring that such information presents fairly the consolidated results of PartnerRe Ltd. The financial statements have been prepared in conformity with accounting principles that are generally accepted in the United States. The financial statements include amounts that are based on management's best estimates and judgments. The financial information presented elsewhere in this annual report is consistent with the financial statements.

The accounting systems and internal accounting controls of the Company are designed to provide reasonable assurance that transactions are executed in accordance with management's authorization, that the financial records are reliable for preparing financial statements and maintaining accountability for assets, and that assets are safeguarded against losses from unauthorized use or disposition. Qualified staff throughout the Company maintain and monitor these internal accounting controls on an ongoing basis.

The Company strives to foster an ethical environment such that its affairs are conducted in accordance with the highest standards of business and personal conduct.

Deloitte & Touche, our independent auditors, have audited the financial statements of the Company, and their audit report is included on page 86. In this regard, in conducting their audits, the independent auditors have full access to all of the Company's records, each member of management and the Audit Committee. Such audits are conducted in accordance with auditing standards generally accepted in the United States and include a review of internal controls, tests of transactions and other auditing procedures as they believe are necessary to express an opinion about the Company's financial statements.

The Audit Committee of the Board of Directors, which is composed solely of non-management directors, oversees management's fulfillment of its financial reporting responsibilities. Audit Committee activities are discussed on page 88 in the Audit Committee Chairman's Letter.

Herbert N. Haag
President & Chief Executive Officer

Harold C. Hoeg
Group Controller

Audit Committee Chairman's Letter

The Audit Committee of the Board of Directors is composed entirely of non-management directors. The members of the Audit Committee are: David T. McLaughlin, Chairman of the Audit Committee, Robert B. Horton and Lucio Stanca. The Committee held four meetings during 1999.

The Audit Committee oversees management's fulfillment of its financial reporting responsibilities and also oversees the system of internal controls established by management. In fulfilling its responsibility, the Committee recommended to the Board of Directors, subject to shareholder approval, the selection of Deloitte & Touche as the Company's independent auditors. The Audit Committee discussed with representatives from Deloitte & Touche the overall scope and specific plans for their audit. The Committee has also discussed the Company's financial statements and adequacy of the Company's internal control structure.

The Committee met with management and representatives of Deloitte & Touche to discuss financial reporting and auditing matters. Representatives from Deloitte & Touche are given the opportunity to meet with the Audit Committee to discuss, without management present, the results of their audits, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting. Deloitte & Touche has, at all times, access to the Audit Committee.

David T. McLaughlin
Chairman, Audit Committee

PartnerResearch

Conducting research in our areas of expertise and providing timely coverage on large loss events and their effects is an important part of our service. In 1999 we produced research reports on the avalanches in the European Alps in February, the Mont Blanc tunnel accident in March and the Turkey earthquake in August. Please check our Web site for a full list of our research publications and ordering details.



Review of Major Events

Originally published in our Annual Report, the *Review of Major Events* is reprinted as a separate publication each year.



PartnerReviews

Our newsletter communicates our views on events in the world insurance and reinsurance markets, and news from within the Group.



PartnerRe.com

PartnerRe information is accessible on the World Wide Web, located at <http://www.partnerre.com>.



All of PartnerRe's publications are available from our Corporate Relations Manager, Celia Luthi Powell, in our Bermuda office (powell@partnerre.com).

PartnerRe Organization



Group Management

Executive Committee

(from left)

Hervé Cachin
SAFR PartnerRe

Herbert N. Haag
President & Chief Executive Officer
PartnerRe Ltd.

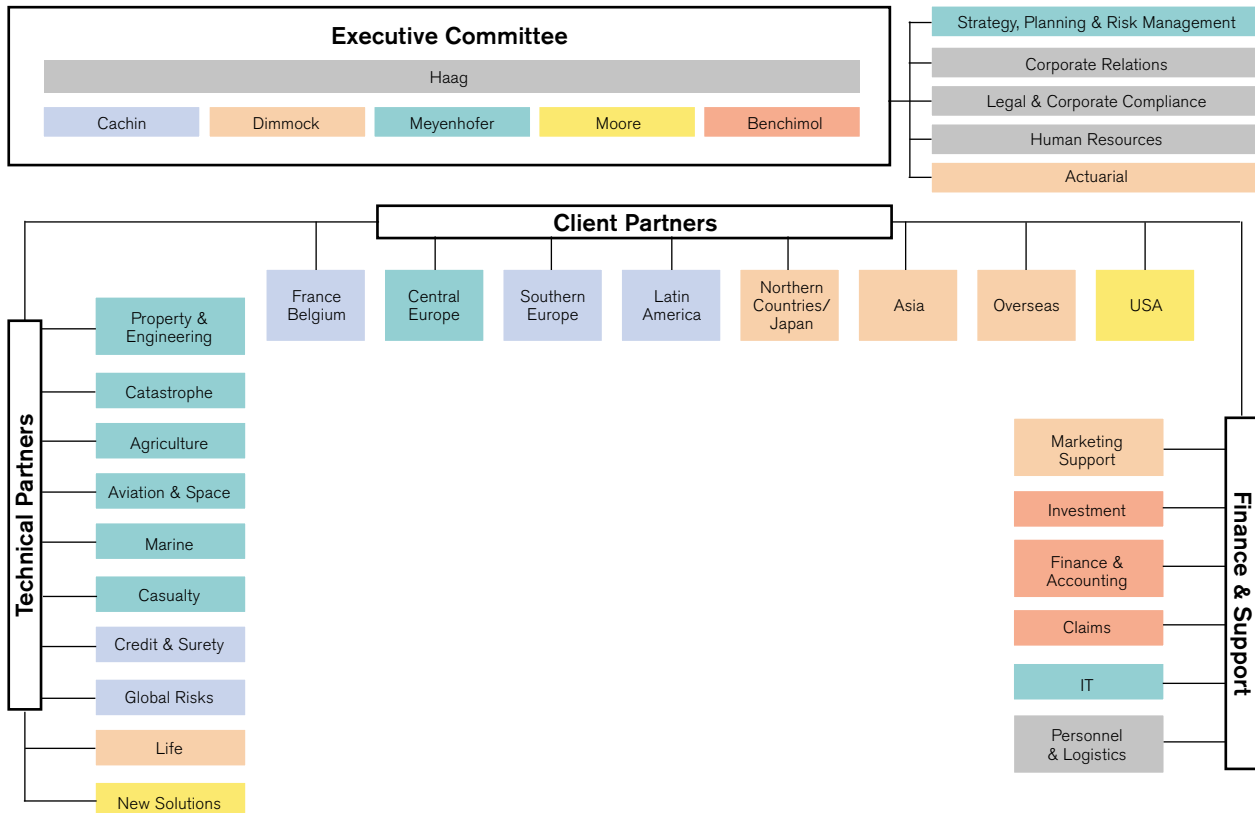
Graham J. Dimmock
SAFR PartnerRe

Scott D. Moore
PartnerRe U.S.

Bruno Meyenhofer
Partner Reinsurance
Company, Zurich

Albert Benchimol
Chief Financial Officer
PartnerRe Ltd. (not pictured)
(Effective April 1, 2000)

PartnerRe Group Organizational Structure





Client Partners

Client Partners

(from left)

Latin America
Salvatore Orlando

Central and Eastern Europe
Patrick Delalleau

France - Belgium - Luxembourg
François-Bernard Savelli

Canada - Australia/New Zealand -
Middle East - Africa
Pierre Laurent

Southern Europe
Olivier Guiffart

Asia
Jean Noël Schoutteten



Client Partners – United States

United States

(from left)

John Robilotta

John Murad

Roger Jacobsen

Dennis Giannos

Jean-Pierre Fillebeen

Robert Mezzasalma

Group Functions

(not pictured)

Strategy, Planning & Risk Management
François Vilnet

Corporate Relations
Celia Luthi Powell

Legal & Corporate Compliance
Christine Patton

Human Resources
Diana Wilson

Chief Actuary - Life
Kurt Roth



Technical Partners

Technical Partners

(back row, from left)

Catastrophe
Willi Schürch

Agriculture
Erich Kasten

Aviation and Space
Benjamin Weber

New Solutions
Peter Nikitaidis

Chief Underwriting Officer P&C
Heinz Vollenweider

Deputy Chief Underwriting Officer P&C
Kurt Angst

Life
Franck Pinette

(front row, from left)

Global Risks
Philippe Piquier

Marine
Maurus Iseli

Casualty
Emil Bergundthal

Credit and Surety
Peter Filliger

Finance & Support

(from left)

Finance & Accounting
Harold Hoeg
John Adimari

Investments
Robert MacGovern

Finance & Accounting
Hugo Singer
Jacques Lemaire

Information Technology
Gary Cheetham
(not pictured)



Finance & Support

Our Strength

Vera Abati • John Adimari • Norbert Aepli • Gilles Agostini • Cathy Aicardi • Corrine Alaimo • Chantal Albert • Claudia Albrecht • Charles A. Allen • James Allen • Paula Alves • Magdaléna Amat • Garcia • Manuela Anderegg • Nathalie André Georg Andrea • Kurt Angst • Michel Ansermet • Felix Arbenz • Stella Assante • Vincent Assenato • Isidra Aumont Hélène Avedikian • Jean-Michel Aymard • Zina Baccouche • Andreas Balg • Eugen Balogh • Françoise Barbier • Marie-Christine Barjon • Alain Barraud • Pascale Barriere • Philippe Bartolo • Ghyslaine Batisse • Jean Pierre Bédoussa Monika Behr • Anna Barbara Bek • Amin Belabou • Arlette Bélard • Albert Benchimol • Sue Benson • Emil Bergundthal Claude Bernard • François Bianchi • Markus Biner • Martine Binois • Peter Bitterlin • Georges Blain • Theodore Blank Hervé Blumenthal • Prisca Boldo-Melani • Sari Bollmann • Eric Bonvin • Thierry Bony • Christa Borowy • Sophie Borrens • Mary Ann Bostic • Elisabete Bougis • Akim Boukdour • Valérie Bouley • Dorothea Boumezbar • Alain Bourdet • Pascal Bourquin • Estelle Boussendorfer • Didier Bouvet • Phillip Bracco • G.S. Bradley • Denis Brailon Michel Breton • Corinne Bretonnet • Hervé Brice • John Brill • Marcel Broghe • Markus Brugger • Jürg Buff • Fabienne Bui Dinh • Yvonne Bürgi • Werner Burkhardt • Peter Buser • Jean Pierre Buteau • Patricia Buteau • Hervé Cachin • Pat Cadaret • Jean Pierre Caillard • Laurinda Calvario • Reto Candinas • Morgann Canny • John Capizzi • Simone Capon Alix Carbonell • Dalia Cardoso • Cécile Carel • Patrick Carnec • Roslie Carter • Herve Castella • Dominique Catrini Gérard Chabas • Philippe Charton • Alain Chary • Patrick Chéreau • Patrick Chevrel • Rémi Cheymol • Pete Cholewa Lena Chua • Angela Chung • Celeste Ciarletti • John Ciccione • Maylis Cicile • Emmanuel Clarke de Dromatin • Abigail Clifford • Michael Coco • Denise Cole • Olivia Collet • Catherine Collora • Catherine Colombier • Sylvia Colopy Brigitte Corbonnois • Monique Cornier • Raymond-Marc Courgeau • Marie Pierre Courtefois • Christophe Coutelet Hildegard Crucenzo • Antonio Cucciniello • Marie-Odile Da Silva • Bruce Dai • Tim Daniels • Paul-Antoine Darbellay Valérie Darmon • Dawn Darrell • James Davis • Rosalee Davis • Fabrice De Berny • Jacques De Bruijn • Laurent De Carlo Claudette De Luca • Damiano De Paris • Véronique Dedou • Francine Degueret • Bernard De La Bourdonnaye • Alain De La Rochebrochard • Ana Del Mazo • Patrick Delalleau • Josette Delamare • Françoise Delattre • Thierry Delcour Chantal Delor • Maryline Demante • Katia Depuydt • Monique Dequenne • Arnaud De Rodellec du Porzic • Sylvain Desforges • Madeleine De Silva • Daniel Desplantes • François Dick • Mariline Didier Laurent • Benjamin DiGerogio Graham Dimmock • Christof Dobiess • James Dolan • Myriam Dossche • Huong Douangphrachandr • Michele Dowling Robert Dragonetti • Marlène Dreano • Annick Drubin • Thierry Dubocage • Maria-Hélène Dujardin • Hervé Duke Yvonne Dulong • Emmanuel Dumont • Claudie Dupuis • Evelyne Duquesne • Wima Easley • Christophe Eberle Stefan Eichl • Atilla Erarslan • Delphine Espeyte • Magda Ezzeldin • Dana Farrington • Isabelle Fauche Jean-François Faye • Doug Fernandes • Elia Ferreira • Jean-Pierre Fillebeen • Peter Filliger • Isabelle Fiolo • André Firon • Silvio Fischer • Susan Fischer • Jerson Florencio • Ellen Fokkema • Caroline Fontaine • Dominique Fouché Patrice Fourgassie • Karen Franklin • Peter Frei • Christian Frémond • Hans-Markus Frey • Jean Frey • Jeanne Frey Peter Fritschi • Sylvie Fromentin • Alex Frutieux • Ruedi Gaehler • Sylvie Galliau • Nathalie Gandrille • Rolf Gantner José Garavet • André Gardé • Jeanine Garnier • Milena Gasser • Daniel Gaus • Etienne Gayraud • Christian Gehrein Ezio Gennaro • Rose Gerken • Vincent Gerondeau • Michael Gertsch • Dennis Giannos • Annick Gilbert • Danielle Godefroy • Nadège Goncalves • Nadine Gondelle • Immaculada Gonzalez • Janet Gonzalez • Didier Gouéry • Thierry Goujard • Danielle Goujet • Claire Goulet • Delphine Goutteratel • Correta Grant • Robert Grausam • Michael Graziano Jennifer Greene • Serge Grisoni • Patrizia Grosso • Huguette Grozos • Christine Gruyer • Martine Guentleur • Pierre Guérin • Rosalee Guglielmo • Olivier Guiffart • Pierre Guittoneau • Joseph Gullo • Béatrice Gut • Herbert Haag • Millie Haberly • Nicole Hamays • Albert Hamon • Jennifer Hamrick • John Hanft • Elry Harder • John Harmonay • Marie Françoise Harrissart • Anna Hart-Trevino • Christine Haslach • Cathy Hauck • Meredith Head • Thomas Heintz • Ernst Held • Corinne Hepner-Brafman • Arlette Hermet • Britta Hesse • Harold Hoeg • Max Hofer • Lotte Holler • Robert Holliday • Hansruedi Hottinger • Brigitte Huber • Marc Hunsperger • Pietro Hunziker • Marie Christine Hurbain • Max Huth Toni Idlett • Pascal Illien • Bill Ireland • Maurus Iseli • Paulina Isler • Roger Jacobsen • Helmut Jäger • Reinier Jansen Gordon Jardin • Sandy Jarrett • Karine Jean • Millie Jerushalmy • Bruno Joassin • Penny Jobson • Christiane Jolivet Dominique Jolly • William Joseph • Petra Jungblut • Daniel Junker • Manuel Kägi • Eleanor Kalik • Erich Kasten Madeleine Kästli • Pascal Kaul • Daniel Keenan • Martine Kéval • Jean Pierre Kervella • Kwang-Han Kim • Norman Klienman • Peter Knellwolf • Marcus Kolano • Elisa Kollek • Robert Kouba • Rosita Kraml • Yanina Krubitski • Sarah Krutov • Matthew Kuczway • Birgit Künzler • Marianne Küpfer • Martin Küpfer • Sonja Kym • Christiane Lacour



Group Advertising
Campaign
1999/2000

PartnerRe Employees



Patrick Lacourte • Richard LaGuarina • James Lamberty • Audrey Landes • Mylene Laplace • David Lappin • Daniel Larkin
Adrian Läubli • Jean Marc Laurent • Pierre Laurent • Robert Laxton • Véronique Le Boles • Jocelyne Le Guennec
Danielle Le Moullec • Jean-Michel Lecerf • Catherine Ledieu • Gary Lee • Sebastian Lee • Ghislaine Léglise • Sophie
Lehmann • Urs Lehmann • Jacques Lemaire • George Letts • Philippe Lévêque • Jean Paul L'Hénoiret • Patrick Li
Susana Li • Zhang Li • Christina Lilburn • Jeremy Lilburn • Christina Lim • Barbara Linsi • Cathie Lombardi • Jose
Lopez • David Lubotsky • Madeleine Lucien • Cherly Ludwick • Barbara Lumini • Peter Lusti • Celia Luthi Powell • Robert
MacGovern • Fabrizia Maggi • Thierry Magnien • Andrew Mak • Martine Manaud • Andrea Manella • Christian Marais
Salomon Marciano • Sandra Marrale • Winifred Marshall • Cookie Martin • Mary Ann Martinez • Tonia Martinez • Lucette
Mathouchanh • Henri Mauxion • Beat May • Karin Mayrhofer-Duss • Robert Mazzasalma • Michael McDonald • Scott
McGuane • Rita McNally • Mete Mefat • Marianne Meier • Thomas Meier • Annyvonne Menez • Anne Mery
Hilary Metcalfe • Hansruedi Mettler • Doris Meuli • Martine Meunier • Bruno Meyenhofer • Thomas Meyer • Pierre
Michel • Gail Middleton • Philippe Millasson • Louis Misiti • Christoph Moggi • Agata Molag • Gilles Mongodin • Sonam
Phuntsok Monkhar • Gladys Montout • James Moore • Scott Moore • Nadège Morel • Françoise Moreno • Dominique
Morisseau • Elsie Morrison • James Mortimer • Amanda Mounsey • Roger Mowrey • Richard Muller • Chris Mulligan
Beatrix Mürger • John Murad • Maine Murray • Eva Myczewski • Monika Nadler • Shinji Nagao • Marie Navarro • Serge
Neveu • Zorah Neveu • Jan Sin Ngor • Hoai Nguyen • Peter Nikitaidis • Anne Nozick • Phillip Nye • Dennis O'Connor
Finbar O'Flanagan • Salvatore Orlando • Victor Osuna • Daniela Otz • Dalila Oularbi • Maria Outerbridge • Johanna
Padin • Corinne Paganini • Vito Pagliara • Roger Palmer • Carman Pang • Koyta Parker Chung • Valerie Parson • Brigitte
Pasquier • Alberto Pasquinelli • Anita Passot • Christine Patton • Vivian Pavia • Kelley Peacock • Tanya Peduto • Isabella
Peduzzi • Thierry Pelgrin • Patrice Peltier • Natividad Pena • José Perez • Maria de los Angeles Perreant • Marie Claude
Perrillat Amede • Bruce Perry • Silvio Pertoldi • Phillip Pettersen • Roland Peyer • Gabrielle Pfeiffer • Eugene Phillips
Andrea Piatti • Thierry Picou • Pascale Pierrard • Antoine Pin • Franck Pinette • Philippe Pinquier • Fatima Pinto
Laurence Plateau • Michel Ployé • Marco Porri • Jean-Jacques Pôté • Susan F. Powell • Xavier Prayssac • Laurent Praz
Carol Prochaska • Marina Prokhorova • Odette Puivin • Rolf Pulfer • Guadalupe Quindos • Andrea Raack • Marie José
Radonjic • Peter Radvila • David Rambaut • Roland Rapold • Jürg Raschle • Sahondra Ratovonarivo • Gilbert Richard
Dominique Ries • Brigitte Rioni • Linda Rivera • John Robilotta • Laurent Rochat • Serge Rocourt • Jody Rodgers
Ann Marie Rodriguez • Nadine Rodriguez • Messody Roset • Kurt Heinz Roth • Christine Rouger • Pascale Ruault
Michael Rüegger • Joanne Ryan • Brigitte Ryffel • Thomas Ryser • Maria de los Angeles Saidonni • Hubert Saint-Crique
Lynda Salas • Elisabeth Salmon • Isabelle Samb • James Sanchez • Debbie Sanders • Tatiana Santarossa • Tord
Sarheim • Pascal Saulnier • François-Bernard Savelli • Joseph Saydlowski • Merna Scarborough • Hansjörg Schären
Robert Schätti • Andrea Schellenberg • Ricardo Schellenberg • Franco Scheureck • Christiane Schlatter • Fabian
Schönenberg • Jean-Noël Schoutteten • Antoinette Schüpbach • Willi Schürch • Jürg Schürer • Edgar Schurr • Lucy
Schuurmann • Arnaud Schwalm • Jürgen Schwärmer • Alain Schweyer • Brian Secrett • Andrea Seethaler • Kelley
Seidito • Martine Seni • Nathalie Senrens • Juan Serra • Alexia Seymour • Anzai Shiori • Stephen Shirazi • George
Shoon • Cheryl Shuford • Lotti Siegrist • Lisa Sims • Hugo Singer • Hardial Singh • David Sinnott • Michael Skay
Patricia Smatt • Emma Smith • Karen Smith • Randolph Smith • Maryse Souquière • Aurore Soyer-Rocourt
Jürg Spiess • Vicki Stafford-McKenzie • Sabina Stasi • Beatrice Staub • Jurij Stebih • Anne Stefani • Daniela Steiner
Robin Stephen • Walter Sträuli • Renate Stucki • Catherine Sutcliffe • Rainer Syring • Raney Taquino Jr. • Lucy Telles
Magdalena Temesi • Ursula Thalmann • Guillaume Theulieras • Glenn Thigpen • Jean-Luc Thomas • Rick Thomas
Emmanuel Thommen • Gérard Tieb • Manfred Tischhauser • Edith Toel • Pierre Tognetti • Christian Trachsel • Christian
Trachslar • Violet Trinidad • Katarina Tschan • Esra Tug • Eija Tuulensuu • Min Min Valenti • Terence van Niekerk • Danny
Vega • Renato Verderame • Sylvie Veyrent • Reto Villiger • François Vilnet • Françoise Visiedo • Laurence Vitte
Christian Vogel • Peter Vogt • Heinz Vollenweider • Thomas Voltz • Christina Vu • Michel Vuliez • Christiane Vulliez
David Stanley Waddell • Mark Waddington • Paula Mae Wade • Hans Walder • Ray Walker • Didier Warzée • Chantal
Wasterlain • Jean Claude Wasterlain • Willie Waters • Teresa Weaver • Benjamin Weber • Caroline Wee • Diana
Welger-Fionda • Thomas Wenninger • Franz Wettach • Liz Wiederkehr • Robert J. Willis • Diana Wilson • Eva
Wolfensberger • Bella Wong • Joseph Wozniak • Suzanne Wren • Roberto Wüst • Urs Wüst • Linda Yang • Susan Yap
Karen Yiong • Robert Zahner • Martin Zeller • Michael Zielin • Arkadiusz Ziomek • Doris Zizi • Pius Zuppiger

Shareholder Information

Board of Directors

- 1) 3) 5) **David T. McLaughlin**
Chairman
CBS
New Hampshire, USA
- 2) **Herbert N. Haag**
President & Chief Executive Officer
PartnerRe Ltd.
Pembroke, Bermuda
- 5) **John C Head III**
Managing Member
Head & Company L.L.C.
New York, USA
- 2) 3) 4) **Sir Robert B. Horton**
Stoke Abbas
South Stoke, Nr. Reading
Berkshire, England
- 5) **Walter B. Kielholz**
Chief Executive Officer
Swiss Reinsurance Company
Zurich, Switzerland
- 2) **Bruno Porro**
Chief Reinsurance and Risk Officer
Swiss Reinsurance Company
Zurich, Switzerland
- 3) 4) **Lucio Stanca**
Chairman
IBM Europe Middle East Africa
Paris, France
- 2) 4) **Frederick B. Whittemore**
Advisory Director
Morgan Stanley Dean Witter
New York, USA
- 1) Chairman of the Board
- 2) Member of Risk Management Committee
- 3) Member of Audit Committee
- 4) Member of Investment Committee
- 5) Member of Compensation Committee

Corporate Secretary

Christine Patton
PartnerRe Ltd.

Shareholders Meeting

The 2000 Annual General Meeting will be held on May 19, 2000, in Pembroke, Bermuda.

Independent Accountants

Deloitte & Touche
Church & Parliament Streets
Hamilton, Bermuda

Outside Counsel

Willkie Farr & Gallagher
787 Seventh Avenue
New York, NY 10019

Appleby, Spurling & Kempe
41 Cedar Avenue
Hamilton, Bermuda

Market Information

PartnerRe common shares are traded on the New York Stock Exchange under the symbol "PRE".

PartnerRe 8% Series A Cumulative Preferred shares are traded on the New York Stock Exchange under the symbol "PRE PrA".

As of March 15, 2000, the approximate number of common shareholders was 10,600

Stock Transfer & Dividend Agent

State Street Bank & Trust Company
c/o Boston Equiserve Limited
Partnership
150 Royal Street
Canton, MA 02021

Additional Information

PartnerRe's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, is available at the Corporate Headquarters in Bermuda.

Corporate Headquarters

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Telefax (1 441) 292 6080

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Telefax (1 441) 292 6080

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Telefax (33 1) 44 01 17 80

New York

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Telefax (1 212) 416 5800

Dallas

PartnerRe Life Insurance Company
of the U.S.
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Dallas, TX 75265-0391
USA
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Telefax (1 214) 559 1219

Branch Offices

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Switzerland
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Canada
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Telefax (1 416) 861 0200

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PartnerRe
Singapore Branch
No. 7 Temasek Boulevard
Suntec Tower One #39-03
Singapore 038987
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Telefax (65) 338 7473

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Telefax (82) 2 733 1028



*PartnerRe's Swiss Branch location in Zurich,
as of March 2000.*

