

PARTNERRE LTD
Form 425
March 18, 2015

A
Global
Leader
in
Specialty
Insurance and Reinsurance
March 18, 2015
PartnerRe and
AXIS:
Filed by AXIS Capital Holdings Limited
Pursuant to Rule 425 of the Securities Act of 1933
and deemed filed pursuant to Rule 14a-12
of the Securities Exchange Act of 1934

Subject Company: PartnerRe Ltd.
Commission File No.: 001-14536

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Amalgamation Overview

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Combined Company Strategy and Outlook

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Capital Management
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Amalgamation Overview

100% stock Merger of Equals structured as an amalgamation

Shares in PartnerRe and AXIS to convert to new shares in the Amalgamated company at a fixed exchange ratio

Preferred shares to remain outstanding as preferred shares of the Amalgamated company

\$11 billion pro forma market capitalization

AXIS shareholders will receive 1 common share and PartnerRe shareholders will receive 2.18 common shares in the amalgamated company for each share they own

PartnerRe

will

own

approximately

51.6

percent

of

the

amalgamated

company

AXIS will own approximately 48.4 percent of the amalgamated company

Board of Directors to comprise 14 members, consisting of seven AXIS appointees and seven

PartnerRe appointees

Management

teams

to

reflect

balance,

leveraging

talent

from

both

organizations

Customary regulatory approvals

PartnerRe and AXIS shareholder approvals

Expected close in the second half of 2015

Structure

Deal Value

Pro Forma Ownership

Corporate Governance

of Combined Company

Approvals

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World-Class Management Team

* Assuming the role of CFO no later than July, 2016

Jean-Paul L. Montupet, Non-executive Chairman

Michael A. Butt, Chairman Emeritus

Albert A. Benchimol, President & CEO

Joseph Henry, CFO

Bill Babcock, Deputy CFO & Lead

Integration Officer*

Emmanuel Clarke, CEO, Reinsurance

Peter Wilson, CEO, Insurance

Chris DiSipio, CEO, Life, Accident & Health

John

Jay

Nichols,

Head

of

Strategic

Business Development & Capital Solutions

Eric Gesick, Chief Risk & Actuarial Officer

Rick Gieryn, General Counsel

Noreen McMullen, Chief Human Resources

Officer

David Phillips, Chief Investment Officer

Richard Strachan, Chief Operations Officer

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Strategic Rationale
»
Sustainable, long-term commercial growth prospects through combined scale, efficiencies and expanded
product capability
»

Meaningful capital synergies generating further flexibility to support growth and capital management initiatives

Financial Strength

»

Combination of two high-quality and conservative balance sheets

»

No external equity or debt financing required in Merger of Equals

»

\$14.7 billion of combined capital with low leverage

ERM

»

Integrated Enterprise Risk Management practices in each organization to be strengthened by best practices of each company

Limited Execution Risk of Integration

»

Shared philosophy of underwriting conservatism

»

Familiarity between the companies
management teams

»

True merger of equals led by CEO with deep knowledge of both organizations. Other key executives have also held senior roles at both companies:

AXIS Chief Risk and Actuarial Officer

AXIS Chief Investment Officer

Compelling Amalgamation Benefits

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Both companies benefit from strong ratings, supporting customer confidence in their ability to
market
insurance
and
reinsurance

products
and
compete
with
other
insurance
and
reinsurance
companies

The insurance financial strength ratings assigned in respect of PartnerRe and AXIS by certain rating organizations are detailed in the table below:

Strong Ratings

AXIS

Ratings

PartnerRe

Ratings

Agency's Rating Definition

Rating Review Status

Standard & Poor's

A+

A+

"Strong financial security
characteristics"

Both companies have been affirmed
with stable outlook

A.M. Best

A+

A+

"Superior ability to meet ongoing
insurance obligations"

Under review with negative
implications for both companies

Moody's Investor

Services

A2

A1

"Insurance companies offer good
financial strength"

AXIS rating under review with
possible upgrade. PartnerRe rating
has been affirmed with stable outlook

Fitch

A+

A+

"Strong capacity to meet policyholder
and contract obligations"

AXIS rating placed on Rating Watch
Positive and PartnerRe rating placed
on Rating Watch Negative

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PartnerRe/AXIS Capital
High-Level Amalgamation Process
Estimated
Transaction Close
18+ months
Q1
Q2

Q3

Q4

Finalize Integration

Structure

Announcement

Shareholder vote

S4 filing and SEC review

Antitrust approvals

Regulatory approvals

Integration Readiness

Integration Planning

Integration Execution

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A Global Leader in Specialty Insurance and
Reinsurance
Combination will be a (re)insurance powerhouse with approximately \$13bn combined shareholders
equity
(1)

- »
Brings together two strong, world-class, successful companies building on existing strengths
 - »
Transaction creates a top 5 global reinsurance franchise with leading position in the broker channel
 - »
Primary specialty platform with \$2.5bn+ in premiums across a diversified array of product lines
 - »
Top 10 Life, Accident & Health reinsurer
Value creation through combined franchise strengths including significant capital efficiencies and meaningful synergies
 - »
Expanded ability to invest in growing specialty franchises
 - »
Enhanced ability to partner with other capital providers to deliver value to all stakeholders
 - »
Over \$200 million in identifiable, actionable and concrete expense savings
 - »
Transaction
expected
to
be
meaningfully
accretive
to
earnings
and
return
on
equity
Clear common vision accelerates strategies for both companies
 - »
Growth accompanied by excellence in risk management
 - »
Best-in-class talent across all aspects of business
 - »
Compatible cultures facilitate integration
- (1) Financial data as of 12/31/14

Strong Position in Three Attractive
Businesses
PartnerRe
Pro Forma Combined
AXIS
2014
GPW
BUSINESS OVERVIEW

\$5.9B

\$4.7B

\$10.6B

P&C

Reinsurance

46%

Insurance

48%

A&H

6%

P&C

Reinsurance

61%

Insurance

24%

Life, A&H

15%

Non-Life

Reinsurance

79%

Life and Health

21%

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Global Reach with Opportunities for
Consolidating Locations
AXIS Office Locations
PartnerRe Office Locations

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Transformative Combination Creating a
Leading Global Reinsurance Platform
Top 5 global reinsurer with approximately
\$7 billion in GPW
Leading position among broker-based
reinsurers
Strong positions in specialty reinsurance
lines

Combination of two additive platforms with highly regarded UW and service capabilities
Limited overlap in current portfolios suggesting manageable attrition
Ability to leverage third-party capital to deliver expanded client solutions

Note: Chart excludes life and health reinsurance GPW if publicly disclosed. Excludes Lloyd's.

(1) Rankings are by 2013 GPW.

(2) Berkshire Hathaway Reinsurance includes General Re. Corp.

(3) GPW not disclosed. Indicated values are on a NPW basis.

Market position

Top Global P&C Reinsurers by P&C Reinsurance GPW

(1)

(\$ in billions)

(2)

(3)

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\$2.1

\$2.1

\$2.1

\$2.1

\$2.1

\$2.3

\$2.4

\$3.3

\$3.4

\$3.4

\$3.5

\$3.7

\$4.0

\$4.6

\$4.7

\$6.4

\$6.7

\$8.8

\$10.4

\$18.0

\$22.6

Generali

RenRe / Platinum

AXIS

Mitsui Sumitomo

Fairfax Financial

Sompo Japan

General Insurance Co. of India

Mapfre

Allianz

Alleghany

Korean Re
XL / Catlin
Everest Re
PartnerRe
China Re
SCOR
PartnerRe + AXIS
Berkshire Re
Hannover Re
Swiss Re
Munich Re

Diversified Global Specialty Insurance

Business

Balanced portfolio mix between segments

Almost no business overlap in existing books*

Optionality to further accelerate growth in desirable segments

Growing visibility among clients / distribution partners / talent

PartnerRe's D&F business complementary to
insurance

Pro Forma Combined Insurance Breakdown

2014 GPW

By Line of Business

Total Insurance GPW:

\$2.6B

* With exception of Energy although not material to overall portfolio

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Professional

Lines

33%

Property

25%

Liability

14%

PartnerRe's

D&F, Wholesale

& Other

Insurance

14%

Marine

9%

Aviation

2%

Credit and

Political Risk

2%

Terrorism

1%

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Strategy Remains Appropriate

Leadership in Life and A&H with High Growth

Potential

A leading Life, Accident & Health franchise with
limited product overlap with truly global reach

\$1.5 billion in combined premium
Top 10 Life & Health reinsurer (7th or 8th)
#1 health reinsurer in US
One of industry's broadest product portfolios
Immediate and complementary global footprint
Minimal overlap in customers, distribution and risk tolerance
Each
company
fills
the
gaps
of
the
other

highly
complementary organizations
Accelerates achievement of original strategies
Customer-centric service model
Broad set of products and services
Diverse distribution
Global reach/local service
Insurance and reinsurance capabilities
(hybrid model)
Entrepreneurship
Scale provides operational efficiency

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Global Reinsurance

Success in a very competitive market

Key factors in Reinsurance:

Broad access to business

»

Preferred
market,
positioned
to
see
all
business

geographies
and
products

»
Ability
to
generate
new
business

providing
client
solutions
Underwriting outperformance

»
Ability to outperform market by disciplined underwriting (price), cycle management execution, large mistakes avoidance,
portfolio optimization and macro positions
Capital efficiency / flexibility

»
Ability to reduce cost of capital to sell competitive solutions to our clients and optimize ROE

»
Ability to leverage all sources of capital to respond to opportunities, optimize gross to net.
Cost efficiency

»
Ability to operate with lean resources in order to remain competitive

A
PartnerRe/
AXIS
combination
enhances
our
ability
to
succeed
in
the
current
environment

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Merger strengthens relationships with
brokers & cedants

Creation of a credible and sizeable broker-committed underwriter aligns us with reinsurance
brokers in competition with top-four reinsurers

»

Both organizations have a commitment to a broker based distribution

»

Combined company will be leading broker-based reinsurer by GPW

»

Putting together sizeable capacity is a challenge in the highly fragmented state of broker market reinsurers. A PartnerRe/ AXIS combination will ensure:

Larger capital base to take sizeable participations for its own account

A larger available selection of 3

rd

party capital providers

The underwriting reputation that will allow brokers to easily fill in following shares

Cedants & reinsurance buyer trends include 1) panel consolidation and 2) expectation of value added service from reinsurance partners

»

In both cases size, financial strength and expertise clearly matter

»

Combined company provides similar culture, brand values as well as continuity and longevity in the market

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Capital Management
Capital Security
Maturity
PRE
AXS

Combined
% of 2014
Capital
Senior Debt
2018
250
\$
-
\$
250
\$
1.7%
Senior Debt
2019
-
250
250
1.7%
Senior Debt
2020
500
500
1,000
6.8%
Senior Debt
2045
-
250
250
1.7%
Capital Efficient Notes
2066
63
-
63
0.4%
Cumulative Preferred
Perpetual

854

628

1,482

10.0%

Common Equity*

6,251

5,252

11,503

77.7%

Total

7,917

\$

6,880

\$

14,797

\$

100.0%

12/31/2014

* Includes non-controlling interests

Management

is

committed

to

retaining

robust

capital

in

excess

of

our

three

principle

thresholds:

»

Regulatory capital requirements

»

Internal economic capital model

»

Rating agency targets

Exceptional capital position provides strategic flexibility to fund growth and return capital to shareholders

»

Current capital positions strong at both companies

»

Share repurchases for both companies have been suspended until transaction close

»

Capital synergies created through combination enhance capital margins

High-quality, permanent capital structure with no immediate refinancing risk. No maturing debt until 2018

Low financial leverage for combined company:

Debt / total capital of 12.3%

Debt + preferred leverage of 22.3%

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Conservative, Diversified Investment Portfolio

Strong risk cultures and conservative approach to investments

reflect primary objective of the investment function as a

support to the companies

core (re)insurance activities

»

Both companies invest substantially more than the value of their (re)insurance reserves in high quality, standard Fixed Income instruments, making sure to match currency and duration exposures of their liabilities

»

The combined entity is likely to maintain a credit quality of A+ or above and will continue to have its allowable duration range centered at the duration of its liabilities

Both companies emphasize internal management to construct and shape the overall portfolio. Activities such as asset allocation, benchmark construction, risk and compliance monitoring and performance attribution / monitoring are performed internally

The majority of security selection in PartnerRe is done internally. AXIS Capital uses third party managers for security selection in all of its strategies

»

The combined entity will follow a similar approach. The enhanced scale will allow the combined entity to take greater advantage of the control benefits of internal management and to supplement its capabilities (and gain attendant diversification) through the use of specialist external managers

Total: \$31.6 billion

Duration: ~3.3 years

Average credit quality

A+

Investment Grade Fixed Income

\$24,202

Cash & ST Investments

\$2,467

Non-Investment Grade Fixed Income

\$2,164

Equities

\$1,514

Other

\$1,266

\$ in millions

12/31/2014

8%

77%

7%

5%

4%

Cash & ST

Investments

Investment Grade

Fixed Income

Non-Investment

Grade Fixed Income
Equities
Other

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Sustainable, long-term commercial growth prospects through combined scale, efficiencies and expanded product capability

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Meaningful capital synergies generating further flexibility to support growth and capital management initiatives

Financial Strength

»

Combination of two high-quality and conservative balance sheets

»

No external equity or debt financing required in Merger of Equals

»

\$14.7 billion of combined capital with low leverage

Enterprise Risk Management

»

Integrated

ERM

practices

in

each

organization

to

be

strengthened

by

best

practices

of

each

company

Limited Execution Risk of Integration

»

Shared philosophy of underwriting conservatism

»

Familiarity

between

the

companies

management

teams

»

True merger of equals led by CEO with deep knowledge of both organizations. Other key executives have also held senior roles at both companies:

AXIS Chief Risk and Actuarial Officer

AXIS Chief Investment Officer

Strength of Ratings

»

The

clients

of

AXIS

and

PartnerRe

value

the

high
quality
ratings
of
the
stand-alone
companies

»

The combined entity will be in an improved position to compete and management expects this increased strength to support positive rating developments over the coming years

Compelling Amalgamation Benefits

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connection with this proposed business combination, PartnerRe and/or AXIS may file one or more proxy statements, registration statements, proxy statement/prospectus or other documents with the Securities and Exchange Commission (the SEC). This communication is not a substitute for any proxy statement, registration statement, proxy statement/prospectus or other document PartnerRe and/or AXIS may file with the SEC in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS OF

PARTNERRE AND AXIS ARE URGED TO READ THE PROXY STATEMENT(S), REGISTRATION STATEMENT(S), PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS THAT MAY BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

Any
definitive
proxy
statement(s)
(if
and

when available) will be mailed to stockholders of PartnerRe and/or AXIS, as applicable. Investors and security holders will be able to obtain free copies of these documents (if and when available) and other documents filed with the SEC by PartnerRe and/or AXIS through the website maintained by the SEC at <http://www.sec.gov>.

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SEC
by
PartnerRe
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available
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of
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on
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website
at
<http://www.partnerre.com>
or
by
contacting
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Investor
Relations
Director
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Important Information For Investors And Stockholders

This communication does not constitute an offer to buy or sell or the solicitation of an offer to buy or sell any securities or a solicitation of any vote or approval. This communication relates to a proposed business combination between PartnerRe Ltd. (**PartnerRe**) and AXIS Capital Holdings Limited (**AXIS**). In

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Participants in Solicitation

PartnerRe, AXIS, their respective directors and certain of their respective executive officers may be considered participants in the solicitation of proxies in connection with the proposed transaction.

Information about the directors and executive officers of PartnerRe is set forth in its Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on February 26, 2015,

its proxy statement for its 2014 annual meeting of stockholders, which was filed with the SEC on April 1, 2014, its Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, which was filed with the SEC on October 31, 2014 and its Current Reports on Form 8-K, which were filed with the SEC on March 27, 2014, May 16, 2014 and January 29, 2015. Information about the directors and executive officers of AXIS is set forth in its Annual Report on Form 10-K for the year ended December 31, 2014, which was filed with the SEC on February 23, 2015, its proxy statement for its 2014 annual meeting of stockholders, which was filed with the SEC on March 28, 2014, its Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, which was filed with the SEC on October 31, 2014 and its Current Reports on Form 8-K, which were filed with the SEC on March 11, 2015, January 29, 2015, August 7, 2014, June 26, 2014, March 27, 2014 and February 26, 2014.

These documents can be obtained free of charge from the sources indicated above. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

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Forward Looking Statements
Certain statements in this communication regarding the proposed transaction between PartnerRe and AXIS
are
forward-looking
statements.

The
words
anticipate,
believe,
ensure,
expect,
if,
intend,
estimate,
probable,
project,
forecasts,
predict,
outlook,
aim,
will,
could,
should,
would,
potential,
may,
might,
anticipate,
likely,
plan,
positioned,
strategy,

and similar expressions, and

the negative thereof, are intended to identify forward-looking statements. These forward-looking statements, which are subject to risks, uncertainties and assumptions about PartnerRe and AXIS, may include projections of their respective future financial performance, their respective anticipated growth strategies and anticipated trends in their respective businesses. These statements are only predictions based on current expectations and projections about future events. There are important factors that could cause actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including the risk factors

set
forth
in
PartnerRe's
and
AXIS
most
recent
reports
on
Form
10-K,
Form
10-Q

and
other
documents on file with the SEC and the factors given below:

the failure to obtain the approval of shareholders of PartnerRe or AXIS in connection with the proposed transaction;

the failure to consummate or delay in consummating the proposed transaction for other reasons;

the timing to consummate the proposed transaction;

the
risk
that
a
condition
to
closing
of
the
proposed
transaction
may
not
be
satisfied;

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PartnerRe's forward-looking statements are based on assumptions that PartnerRe believes to be reasonable
but
that
may
not

prove
to
be
accurate.
AXIS
forward-looking
statements
are
based
on
assumptions
that

AXIS believes to be reasonable but that may not prove to be accurate. Neither PartnerRe nor AXIS can guarantee future results, level of activity, performance or achievements. Moreover, neither PartnerRe nor Forward Looking Statements

the
risk
that
a
regulatory
approval
that
may
be
required
for
the
proposed
transaction
is
delayed,
is
not
obtained, or is obtained subject to conditions that are not anticipated;

AXIS
or PartnerRe's ability to achieve the synergies and value creation contemplated by the proposed transaction;

the
ability
of
either
PartnerRe
or
AXIS
to
effectively
integrate

their
businesses;
and

the diversion of management time on transaction-related issues.

AXIS
assumes
responsibility
for
the
accuracy
and
completeness
of
any
of
these
forward-looking
statements.

PartnerRe and AXIS assume no obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise, except as may be required by law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.