

## **CODE OF BUSINESS CONDUCT AND ETHICS**

### **PRIMUS GUARANTY, LTD.**

The reputation and integrity of Primus Guaranty, Ltd. (together with its subsidiaries, including without limitation Primus Asset Management, Inc. and Primus Guaranty (UK) Ltd., the “Company”) are valuable assets that are vital to the Company’s success. Each employee of the Company, including each of the Company’s officers, as well as each director, is responsible for conducting the Company’s business in a manner that demonstrates a commitment to the highest standards of ethics and integrity.

The purposes of this Code of Business Conduct and Ethics (this “Code”) are to focus directors, officers and employees on areas of ethical risk and business conduct, to provide guidance to help directors, officer and employees recognize and deal with ethical issues, to provide mechanisms to report unethical conduct, and to foster a culture of honesty and accountability. No code of conduct can replace the thoughtful behavior of an ethical director, officer or employee. Accordingly, dishonest or unethical conduct or conduct that is illegal will constitute a violation of this Code, regardless of whether this Code specifically addresses such conduct.

This Code is based upon the following core values:

In all of the Company’s relationships, including those with the public, shareholders, counterparties, customers, suppliers, regulators, business partners, directors, officers and employees, each director, officer and employee must demonstrate a steadfast commitment to:

- **Integrity;**
- **Honest and ethical conduct;**
- **Compliance with laws, rules and regulations;**
- **Avoidance of conflicts of interest and the appearance of such conflicts;**

- **Full, fair, accurate and timely disclosure by the Company to the public;**
- **Proper delegation, guidance and oversight;**
- **Prompt internal reporting of violations of this Code; and**
- **Accountability for complying with this Code.**

#### Implementation and Oversight of this Code

The Company’s Board of Directors (the “Board”) is ultimately responsible for the implementation of this Code. The Board has designated the Nominating and Corporate Governance Committee (the “Committee”) to oversee the administration of this Code. In overseeing the administration of this Code, the Committee has delegated to the Audit Committee of the Board (the “Audit Committee”) the review and approval, consistent with the listing standards of the New York Stock Exchange (the “NYSE”), of related party transactions that must be disclosed in proxy statements pursuant to rules adopted by the U.S. Securities and Exchange Commission (the “SEC”). One or more compliance officers will assist the Committee with the administration of this Code. The Committee will designate an officer with sufficient seniority and stature within the organization to be the compliance officer for employees and officers, other than executive officers (the “Employee Compliance Officer”). The Chairperson of the Committee will serve as the compliance officer for executive officers and directors and for the Employee Compliance Officer. The Chairperson of the Committee in his or her capacity as a compliance officer and the Employee Compliance Officer are referred to in this Code as the “Compliance Officer.”

Questions regarding the application or interpretation of this Code are inevitable. You should feel free to direct questions to the Compliance Officer.

Statements in this Code to the effect that certain actions may be taken only with the “Company’s approval” mean that the Compliance Officer, or as appropriate, the

Board, the Committee, or the Audit Committee must give prior written approval before the proposed action may be undertaken.

You should read this Code in conjunction with all of the Company's other policy statements and compliance procedures, including, for example, the Company's insider trading policy, the Audit Committee's procedures for the receipt, retention and treatment of complaints and concerns relating to accounting, internal accounting controls and auditing matters, and the Company's relevant employee manuals.

We may ask you to certify on an annual basis that you are in full compliance with this Code and, in the discretion of the Compliance Officer, with related policy statements. All employees will receive periodic training on the contents and importance of this Code and related policy statements and the manner in which violations must be reported and waivers must be requested.

#### Requests for Waiver of Any Provision of this Code

You must submit any requests for a waiver of a provision of this Code in writing to the Compliance Officer a reasonable period in advance of the proposed conduct for appropriate review. Any waiver with respect to a director or executive officer must be approved by the Board, and, where appropriate, upon prior review and recommendation of the Committee, or the Audit Committee.

In some circumstances, the Company must publicly disclose a waiver and/or amendment of this Code. In addition, if a waiver is granted, the Company may have to publicly disclose the nature of the granted waiver, including any implicit waiver, the name of the party or parties benefiting from the waiver, the date of the waiver, and any other disclosures required by the SEC rules or NYSE listing standards.

## Compliance with Laws and Regulations

A variety of laws apply to the Company and its operations, and some carry criminal penalties. These laws include, but are not limited to, U.S. federal and state laws relating to the Company's business, including federal occupational safety laws, and its status as a public company. Examples of criminal violations of the law include, among others:

- making false or misleading disclosures in documents filed with the SEC;
- trading on inside information;
- stealing, embezzling or misapplying the Company's funds or other assets;
- using threats, physical force or other unauthorized means to collect money; or
- making a payment for an expressed purpose on the Company's behalf to an individual who intends to use it for a different purpose.

The Company must, and will investigate, address and report, as appropriate, all violations, including all suspected criminal violations.

It is the responsibility of each director, officer and employee to comply with the laws, rules and regulations applicable to the Company and/or to him or her personally. No director, officer or employee may delegate that responsibility to another person or to the Company.

## Avoidance of Conflicts of Interest and the Appearance of Such Conflicts

The Company requires you promptly to report your outside associations and interests, relationships or activities that may involve a conflict of interest or appearance of a conflict of interest between yourself and the Company to the Compliance Officer so that the Company can take steps to avoid such conflicts of interest. The term "outside

association” includes any affiliation, association, interest, engagement, or employment that you have with an entity other than with the Company.

It is impractical to conceive of and set forth rules that cover all situations in which a conflict of interest may arise. The basic factor in all conflict of interest situations is, however, the division of loyalty or the appearance of a division of loyalty, between the Company’s best interests and your personal interests that could possibly affect, or appears to affect, your judgment or actions relating to the Company. Guidelines with respect to some sensitive areas in which conflicts of interest are likely to occur are set forth below. It is important to keep in mind that the following is not an exhaustive list of problem areas but rather a guide in applying the Company’s basic conflict of interest policy to any situation. The important criterion is adherence to the spirit of this Code.

#### *Business Relationships*

You may have a conflict of interest if you, a member of your family or your business partner or associate owns or has a substantial direct or indirect interest in, or incurs indebtedness to, an entity with which the Company has or is seeking to have a business relationship or with which the Company competes or is seeking to compete. Investments in small amounts of stock or bonds of a large publicly-held company should not, without more, give rise to any conflict of interest. The question of when an investment may become so substantial as to possibly affect, or appear to affect, your judgment is largely dependent on the particular circumstances and must be addressed on a case-by-case basis.

A conflict of interest may also arise when you, a member of your family or your business partner or associate holds a position as director, officer, employee, advisor or

partner of, or consultant, broker, finder or intermediary for, an entity with which the Company has or is seeking to have a business relationship or with which the Company competes or is seeking to compete.

The Company expects that each director, officer and employee will not discharge his or her duties and responsibilities under circumstances that could discredit the Company, unduly cause unfavorable criticism of the Company or impair public confidence in the Company's integrity. Any associations, interests and business relationships that you have that might affect or appear to affect your judgment on Company matters or cause you to act in ways that are not in the best interests of the Company, or that might appear to cause divided loyalties, will be permitted only with the Company's prior approval after it is first reviewed, approved, and reported in the manner prescribed by this Code, or otherwise established by, as appropriate, the Committee or the Audit Committee.

#### *Acceptance of Gifts*

Gifts or favors -- other than those of nominal value -- from persons or entities with which the Company has or is seeking to have a business relationship or with which the Company competes or is seeking to compete and participation in more than occasional social activities with those with whom the Company maintains business relationships may cause or appear to cause a conflict of interest.

#### *Outside Activities/Employment*

Any outside association by employees, including activities with other entities, should not encroach on the time and attention you are expected to devote to your duties and responsibilities to the Company, adversely affect the quality or quantity of your work

product or entail your use of any of the Company's assets, including its real and personal property, or create the appearance (without the Company's approval) of the Company's sponsorship or support. In addition, employees are prohibited from taking part in any outside employment without the Company's prior approval. Under no circumstances is any employee, officer or director permitted to compete with the Company or take for himself or herself or his or her family members or your business partners or associates any business opportunity that belongs to the Company or that the employee, officer or director discovers or that is made available to the employee, officer or director by virtue of his or her position with the Company.

#### *Civil/Political Activities*

The Company supports the participation of its employees in civic, charitable and political activities so long as such participation does not encroach on the time and attention that the employee is expected to devote to his or her duties and responsibilities to the Company. You are to conduct any such activities in a manner that does not involve the Company or its assets or create an appearance of Company involvement, endorsement, sponsorship or support.

#### *Reporting Procedure for Conflicts of Interest and Related Party Transactions*

You must report promptly to the Compliance Officer the existence of any outside association, interest, relationship or activity of which you are aware, as it arises, or any gift or favor that may involve a conflict of interest or the appearance of a conflict of interest. In addition, you must report all related party transactions that the Company will have to disclose publicly under SEC rules because of the NYSE listing standard that requires the Board or an independent committee of the Board to approve all such

transactions. Failure to report such relationships, activities, interests and related party transactions will be a ground for disciplinary action. Disclosure in the Directors' and Officers' Questionnaire does not constitute notification under this Code. Where the nature of the association, interest, relationship, activity or transaction is such that you believe that you are unable to disclose the details of the matter without breaching other confidences, the Compliance Officer or the Audit Committee or the Committee, as appropriate, may, if justified, discuss with you a resolution of the conflict consistent with all of your responsibilities. We encourage directors, officers and employees to consult with the Compliance Officer as soon as possibly upon learning of an association, interest, relationship, activity or transaction that could result in a conflict of interest or the appearance of a conflict of interest or could require public disclosure.

The Compliance Officer or, where appropriate, the Committee, the Audit Committee, or the Board will review your disclosures of any conflict of interest or related party transaction and determine the appropriate manner by which the Company's approval or disapproval would be provided. You must cooperate fully in the review process by providing all information that the Compliance Officer, the Committee, the Audit Committee, or the Board deems necessary to its review. Company actions with respect to the conflict of interest will take into account the spirit of this Code.

All associations, interests, relationships, activities or transactions disclosed by any director, officer or employee in accordance with this policy shall be held in confidence unless the best interests of the Company dictate otherwise, or as otherwise required by law.

### *Resolution of Conflicts*

In all cases, conflicts of interest must be handled in an ethical manner; they must be fully disclosed and considered prior to being resolved. The Compliance Officer or, where appropriate, the Committee or the Board will handle all questions of conflicts of interest.

The Compliance Officer and, as appropriate, the Committee or the Board, may determine, upon review of all relevant facts, that the conduct does not amount to a conflict of interest, or may provide guidance to avoid a conflict from developing.

A conflict of interest may be resolved in a number of ways, including the following:

- In the case of an offer of a gift, including entertainment or meals, the appropriate resolution may be for you to accept or reject the gift;
- Any outside association, interest, relationship, activity or transaction that is fully disclosed in writing to, and is approved in writing by, the Compliance Officer, the Committee, the Audit Committee, or the Board will not be deemed to involve a conflict of interest for purposes of this Code;
- The Committee or the Board may suspend you from some or all of your duties and responsibilities or require you to perform other duties and responsibilities with the Company for such period of time as deemed appropriate or may request that you resign from your position with the Company;
- In the event that the reported conflict of interest involves an outside association, the Company may permanently cease doing business with that association; or
- In the event that the reported conflict of interest involves a director, the director may be required to recuse himself or herself from any decision by the Board on the matter.

### Full, Fair, Accurate and Timely Disclosures by the Company to the Public

If you participate, directly or indirectly, in the preparation of the financial and other disclosures that the Company makes to the public, including in its filings with the SEC or

by press release, you must, in addition to complying with all applicable laws, rules and regulations, follow these guidelines:

- Act honestly, ethically and with integrity;
- Comply with this Code;
- Endeavor to ensure full, fair, timely, accurate and understandable disclosure;
- Managers should, through leadership and communication, make sure that employees of the Company understand the Company's obligations to the public under the law with respect to its disclosures, including that results are never more important than compliance with the law;
- Raise questions and concerns regarding the Company's public disclosure when necessary;
- Provide the Company's directors, officers, employees, outside auditors, attorneys, consultants and advisors involved in the preparation of the Company's disclosures to the public with information that is accurate, complete, objective, relevant, timely and understandable;
- Act in good faith, responsibly and with due care, competence and diligence, without misrepresenting material facts or allowing your independent judgment to be subordinated by others;
- Promote honest and ethical behavior among peers in your work environment;
- Achieve proper and responsible use of and control over all Company assets and resources employed by or entrusted to you;
- Record or participate in the recoding of entries in the Company's books and records that are full and accurate to the best of your knowledge; and
- Comply with the Company's disclosure controls and procedures and system of internal controls.

### Fair Dealing

Each director, officer and employee should deal fairly and in good faith with the Company's customers, suppliers, regulators, business partners and others. No director, officer or employee may take unfair advantage of anyone through manipulation,

misrepresentation, inappropriate threats, fraud, abuse of confidential information other similar unethical or improper conduct.

#### Delegation of Authority

Each employee, and particularly each of the Company's officers, must exercise due care to ensure that any delegation of authority is reasonable and appropriate in scope, and includes appropriate guidance and continuous oversight and monitoring. No authority may be delegated to employees who the Company has reason to believe, prior to the delegation, may have a propensity to engage in illegal or unethical activities.

#### Handling of Confidential Information

Directors, officers and employees should observe the confidentiality of information that they acquire by virtue of their positions at the Company, including information concerning the Company's customers, suppliers, business partners or associates, competitors and other employees, except where disclosure is approved by the Company or otherwise legally mandated.

#### Prompt Internal Reporting of Violations of this Code

If you violate or think you have violated any provision of this Code, or if you observe, learn of, or in good faith, suspect that another person subject to this Code has violated any of its provisions, you must immediately report the actual or suspected violation to the Compliance Officer, the Chairperson of the Committee or the Chairperson of the Audit Committee and must cooperate in any investigation of any actual or suspected violation of this Code. If the violation or suspected violation involves a concern regarding a questionable accounting or auditing matter and you want to raise

the concern anonymously, you should follow the Audit Committee's separate procedures for the submission of such concerns.

If you report an actual or suspected violation by another in good faith, you will not be subject to retaliation of any kind. A violation of the requirement to report violations or suspected violations, or to cooperate in an investigation of a violation or suspected violation of this Code, may result in disciplinary action.

#### Accountability for Complying with this Code

Reported violations of this Code will be investigated, addressed promptly and treated confidentially to the extent possible. We strive to impose discipline for each Code violation that fits the nature and particular facts of the violation. The Company uses a system of progressive discipline. We generally will issue warnings for less significant, first-time violations. Violations of a more serious nature may result in other measures, such as suspension without pay, demotion, temporary or permanent change in duties or responsibilities, loss or reduction of bonus or option awards, or any combination of these or other such disciplinary actions, such as termination of employment. Depending on the circumstances, prior to any disciplinary action being taken, the Compliance Officer will consult with the chairperson of the Committee and/or the Audit Committee, as appropriate.

Certain violations of this Code that go unaddressed are treated by the SEC as implicit waivers of this Code. Accordingly, a violation by a director or executive officer that is discovered and not addressed may have to be disclosed in accordance with the rules and regulations of the SEC or applicable NYSE listing standards. In such cases, the

Company will have to disclose the nature of any violation, the date of the violation and the name of the person who committed the violation.

Adopted: May 28, 2004

Last Revised: October 14, 2008