

Swiss Re



Interim Report 2006
Shareholders' letter

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Key information

News first half 2006

- Net income of CHF 1.6 billion up 16%; all businesses contributing strongly; EPS of CHF 4.92
- Good return on investments at 5.3% (annualised)
- Non-life combined ratio improved to 92.7%
- Life & Health return on operating revenues increased to 11.0%
- Return on equity 13.9% (annualised); shareholders' equity up 18% to CHF 27.1 billion, reflecting earnings and recent capital raising
- Insurance Solutions acquisition completed and integration well on track

Key figures (unaudited)

CHF millions unless otherwise stated	First half 2005	First half 2006	Change in %
Non-life business¹			
Premiums earned	8 166	8 346	2
Combined ratio, traditional business (in %)	94.9	92.7	
Life & Health business			
Premiums earned	4 998	5 454	9
Return on operating revenues (in %)	9.5	11.0	
Financial Services business			
Total revenues	709	917	29
Return on total revenues, fee business (in %)	12.5	13.3	
Group			
Premiums earned	13 175	13 815	5
Net income	1 353	1 566	16
Earnings per share (in CHF)	4.37	4.92	13
Shareholders' equity (31.12.2005/30.6.2006)	22 929	27 066	18
Return on equity (in %), annualised	13.0	13.9	
Return on investments (in %), annualised	5.2	5.3	
Number of employees (31.12.2005/30.6.2006)	8 882	11 176	26

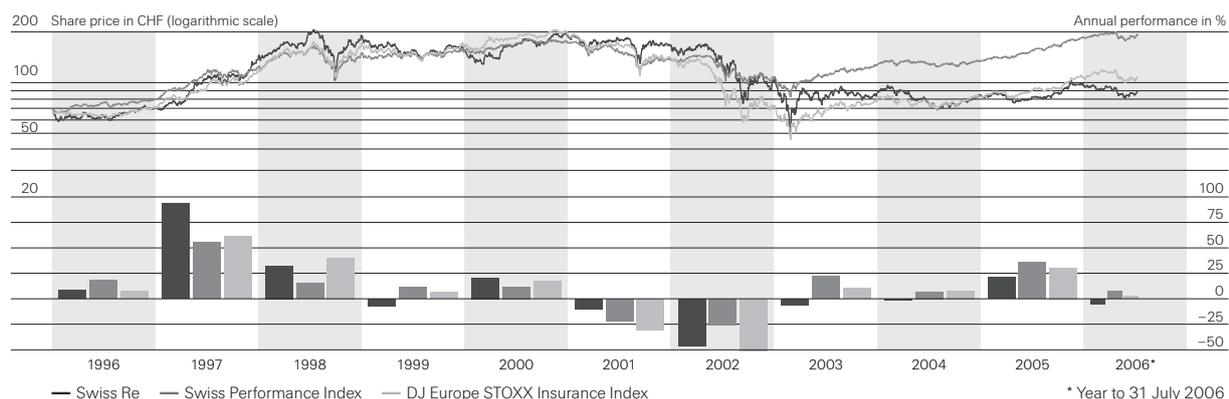
¹ Including Property & Casualty and Credit Solutions.

Share performance

Market information as of 31 July 2006

Share price (in CHF)	88.50
Market capitalisation (in CHF millions)	31 702
Number of shares entitled to dividend	358 212 933

Performance (in %)	1996–31 July 2006 (p.a.)	Year to 31 July 2006
Swiss Re	4.4	-5.5
Swiss Performance Index	10.6	7.5
DJ Stoxx Insurance Index	4.7	2.9



Letter to shareholders

Fellow shareholders, ladies and gentlemen

We are pleased to report a successful first half of 2006. Swiss Re's net income increased 16% compared to the first six months of 2005 to CHF 1.6 billion, or CHF 4.92 per share. Return on equity was 13.9% while shareholders' equity increased 18% in the first six months of the year reflecting both earnings and the capital raised to fund part of the Insurance Solutions acquisition. All businesses are performing well.

Our sharp focus on underwriting quality and economic profit growth is bearing fruit. At the same time, Swiss Re's diversification and prudent reserving, along with the transfer of peak risks to capital markets, have reinforced the quality and stability of our earnings. Together, these factors will help us drive our capital efficiency, improving our return on equity and lowering our cost of capital.

Operating income for Property & Casualty business increased 51% to CHF 1.9 billion, reflecting strong underwriting results and higher investment return as interest rates have risen. Swiss Re benefited from attractive market conditions for natural catastrophe exposures and provided much needed capacity to our clients, while increasing our exposure hedging activities. Successor, the natural catastrophe programme announced in early June, has given Swiss Re USD 950 million of peak risk protection, underpinning our strong commitment to astute intermediation as an efficient means of strengthening our balance sheet and ensuring reliability of earnings.

Life & Health business continues to perform well. Return on operating revenues was 11.0% for the first half of 2006, compared to 9.5% for the same period last year.

Financial Services grew its revenues by 29% and reported an operating income of CHF 160 million on the back of successful Credit Solutions renewals and strong fee business results.

Swiss Re's asset managers successfully navigated the challenging financial markets and delivered investment income of CHF 2.8 billion. We gained from rising interest rates, active management of credit risks, and effective protection of equity positions. Our return on investments was 5.3% on an annualised basis.

We are excited to have completed the acquisition of Insurance Solutions from General Electric on 9 June 2006, which will give further momentum to our earnings potential and add about 18% to our business volume, while furthering our client reach.

This transaction makes Swiss Re the most-diversified global reinsurer. It closely complements our existing business profile while extending our franchise, client base and product offering. We are moving swiftly to integrate the operations of Insurance Solutions and to build a solid foundation for continued joint success. As functions and teams are merged, we will reduce offices and staff in a number of locations. We regret that this streamlining will impact the workforce, as it is not achievable only through early retirements and natural attrition. Swiss Re will ensure that these changes are conducted in a socially responsible manner. The streamlining will result in material cost synergies over the next 18 months and we are convinced that it is essential to ensuring the Group's continued competitiveness.

Recent months have seen a few changes in executive management. We are very proud to welcome Roger W. Ferguson, who joined us in June from the US Federal Reserve where he served as Vice Chairman of the Board of Governors. Roger will succeed Jacques Dubois in the position of Chairman of Swiss Re America Holding Corporation as well as member of the Executive Board. Roger's outstanding experience in financial markets will provide further support to our leading position in the US.

Jacques Dubois will retire at the end of 2006. Most recently, Jacques was a driving force behind the Insurance Solutions acquisition and a vital agent in bringing it to fruition.

In June, Martyn Parker was appointed Head of the Asia-Pacific region, based in Hong Kong. He has held various senior international positions within the company and joined the Executive Board in September 2005; Martyn's international experience and skills are important assets for our growth strategy in Asia.

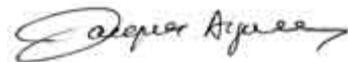
We are also very pleased that Alberto Izaga, who joined us as part of Insurance Solutions, has succeeded Martyn as Head of Life & Health Products and joined the Executive Board. Alberto brings with him proven managerial talent as well as deep experience in life and health business.

Given attractive prices and higher interest rates, Swiss Re's outlook for the remainder of 2006 is positive, however further one-off restructuring charges in the second half of 2006 are to be expected. We maintain our focus on economic profit growth and actively managing our capital, particularly through continued risk transfer to the capital markets of both assets and liabilities. On this foundation we will enlarge our market scope, both organically and through acquisitions when and where we see profitable opportunities. Scale means nothing in itself: but scale and expertise combined give Swiss Re the power to reach new clients and markets, generating growing earnings for our shareholders.

Zurich, 4 August 2006



Peter Forstmoser
Chairman of the Board of Directors



Jacques Aigrain
Chief Executive Officer

Cautionary note on forward-looking statements/Information

Cautionary note on forward-looking statements

Certain statements contained herein are forward-looking. These statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical fact or current fact. Forward-looking statements typically are identified by words or phrases such as "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as "will", "should", "would" and "could". These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause Swiss Re's actual results, performance, achievements or prospects to be materially different from any future results, performance, achievements or prospects expressed or implied by such statements. Such factors include, among others:

- the impact of completed and future investments, acquisitions or dispositions,

and any delays, unexpected costs or other issues experienced in connection with any such transaction, including the ability to efficiently and effectively integrate the former GE Insurance Solutions operations into our own;

- cyclicalities of the reinsurance industry;
- changes in general economic conditions, particularly in our core markets;
- uncertainties in estimating reserves;
- the performance of financial markets;
- expected changes in our investment results as a result of the changed composition of our investment assets or changes in our investment policy;
- the frequency, severity and development of insured claim events;
- acts of terrorism and acts of war;
- mortality and morbidity experience;
- policy renewal and lapse rates;
- changes in rating agency policies or practices;
- the lowering or withdrawal of one or more of the financial strength or credit ratings of one or more of our subsidiaries;

- changes in levels of interest rates;
- political risks in the countries in which we operate or in which we insure risks;
- extraordinary events affecting our clients, such as bankruptcies and liquidations;
- risks associated with implementing our business strategies;
- changes in currency exchange rates;
- changes in laws and regulations, including changes in accounting standards and taxation requirements; and
- changes in competitive pressures.

These factors are not exhaustive. We operate in a continually changing environment and new risks emerge continually. Readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to publicly revise or update any forward-looking statements, whether as a result of new information, future events or otherwise.

Information

Important dates

1 March 2007
Annual results 2006

20 April 2007
143rd Annual General Meeting

7 August 2007
Interim results 2007

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Interim Report 2006
Shareholders' letter

Original version in English

The Interim Report 2006 Shareholders' letter is available in English, German and French.

A PDF version of the Interim Report 2006 is available for download in English, German and French at: www.swissre.com/interimreport

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