News release

Swiss Re

Swiss Re reports net income of CHF 506 million for the full year 2009
Earnings per share of CHF 1.49
Capital position fully restored, estimated excess capital at AA level over CHF 9 billion
Continued focus on underwriting profitability

Contact:

Media Relations, Zurich
Telephone +41 43 285 7171

Corporate Communications, London
Telephone +44 20 7933 3445

Corporate Communications, Asia
Telephone +852 2582 3660

Corporate Communications, New York
Telephone +1 212 317 5663

Investor Relations, Zurich
Telephone +41 43 285 4444

Swiss Reinsurance Company Ltd
Mythenquai 50/60
P.O. Box
CH-8022 Zurich

Telephone +41 43 285 2121
Fax +41 43 285 2999
www.swissre.com

Zurich, 18 February 2010 – Swiss Re reported net income of CHF 506 million for the full year 2009. Earnings per share were CHF 1.49. The estimated excess capital at AA level increased to more than CHF 9 billion. During 2009, Swiss Re's core business continued to demonstrate strong earnings power, while the company significantly de-risked and strengthened its balance sheet.

Stefan Lippe, Swiss Re's Chief Executive Officer, said: "Today, I am proud to say: we have come a long way. First, we have fully restored our capital position. Second, we have significantly de-risked and strengthened our balance sheet. And third, we have maintained the strong earnings power of our core business through underwriting profitability and cost discipline throughout the Group. These robust achievements for the year enable us to continue to support our clients and generate value for our shareholders."

Shareholders' equity rose substantially by CHF 5.7 billion in 2009
Swiss Re returned to profit in 2009, reporting net income of CHF 506 million, compared to a loss of CHF 864 million in the prior year. Net income was impacted by impairments of CHF 2 billion, mainly in the securitised products portfolio, and by mark-to-market losses of CHF 1.9 billion on corporate bond hedges. The unrealised gains on these hedged corporate bonds of CHF 2.6 billion are reflected in shareholders' equity. Earnings per share were CHF 1.49, compared to CHF –2.61 in 2008.

Shareholders' equity increased to CHF 26.2 billion at the end of 2009, compared to CHF 20.5 billion at the end of 2008. For the full year, return on equity increased to 2.3%, compared to –3.4% in 2008. Book value per common share was CHF 67.7, an increase of 11.1% compared to CHF 61.0 at the end of 2008. Given the restored capital strength of the Group and the continued healthy operating performance of its core business, the Board of Directors proposes to increase the dividend to CHF 1.00. This is the first step in returning to a normal dividend policy.

George Quinn, Swiss Re's Chief Financial Officer, commented: "In 2009, our capital position improved steadily quarter by quarter. At year end, our estimated excess capital at AA level was more than CHF 9 billion. Our declared priority is to regain AA rating and to redeem the convertible perpetual capital instrument. The substantial improvement in our financial flexibility increases our confidence that we will achieve these targets."

Fourth-quarter 2009 profit of CHF 403 million
Swiss Re reported net income of CHF 403 million for the fourth quarter of 2009, compared to a loss of CHF –1.7 billion in the same period of the previous year. Earnings per share were CHF 1.18, compared to CHF –5.34 in the fourth quarter of 2008. Annualised return on equity was 7%, compared to –3.4% in the prior year period.

Property & Casualty operating income increased to CHF 853 million in the fourth quarter of 2009, compared to CHF 409 million in the prior year period. With natural catastrophe losses at low levels, the combined ratio improved to 88.3% (or 86.5% excluding unwind of discount), compared to 104.6% (103.3%) in the prior year period.

Life & Health reported operating income of CHF 88 million in the fourth quarter of 2009, compared to operating income of CHF 224 million in the prior year period. Own credit spreads tightening negatively impacted the result in the quarter. The benefit ratio increased to 84.0% in the reporting period, compared to 81.1% in the same quarter of 2008.

Asset Management reported a return on investments of 3.3% for the fourth quarter, compared to 4.9% in the prior year period, reflecting the shift to higher-quality assets and short-term investments, as well as impairment losses of CHF 248 million.

Legacy generated operating income of CHF 34 million in the fourth quarter, compared to a net operating loss of CHF 3.1 billion in the prior year period.

Strong full-year 2009 core business results
Even at the peak of the financial crisis, Swiss Re's client franchise proved its strength and sustainability. This has resulted in strong results from the company's core business segments in 2009.

Property & Casualty continued to deliver excellent results. Operating income increased 39% to CHF 3.8 billion in 2009 from CHF 2.7 billion in 2008. As a result of careful underwriting and lower levels of natural catastrophe losses, the combined ratio improved to 88.3% (or 86.5% excluding unwind of discount) for the full year, compared to 97.9% (96.1%) in 2008.

Life & Health operating income increased to CHF 746 million in 2009 from CHF 697 million in 2008. The benefit ratio improved 3.1 percentage points to 82.4% for the full year, compared to 85.5% in 2008. Improvement in the financial markets, favourable mortality experience as well as the positive outcome of an arbitration matter related to a 2001 reinsurance agreement were partially offset by unfavourable results from the discontinued variable annuities business.

Despite the shift towards lower-risk and shorter duration assets and the lower yield environment, Asset Management achieved a return on investments of 1.8%, compared to 4.7% in the prior year. Swiss Re increased the allocation to government securities and reduced its corporate credit hedging, increasing the company's exposure to high grade corporate bonds in the third quarter of 2009. Swiss Re will continue to adjust its hedging programme as credit market conditions stabilise.

Significant reduction in Legacy exposure
Swiss Re succeeded in significantly reducing risk in Legacy during 2009. The company terminated substantially all of its exposures in the Portfolio CDS, and liquidated several positions from the former Structured CDS. Financial Guarantee Re exposure was significantly reduced by the commutation of CHF 9.2 billion notional protection. Swiss Re expects a further significant reduction in the remaining Legacy exposures in 2010. For the full year, Legacy generated operating income of CHF 139 million, compared to a net operating loss of CHF 5.9 billion in 2008.

Improved cost base
Demonstrating its pronounced commitment to increased effectiveness and efficiency, Swiss Re achieved net savings, after restructuring costs, of CHF 205 million in 2009. This is significantly above the original target of CHF 100 million for the year, and the company is well on track to meet its cost saving target of CHF 400 million by the end of 2010.

January 2010 renewals: Continued focus on profitability
Swiss Re continued to focus on disciplined underwriting during the January 2010 renewals, with restored industry capital and the absence of hurricanes partially delaying the market hardening.

Through consistent pruning of unprofitable business, the repositioning of the Credit and Surety portfolio and the shift from proportional business to non-proportional business, Swiss Re achieved a further increase in the profitability of the company's reinsurance portfolio. The company reduced its January renewals premium volume by 15%, boosting the long-term rate adequacy of its portfolio to 108%, compared to 106% in 2008. Consequently, Swiss Re estimates a 2010 treaty year combined ratio for Property & Casualty of 93%, assuming a normal level of natural catastrophes.

Outlook
Stefan Lippe said: "The strong fundamentals of our business underpin my confidence in the future. Few reinsurers can match the size and diversification of our portfolio. And fewer still can match our capital strength, our underwriting performance and our ability to innovate. Based on these strengths, we are well placed to reinforce our competitive edge."

Having made considerable progress in the past year, the Group believes now is an appropriate time to re-establish targets. Swiss Re aims to achieve a return on equity of 12% over the cycle. This target reflects the lower yield environment and the shift in the company's asset portfolio towards lower-risk and shorter duration assets. There is still work to be done in 2010, including the continuing optimisation of the investment portfolio and the further unwinding of the remaining Legacy positions. Swiss Re expects this process to be largely completed in the course of the year.

Notes to editors

The financial information contained in this announcement is unaudited and should be read in conjunction with the 2009 Financial Review available on the Swiss Re website. Swiss Re's audited financial statements for 2009 will be included in the 2009 Annual Report to be released on 12 March 2010.

Swiss Re will hold a **media conference** this morning at 10.30 am (CET) at Mythenquai 50/60, Zurich. Journalists who cannot participate in person may dial in as follows:

From Switzerland:	+41 (0)44 800 9674
From Germany:	+49 (0)69 2222 7111
From France:	+33 (0)1 70 99 42 80
From UK:	+44 (0)20 7138 0827
From US:	+1 718 354 1358
From Hong Kong:	+852 3009 5113

There will be an **analysts' conference** at 2 pm (CET) at Mythenquai 50/60, Zurich. Analysts who cannot participate in person may dial in as follows:

From Switzerland:	+41 (0)43 456 9228
From Germany:	+49 (0)69 2222 3105
From France	+33 (0)1 70 99 42 81
From UK:	+44 (0)20 7784 1036
From US:	+1 718 354 1152
From Australia:	+61 (0)2 8014 9371

The presentation slides for media and analysts are available on www.swissre.com.

Swiss Reinsurance Company Ltd
Swiss Re is a leading and highly diversified global reinsurer. The company operates through offices in more than 20 countries. Founded in Zurich, Switzerland, in 1863, Swiss Re offers financial services products that enable risk-taking essential to enterprise and progress. The company's traditional reinsurance products and related services for property and casualty, as well as the life and health business are complemented by insurance-based corporate finance solutions and supplementary services for comprehensive risk management. Swiss Re is rated "A+" by Standard & Poor's, "A1" by Moody's and "A" by A.M. Best.

Cautionary note on forward-looking statements
Certain statements and illustrations contained herein are forward-looking. These statements and illustrations 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:

- further instability affecting the global financial system and developments related thereto;
- changes in global economic conditions;
- Swiss Re's ability to maintain sufficient liquidity and access to capital markets, including sufficient liquidity to cover potential recapture of reinsurance agreements, early calls of debt or debt-like arrangements and collateral calls under derivative contracts due to actual or perceived deterioration of Swiss Re's financial strength;
- the effect of market conditions, including the global equity and credit markets, and the level and volatility of equity prices, interest rates, credit spreads, currency values and other market indices, on Swiss Re's investment assets;
- changes in Swiss Re's investment result as a result of changes in its investment policy or the changed composition of its investment assets, and the impact of the timing of any such changes relative to changes in market conditions;
- uncertainties in valuing credit default swaps and other credit-related instruments;
- possible inability to realise amounts on sales of securities on Swiss Re's balance sheet equivalent to its mark-to-market values recorded for accounting purposes;
- the outcome of tax audits, the ability to realise tax loss carryforwards and the ability to realise deferred tax assets (including by reason of the mix of earnings in a jurisdiction or deemed change of control), which could negatively impact future earnings;
- the possibility that hedging arrangements may not be effective;
- the lowering or loss of one of the financial strength or other ratings of one or more companies in the Group;
- the cyclicality of the reinsurance industry;
- uncertainties in estimating reserves;
- 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;
- extraordinary events affecting Swiss Re's clients and other counterparties, such as bankruptcies, liquidations and other credit-related events;
- current, pending and future legislation and regulation affecting Swiss Re or its ceding companies, and regulatory or legal actions;
- changes in accounting standards;
- significant investments, acquisitions or dispositions, and any delays, unexpected costs or other issues experienced in connection with any such transactions, including, in the case of acquisitions, issues arising in connection with integrating acquired operations;
- changing levels of competition; and
- operational factors, including the efficacy of risk management and other internal procedures in managing the foregoing risks.

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