
Lincoln Re acquisition

Analysts' meeting

30 July 2001

Zurich, Switzerland

Summary of transaction

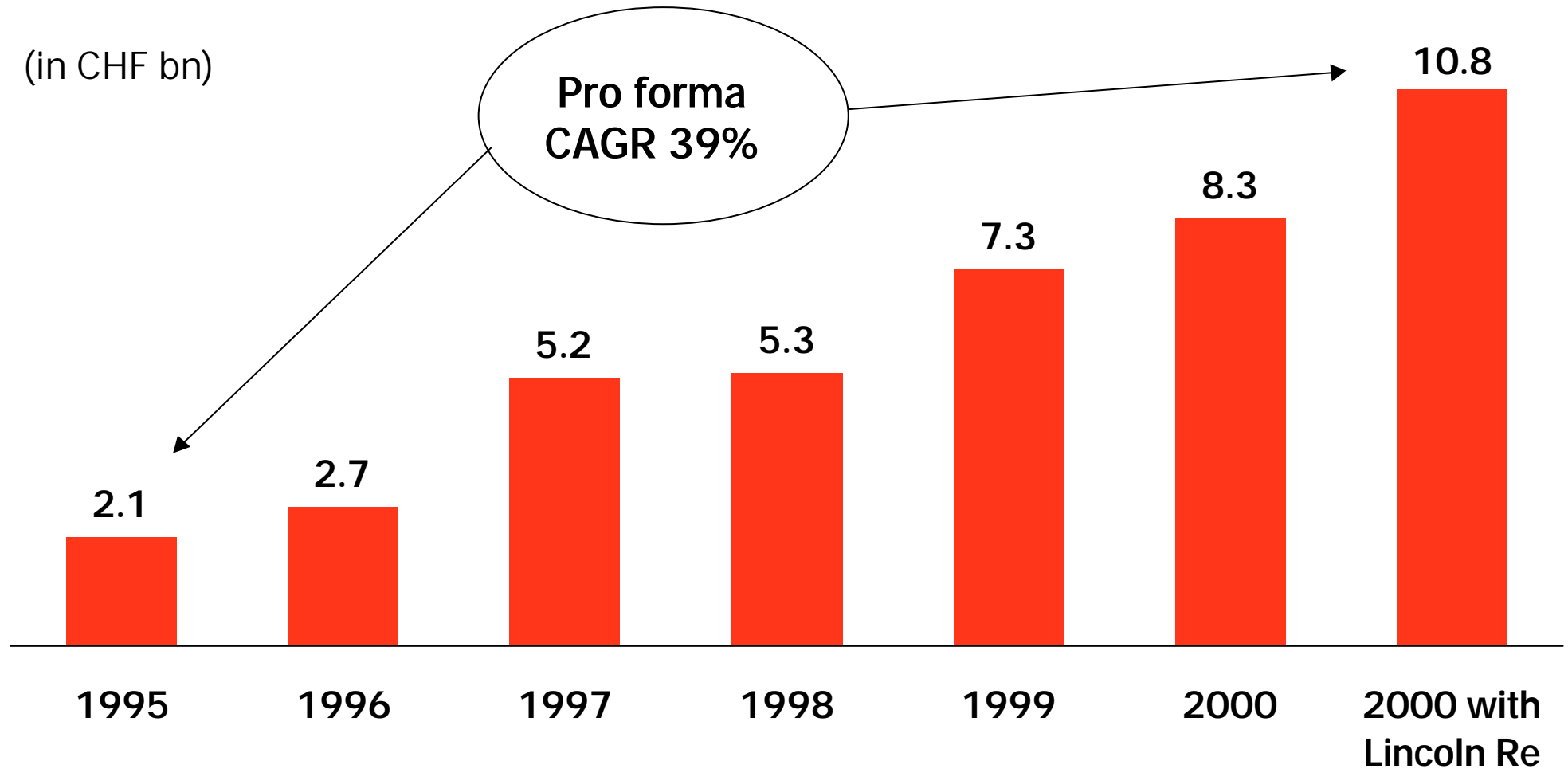
- Acquisition of the life reinsurance business (Lincoln Re) of Lincoln National Corporation
- USD 2.0 billion purchase price
- Closing expected in 4th quarter, subject to regulatory approvals
- Intention to raise equity to fund the transaction
- Accretive to accounting earnings and to embedded value per share in 2002

Swiss Re's commitment to building a leadership position in life reinsurance

- Life & Health Division formed in 1995, strategy to build leadership position
- Strategic goal accelerated through acquisition:
Alhermij - 06/95, M&G Re - 12/96, Life Re - 12/98
- Swiss Re has a proven track record of successfully integrating companies

Growth in Swiss Re Life & Health reinsurance premiums

(in CHF bn)



Profile of Lincoln Re

- Second largest life reinsurer in the US based on in-force business (11% market share)
- Reputation for high quality service and mortality underwriting expertise
- Selected financial information:

(in USD m)	1999	2000
Premiums	1 504	1 447
- traditional life premiums	679	899
Total revenues	1 823	1 760
Operating results after tax	37	124
Invested assets	4 109	4 266

Strategic rationale for acquisition of Lincoln Re (1)

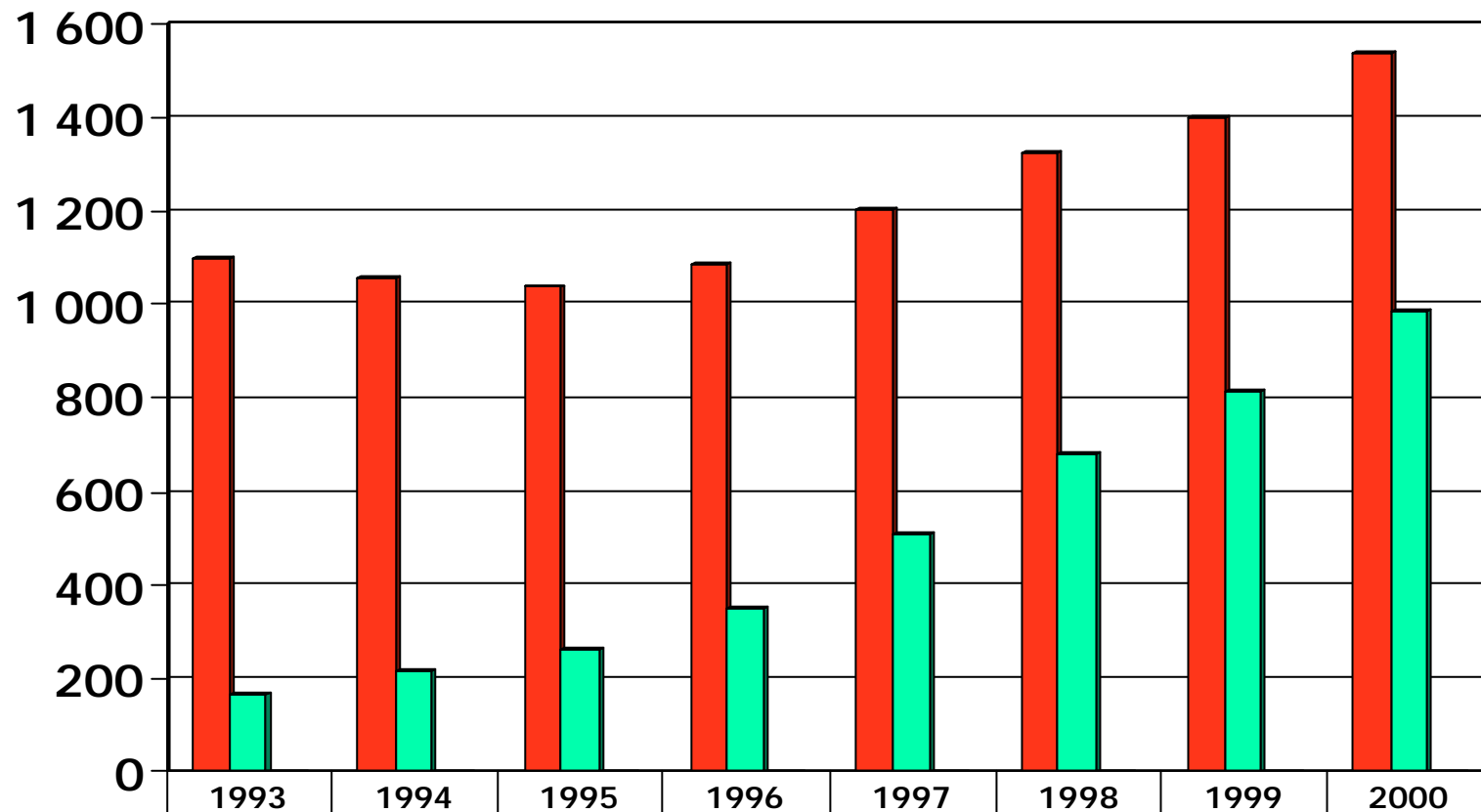
- Continued growth in US life reinsurance market, enhances ability to invest capital at attractive risk-adjusted rates
- Opportunities for expense and investment synergies
- Provides further diversification opportunity for Swiss Re and additional source of stable earnings
- Increases Life & Health contribution to Swiss Re's overall premium volume to 44% from 37%

Strategic rationale for acquisition of Lincoln Re (2)

- Extend US leadership position
 - without Lincoln Re 18%*
 - with Lincoln Re 29%*
- Extend client base, no overlap in largest clients
- Opportunity to enlarge skill base and acquire highly talented team
- Combined resources will be attractive to clients globally

* measured in in-force sums assured

Growth in US ordinary life insurance/reinsurance demand, measured by new business sums assured



	1993	1994	1995	1996	1997	1998	1999	2000
■ Primary in USD billion	1 100	1 057	1 039	1 089	1 204	1 325	1 400	1 540
■ Reinsurance in USD billion	166	213	261	350	510	680	815	985
■ Cession rate	15%	20%	25%	32%	42%	51%	58%	64%

Transaction structure

- Transaction is a combination of stock acquisition and indemnity reinsurance
- USD 0.2 billion of capital transferred to Swiss Re through stock acquisitions
- Purchase price of USD 2 billion approximates total capital invested as additional target surplus required is offset by tax benefits

Lincoln Re valuation

(in USD m)

Purchase price	2 000
Estimated Lincoln Re annualised after tax earnings for 2001	<u>150.4</u>
Price to earnings multiple	13.3 x

Preliminary integration plan

- Combine traditional life reinsurance operations capturing cost and knowledge skills
- Evaluate employer stop loss and financial strategies lines
- Integrate international operations into relevant Swiss Re entities
- Combine personal accident lines with Swiss Re's own run-off
- Anticipate key members of management to continue and to maintain substantial operations in Fort Wayne, Indiana

Personal accident reserve strategy

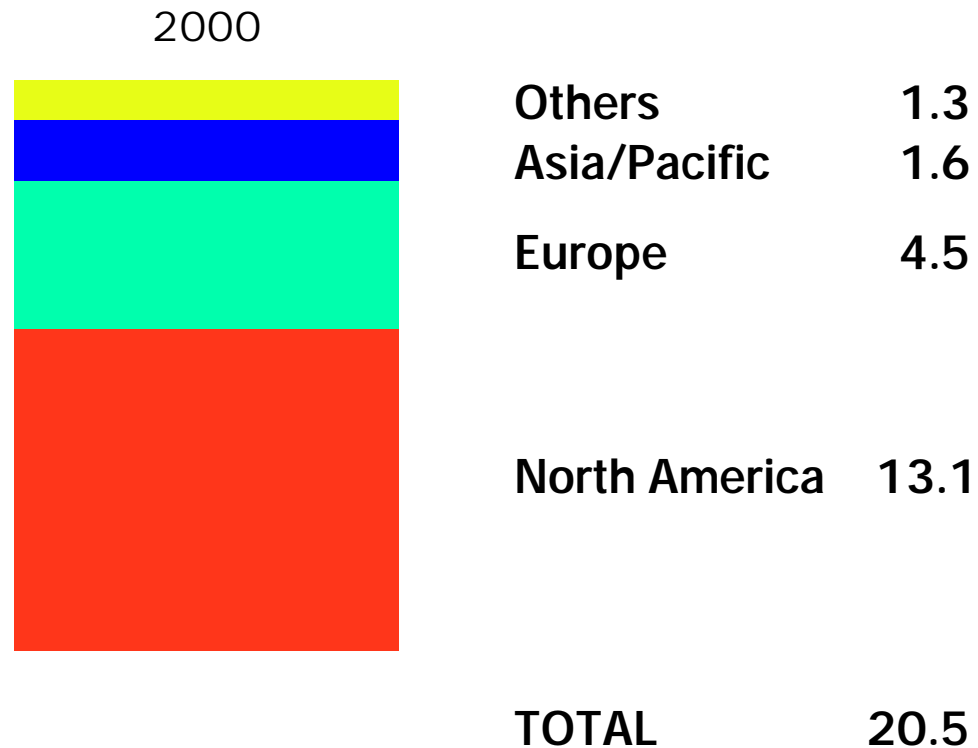
- Net reserve of USD 148 million (gross USD 866 million)
- Exposures include personal accident spiral and Unicover
- Co-insure reserve deficiency 50/50 with Lincoln National Corp. up to USD 200 million excess of USD 148 million - Swiss Re retains all losses in excess of USD 348 million

Intention to raise equity to fund the transaction

- Swiss Re believes that shareholder value will be maximized by financing this transaction with equity, further strengthening its financial position
- The opportunity for Swiss Re to put capital to work in the reinsurance business at this moment is excellent, and better than it has been in a long time
 - Swiss Re's Life reinsurance business position is excellent and will lead to further opportunities to put its capital and knowledge to work
 - The improvement in the Non-life business occurring now will create opportunities for Swiss Re (both organically and through acquisition) to also put its capital and knowledge to work
- Details of equity financing plan will be discussed at the 7 September analysts' meeting

World life reinsurance premium volume dominated by North American market...

(in USD bn)



* Source: Swiss Re Economic Research & Consulting

...and this we expect not to change

- North American life reinsurance business is expected to grow by slightly less than 5% in real terms over next 10 years*
- Given strong base effect this means that approx. 60% of new reinsurance volume over next few years will come from North America*
- Significant market share in North American market is therefore key for future success in life reinsurance

* Source: Swiss Re Economic Research & Consulting

Key messages

- Provides excellent strategic fit to expand and strengthen Swiss Re's life reinsurance business
- Combination extends Swiss Re Life & Health's position in the world's largest insurance market
- Combining resources, knowledge, people and expertise will provide tremendous value to clients globally
- Increases Swiss Re's life portfolio which has contributed stable earnings
- Lincoln Re's management team has built strong ties with extremely valuable client base and we look forward to them joining Swiss Re