



Analysts' conference call 11 April 2006

Life & Health embedded value 2005

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- acts of terrorism and acts of war;
- mortality and morbidity experience;
- policy renewal and lapse rates;
- changes in rating agency policies or practices;
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- changes in currency exchange rates;
- changes in laws and regulations, including changes in accounting standards and taxation requirements; and
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Agenda

- Executive summary Ann Godbehere
- Change to European Embedded Value
- Reconciliation 2004 to 2005 EV Martyn Parker
- New business details
- EV earnings for 2005
- Value not recognised in Swiss GAAP balance sheet
- EV summary
- Appendix

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Executive summary

EV 2005

- CHF 20.1bn, up CHF 3.0bn (CHF 1.1bn at constant fx rates)

EV new business 2005

- Lower new business CHF 283m (2004: CHF 666m) at higher margin 13.1% IRR (2004: 12.5%)

EV earnings 2005

- Operating profit CHF 1.5bn (2004: CHF 1.1bn) from existing business
- Assumption changes, experience and investment variances positive CHF 197m
- Total EV earnings (incl. new business) CHF 1.7bn (2004: CHF 2.0bn)

Move to EEV 2005 principles

- Modest positive net impact of CHF 161m on EV

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Embedded value increases CHF 3.0bn to CHF 20.1bn (+ 18%)

in CHF millions	2004	2005
Opening embedded value	16 003	17 059
Impact of move to EEV	-	161
Value added by new business	666	283
Embedded value earnings	1 335	1 437
Exchange rate movements	-862	1 910
Capital movements*	-83	-785
Closing embedded value	17 059	20 065

➔ Impact of movements in foreign exchange closing rates strongly positive due to strengthening of USD (16%), GBP (4%) and CAD (19%) relative to CHF

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* Net capital flow representing dividends paid by subsidiaries to Group



Swiss Re adopted EEV principles for EV 2005, positive impact CHF +1 61 m

CHF millions

2004 embedded value	17 059*
Change risk discount rate & equity risk premium	539
Financial options and guarantees	-378
2004 European embedded value	17 220

- Modest positive net impact of CHF 161m on 2004 EEV
- 2004 weighted average risk discount rate 7.1% in EEV compared to 7.4% under previous EV methodology

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* 2004 embedded value already includes CHF -97m explicit allowance for options and guarantees



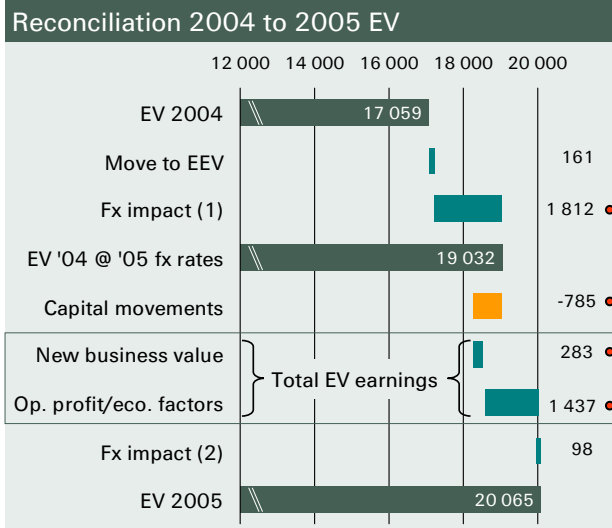
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Underlying growth from earnings and currency



USD, GBP and CAD relative to CHF strengthened significantly

Primarily dividends paid to Group by L&H subsidiaries

IRR increased to 13.1%; margins on traditional business improved

Strong profit from existing business CHF 1.5bn, partially offset by investment variances and economic assumption changes (CHF -82m)

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(1) 2005 vs 2004 year-end rates

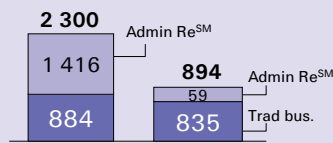
(2) Impact on earnings and capital movements from average rates to year-end 2005 rates

Returns on new traditional business significantly improved

in CHF millions

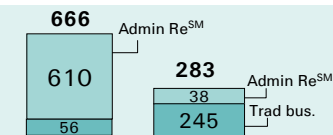
2004 2005

Capital invested in new business



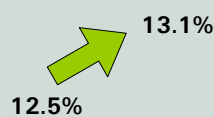
- New trad volumes stable with improved margins; continued focus on profitability
- No significant Admin ReSM transactions in 2005

Value added by new business



- Significant increase in new traditional business profitability
- Return on new invested capital 31.7% (2004: 29.0%)

IRR new business after tax



- Excellent new business after tax IRR as benefits of pricing review in the US continue to emerge

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Strong operating profit from existing business up 38% to CHF 1.5bn

CHF millions	2004*	2005
Exp. return on sh. net worth	322	317
Profit existing business	778	1 202
■ <i>expected return</i>	783	923
■ <i>op. assumption changes</i>	-192	42
■ <i>experience variances</i>	187	237
Op. profit exist. business	1 100	1 519
Investment variances	250	234
Eco. assumption changes	-15	-316
EV earnings exist. business	1 335	1 437

* 2004 calculated with the previous EV methodology

Expected return on existing business increased due to higher opening EV

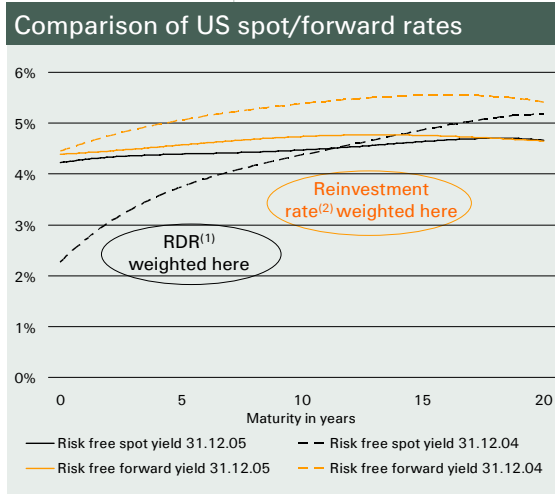
Positive impacts of mortality assumption changes partially offset by reserve strengthening for discontinued health lines in the US

Positive experience variances are primarily favourable mortality

Positive investment variances mainly due to gains on equities backing required capital, and higher management fees from unit linked products

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Flattening of US yield curves resulted in negative economic assumption changes



Impacts on economic assumptions changes

- Flattening of US yield curves accounted for CHF -318m of the CHF -316m economic assumption changes
 - RDR based on year-end yield curves *increased* from 7.1% in 2004 to 7.3% in 2005, negative impact CHF 150m
 - Reinvestment rate based on forward year-end yield curves *decreased* from 5.5% in 2004 to 5.3% in 2005, negative impact CHF 168m
- Rest of world impact: *decrease* in RDR with positive impact CHF 167m offset by *decrease* in reinvestment rate with negative impact CHF 165m

(1) RDR applied to future statutory profits which decrease over time

(2) Reinvestment rate applied to future new money which is more heavily weighted towards later durations

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L&H generated capital of CHF 2.6bn including CHF 0.7bn from securitisation of PVFP

CHF millions	2004 ⁽¹⁾	2004 EEV at '05 fx rates	2005	Impact of securitisations
Free surplus	1 079	1 176	2 134	317
Required capital	6 648	7 397	7 266	-99
Adjusted net worth	7 728	8 573	9 400	218
Value of in-force business	10 758	11 918	12 248	-612
Cost of holding required capital	-1 427	-1 459	-1 583	18
Embedded value	17 059	19 032	20 065	-376

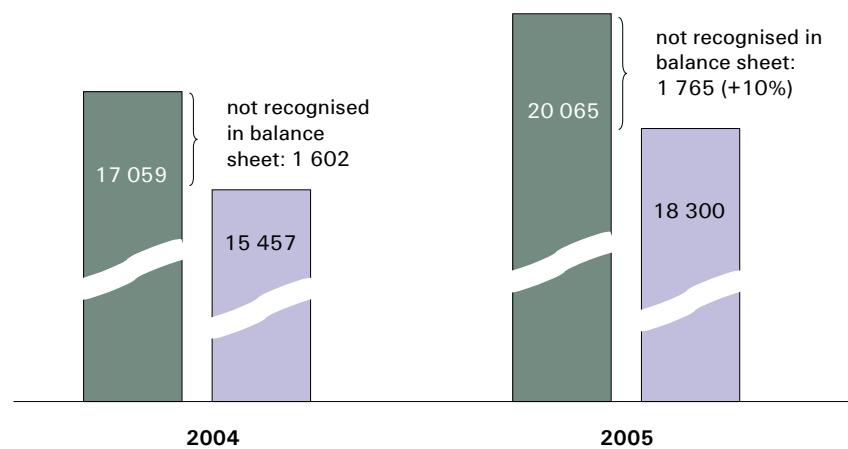
- Total capital generated by L&H business CHF 2.6bn, of which
 - CHF 894m invested in new business
 - CHF 785m repatriated to Group
 - CHF 958m increase in free surplus in L&H subsidiaries
- The above includes CHF 714m from securitisation of PVFP, of which
 - CHF 397m repatriated to Group
 - CHF 317m increase in free surplus in L&H subsidiaries

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⁽¹⁾ Calculated under previous EV methodology



Value not recognised in Swiss GAAP balance sheet up 10% to CHF 1.8bn

CHF millions



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 Embedded value
 Net asset value recognised in balance sheet

Audit of embedded value

For the embedded value 2005 results Swiss Re complies with European Embedded Value principles.

PricewaterhouseCoopers (PwC) has carried out an audit of the 2005 embedded value and embedded value earnings calculations and issued an unqualified audit opinion on these. The full opinion has been posted on our website.

Appendix

- Key economic assumptions
- EV and new business sensitivities
- EV vs Swiss GAAP reporting and VABS
- EV methodology, definition and components
- Foreign exchange rates

Key economic assumptions

in %	Risk discount rate (RDR)		Risk free rate ⁽¹⁾		Fixed interest reinvestment rate	
	2004	2005	2004	2005	2004	2005
Euro zone	6.5	6.1	3.7	3.3	4.0	3.5
UK	7.4	7.0	4.6	4.1	4.6	4.1
USA ⁽²⁾	7.1	7.3	4.2	4.4	5.5	5.3
Canada	7.5	7.0	4.4	4.2	5.5	4.7

Equities: assumed pre-tax rate of return equals risk free plus 350 basis points

Average risk discount rate at end of 2005: 7.0% (7.1% in 2004 EEV)

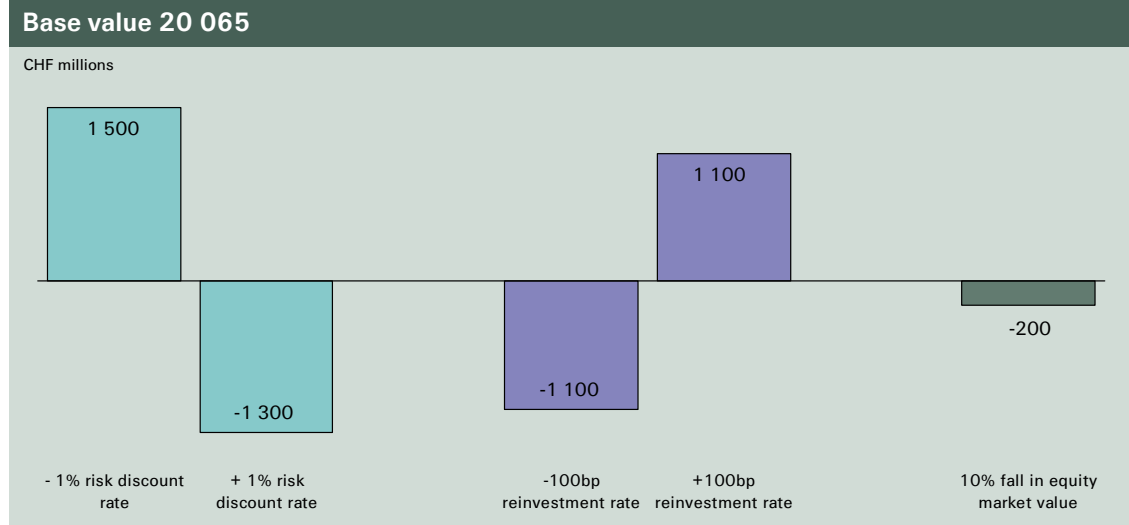
⁽¹⁾ 10 year government fixed interest bonds

⁽²⁾ Increase in short- and medium-term US yields has led to increase in US risk discount rate

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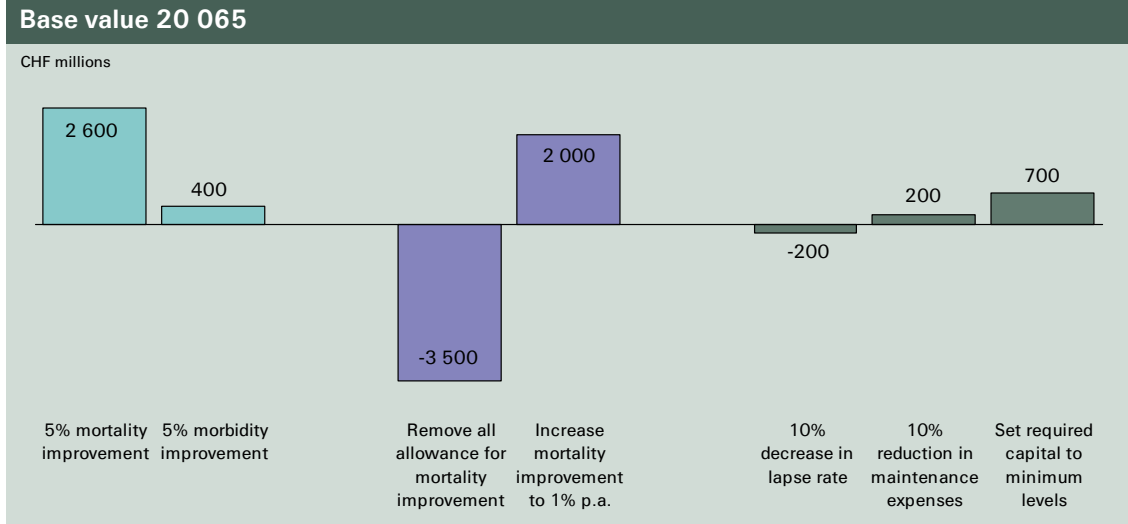
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Economic sensitivity of EV to assumption changes



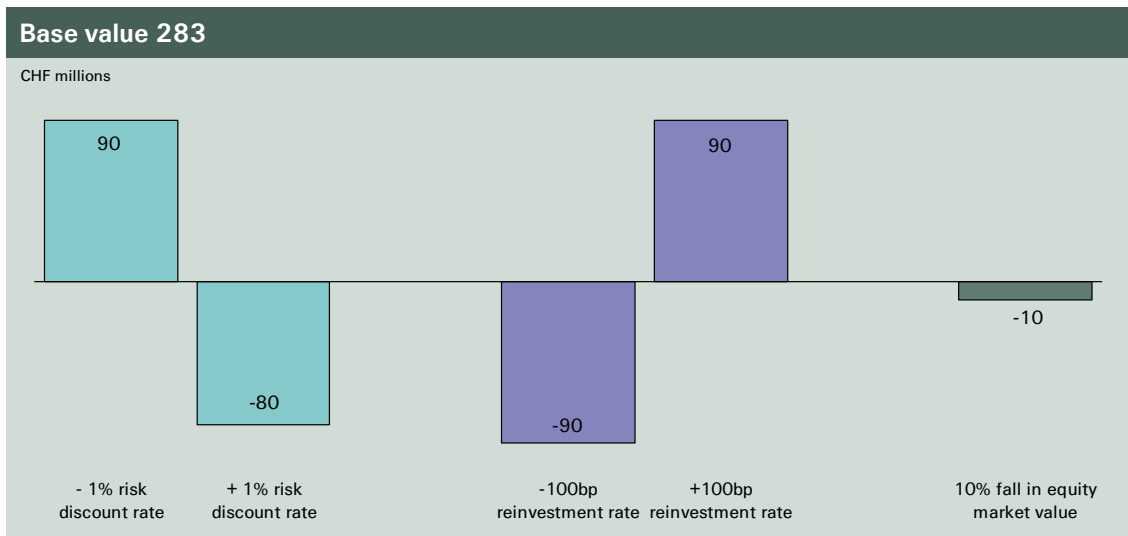
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Operating sensitivity of EV to assumption changes



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Economic sensitivity of value added by new business to assumption changes



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Operating sensitivity of value added by new business to assumption changes

Base value 283

CHF millions



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EV vs Swiss GAAP reporting

Main differences:

- EV uses best estimate assumptions, GAAP earnings are mostly based on "locked in" assumptions
- EV recognises the full value of new business at the date of inception. GAAP spreads profit recognition over lifetime of the business
- EV earnings reflect the full impact of investment market movements. GAAP earnings reflect book yields plus realised gains/losses

→ Each of the above differences contribute to the change over the year in the value not recognised in the Swiss GAAP balance sheet

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Method used by Swiss Re to set risk adjusted discount rates under EEV

- Risk discount rates have been set equal to risk free rates plus a risk margin
- Risk free rates have been based on 10 year government bonds for each major currency (15 years for Canada)
- Risk margin based on the systematic risk (Beta) of statutory profit stream plus additional margin of 2.5% for insurance and other risks
- Material financial options and guarantees evaluated explicitly have been excluded in calculating Beta



Key parameters for risk adjusted discount rates

- Excluding products with financial options and guarantees, beta of aggregate L&H profit stream is less than 0.1
 - most business is protection with no exposure to equity markets
- Equity risk premium of 3.5% in line with research conducted by Swiss Re during 2004. Due to the low beta of L&H business this is not a key assumption
- Additional margin of 2.5% for insurance and other risks
 - sensitivities illustrate impact of alternative values
- Example: US RDR = $4.4\% + 0.1 * 3.5\% + 2.5\% = 7.3\%$

Definition of embedded value

- Embedded value is an estimate of the value of an insurer's life insurance operations, excluding future new business
- Embedded value is the estimated present value of future regulatory profits from the in-force business plus the value of the shareholders' net worth, less the cost of holding all solvency capital
- Calculated on realistic assumptions, after tax and using risk-adjusted discount rates

Components of embedded value (1)

- Value of in-force business
 - Present value of projected stream of future after-tax regulatory profits
 - Excludes any value attributed to future new business
 - Calculated using risk adjusted discount rates
 - Realistic assumptions for future mortality, morbidity, lapse rates, expenses, taxes and investment returns
 - Includes allowance for time value of financial options and guarantees

Components of embedded value (2)

- Adjusted net worth (required capital + free surplus)
 - Required capital: Assets attributed to in-force business, over and above those required to back policyholder liabilities, whose distribution to shareholders is restricted
 - Free surplus: Assets attributed to, but not required to support, the in-force business
 - Composite companies include the amount of allocated solvency capital (i.e. required capital)

Components of embedded value (3)

- Cost of holding required capital
 - Swiss Re has defined required capital as target capital, not as minimum regulatory capital
 - Swiss Re's target capital is based on internal models and is typically, for the major life insurance subsidiaries, 150% to 250% of local regulatory requirements
 - Cost of required capital is the present value of the spread between the expected after-tax investment return on required capital and the return required based on the risk discount rate

Components of embedded value (4)

- Capital required to support long-term business
- Required capital typically held in investments yielding annual post-tax returns at levels less than embedded value risk discount rate

Illustrative example:

Risk discount rate	=	7.0%
Earned rate	=	4.5% pre-tax
	= 4.1% x 0.7	= 3.15% after tax
Annual charge for cost of capital	= 7.0% - 3.15%	= 3.85% of capital employed

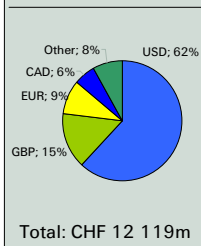
- Cost of holding appropriate amount of required capital over the life of the long-term business, is the present value of these annual charges

Components of embedded value (5)

- Value added by new business
- Embedded value earnings
 - Change in embedded value over the year, adjusted for capital movements
 - Calculated after tax
 - Components of earnings:
 - Profit from existing business including expected return on in-force business, experience variances and changes in operating assumptions
 - Expected return on shareholders' net worth
 - Investment variances
 - Impact of changes in economic assumptions

Foreign exchange rates

Split Swiss Re L&H gross premiums 2005



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Average rates

	USD/CHF	EUR/CHF	GBP/CHF	CAD/CHF
Factual 2004	1.25	1.54	2.28	0.96
Factual 2005	1.24	1.55	2.26	1.03
<i>Change Factual 2004/ Factual 2005</i>	<i>-0.80%</i>	<i>0.65%</i>	<i>-0.88%</i>	<i>7.29%</i>

Closing rates

	USD/CHF	EUR/CHF	GBP/CHF	CAD/CHF
Factual 2004	1.14	1.55	2.18	0.95
Factual 2005	1.32	1.55	2.26	1.13
<i>Change Factual 2004/ Factual 2005</i>	<i>15.79%</i>	<i>0.00%</i>	<i>3.67%</i>	<i>18.95%</i>

Corporate calendar & contacts

21 April 2006	142th Annual General Meeting
4 August 2006	Interim results 2006, Analysts' meeting
November 2006	Investors' day

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