

McLendon Charles
Form 3
May 12, 2006

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *

McLendon Charles
(Last) (First) (Middle)

2. Date of Event Requiring Statement

(Month/Day/Year)
05/03/2006

3. Issuer Name and Ticker or Trading Symbol
PRIMUS GUARANTY LTD [PRS]

4. Relationship of Reporting Person(s) to Issuer

5. If Amendment, Date Original Filed(Month/Day/Year)

C/O PRIMUS ASSET MANAGEMENT, INC.

(Street)

360 MADISON AVENUE,
23RD FLOOR, NY NY 10017

(City) (State) (Zip)

(Check all applicable)

Director 10% Owner
 Officer Other
(give title below) (specify below)
President- Primus Asset Mgmt.

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)

2. Amount of Securities Beneficially Owned (Instr. 4)

3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)

4. Nature of Indirect Beneficial Ownership (Instr. 5)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)

2. Date Exercisable and Expiration Date (Month/Day/Year)

Date Exercisable Expiration Date

3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)

Title Amount or Number of Shares

4. Conversion or Exercise Price of Derivative Security

5. Ownership Form of Derivative Security: Direct (D) or Indirect (I)

6. Nature of Indirect Beneficial Ownership (Instr. 5)

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(Instr. 5)

| | | | | | | | |
|-----------------------------------|------------|------------------|--|---|---------------|---|---|
| Options to Purchase Common Shares | 02/02/2006 | 03/07/2013 | Common Shares, par value \$.08 per share | 23,750 | \$ 12.45 | D | Â |
| Options to Purchase Common Shares | 02/02/2007 | 03/07/2013 | Common Shares, par value \$.08 per share | 23,750 | \$ 12.45 | D | Â |
| Options to Purchase Common Shares | 02/02/2008 | 03/07/2013 | Common Shares, par value \$.08 per share | 23,750 | \$ 12.45 | D | Â |
| Options to Purchase Common Shares | 02/02/2009 | 03/07/2013 | Common Shares, par value \$.08 per share | 23,750 | \$ 12.45 | D | Â |
| Restricted Share Units | 03/07/2007 | Â ⁽¹⁾ | Common Shares, par value \$.08 per share | <u>23,333</u> ⁽²⁾ ₍₃₎ | \$ <u>(1)</u> | D | Â |
| Restricted Share Units | 03/07/2008 | Â ⁽¹⁾ | Common Shares, par value \$.08 per share | <u>23,333</u> ⁽²⁾ ₍₃₎ | \$ <u>(1)</u> | D | Â |
| Restricted Share Units | 03/07/2009 | Â ⁽¹⁾ | Common Shares, par value \$.08 per share | <u>23,333</u> ⁽²⁾ ₍₃₎ | \$ <u>(1)</u> | D | Â |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| McLendon Charles C/O PRIMUS ASSET MANAGEMENT, INC. 360 MADISON AVENUE, 23RD FLOOR, NY NY 10017 | Â | Â | Â President- Primus Asset Mgmt. | Â |

Signatures

Charles
McLendon

05/12/2006

__Signature of
Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Not applicable.
 - (2) These restricted share units were granted on March 7, 2006 and will vest as to one-third of the shares on each of the first three anniversaries of the grant date.
 - (3) Upon their vesting, restricted share units convert to the right to receive common shares.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.