



## 2<sup>nd</sup> Sal. Oppenheim European Banks & Insurance Conference

John R. Coomber  
Chief Executive Officer

Zurich, 24 November 2005  
SWX Swiss Exchange



## 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:

- the impact of 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 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.



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## Agenda

**Market situation**

**Swiss Re's strategic priorities**

**Acquisition of GE Insurance Solutions**

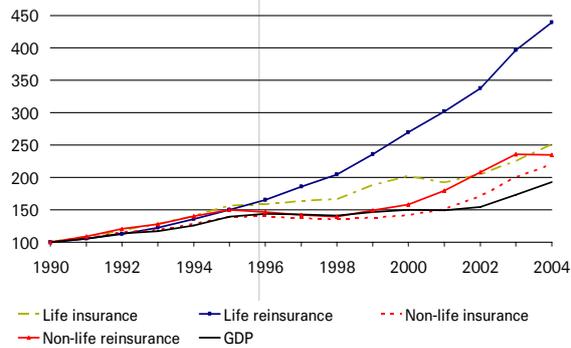
**Conclusions**

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## The (re)insurance industry

### Annual growth 1990 - 2004; nominal values



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- Essential component of economy (8% of world GDP)
- Continues to grow exponentially in emerging economies
- Buffeted by indifferent underwriting quality in second half of 1990s and by major events in current decade
- Restoring pride in underwriting standards, building modern risk management systems

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## Swiss Re's strategic priorities

**Actively manage  
the cycle for  
profits**

**Optimise organic  
and transactional  
growth**

**Extend leadership  
in Asia**

**Accelerate the  
balance sheet**

### Products



### Client Markets



### Financial Services



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## Changing risk landscape creates opportunities for strong players

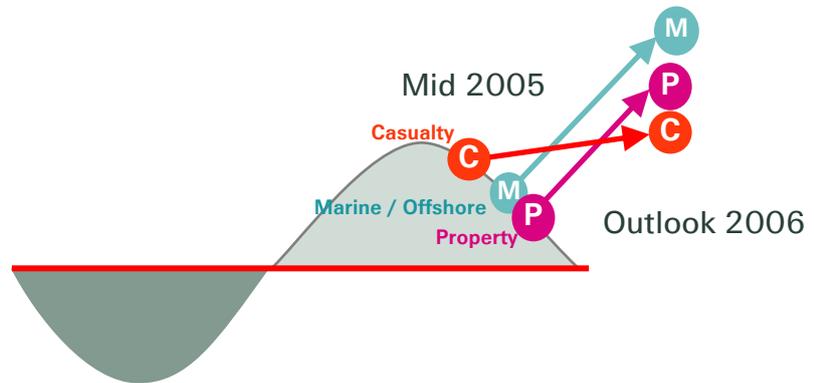


- 5 major hurricanes in 2005, including highest insured loss ever
- 2 major storms and floods in Europe in 2005
- Major typhoons in 2004
- Tsunami in 2004
- 4 major hurricanes in 2004
- Pharma claims
- Financial Institutions
- D&O
- Liability regimes

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## Where do we stand in the cycle? Qualitative assessment by line of business mid 2005



Pricing levels peaked in 2003/4, the impact of Katrina will drive prices higher across all lines of business, not just nat cat

## Pricing levels pushed back towards top of the cycle

Property incl. nat cat US	
Property incl. nat cat (excl. US)	
Casualty overall (incl. motor)	
Casualty critical risks/products	
Special lines	
Marine offshore	

## Swiss Re's strategic priorities

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### Products



### Client Markets



### Financial Services



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## Organic growth – Swiss Re excellently positioned for 2006 renewals

- Outlook is positive for all lines of business
- Net writers are in the driving seat as retrocession prices are soaring
- Swiss Re is financially very strong and does not need to raise new capital for renewals
- Changes to Swiss Re's hurricane model to reflect flood and storm surge are implemented and in the market

→ Swiss Re is ready and able to deploy full capacity at excellent rates and terms

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## Swiss Re's stated policy for strategic acquisitions

### Acquisition criteria

- Satisfy Swiss Re's target profitability within three years
- Accretive to EPS within two years
- Enhance Swiss Re's strategic priorities
- Legacy issues mitigated
- Acquire new human talent

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### Products



### Client Markets

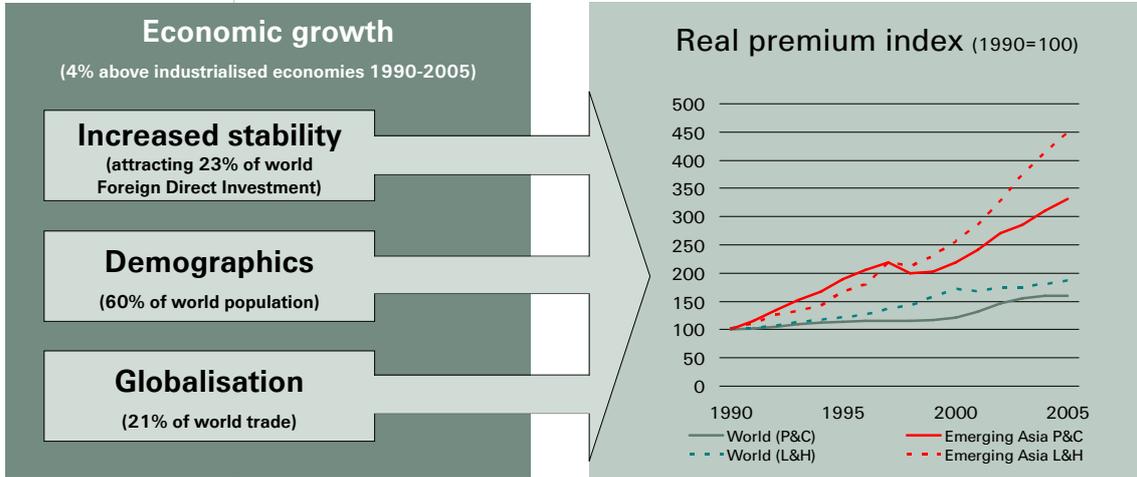


### Financial Services



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# Asia will experience increasing insurance demand...



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Sources: Oxford Economic Forecasting; Swiss Re Economic Research & Consulting

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# ... thus creating new opportunities for Swiss Re in Asia



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## Swiss Re's strategic priorities

Actively manage the cycle for profits

Optimise organic and transactional growth

Extend leadership in Asia

Accelerate the balance sheet

### Products



### Client Markets



### Financial Services



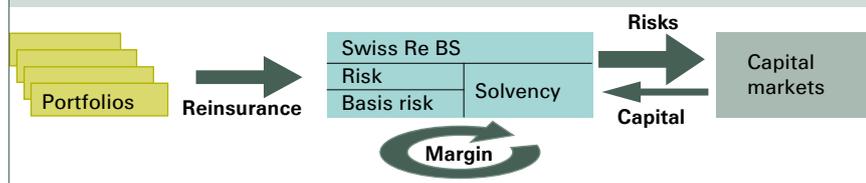
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## Accelerate the balance sheet

Changing the business model and benefits

In the Queensgate transaction in January 2005, Swiss Re sold expected future life profits (PVFP) of USD 153m to the capital market and received USD 210m in cash

Ambition: «Accelerate the balance sheet»



- Buy
- Manage the cash flow
- Transform
- Sell



- Capital requirements
- Intangibles
- Volatility
- RoE
- Growth (other transactions)

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## Key rationale for transaction

<input checked="" type="checkbox"/> <b>Powerful business fit</b>	Complementary strengths
<input checked="" type="checkbox"/> <b>Further strengthens Swiss Re's franchise</b>	Swiss Re to become leading global reinsurer
<input checked="" type="checkbox"/> <b>Material synergies</b>	Cost reduction and optimisation of GE Ins Sol. business
<input checked="" type="checkbox"/> <b>Strong reserve position</b>	Additional reserve strengthening of approx. USD 3.4bn before tax <sup>(1)</sup>
<input checked="" type="checkbox"/> <b>Financially highly attractive</b>	Attractive price and synergies: EPS and RoE accretive in 2007 <sup>(2)</sup>
<input checked="" type="checkbox"/> <b>Strong relationship with GE</b>	GE to receive Swiss Re shares and mandatory convertibles

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(1) Subject to applicable law and accounting rules

(2) The statement regarding earnings enhancement is not a profit forecast and should not be interpreted to mean that Swiss Re's earnings or earnings per share for 2006, 2007 or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Swiss Re

## Acquisition of GE Insurance Solutions: Transaction highlights

### Key terms

- USD 6.8bn purchase price<sup>(1)</sup>, 0.76x book value<sup>(2)</sup>
- Reserves will be strengthened before closing by approx. USD 3.4bn pre-tax<sup>(3)</sup>

### Financing

- Total capital to be raised up to USD 7.5bn (CHF 9.8bn)
  - Up to USD 5.5bn (CHF 7.2bn) in shares and mandatory convertibles
  - USD 2.0bn (CHF 2.6bn) in hybrid debt
- Approx. 50% of capital raising secured by GE

### Value creation

- Expected cost synergies of USD 300m (CHF 390m) pre-tax
- EPS and RoE accretive in 2007, the first full year after closing<sup>(4)</sup>

### Timing

- Swiss Re to ask shareholders at EGM for creation of authorised capital and increase of conditional capital
- Expected closing mid 2006

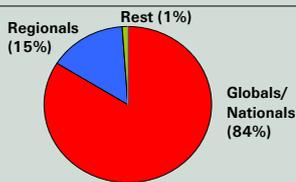
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- (1) Total expected consideration of USD 7.6bn. Agreed purchase price of USD 6.8bn plus estimated closing adjustments of approx. USD 0.8bn
- (2) Approximate US GAAP book value of businesses to be acquired
- (3) Subject to applicable law and accounting rules
- (4) The statement regarding earnings enhancement is not a profit forecast and should not be interpreted to mean that Swiss Re's earnings or earnings per share for 2006, 2007 or any subsequent period will necessarily match or exceed the historical published earnings or earnings per share of Swiss Re

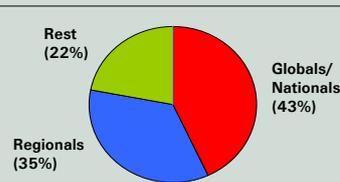
## Strong regional presence delivers additional diversification in the US

### Swiss Re: US P&C reins. clients



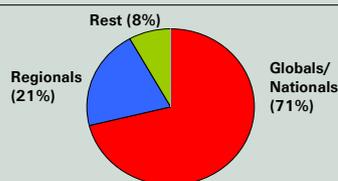
Total = USD 3.3bn<sup>(1)</sup>

### GE Ins. Sol.: US P&C reins. clients



Total = USD 1.6bn<sup>(1)</sup>

### Combined: US P&C reins. clients



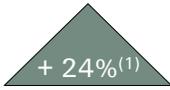
Total = USD 4.9bn<sup>(1)</sup>

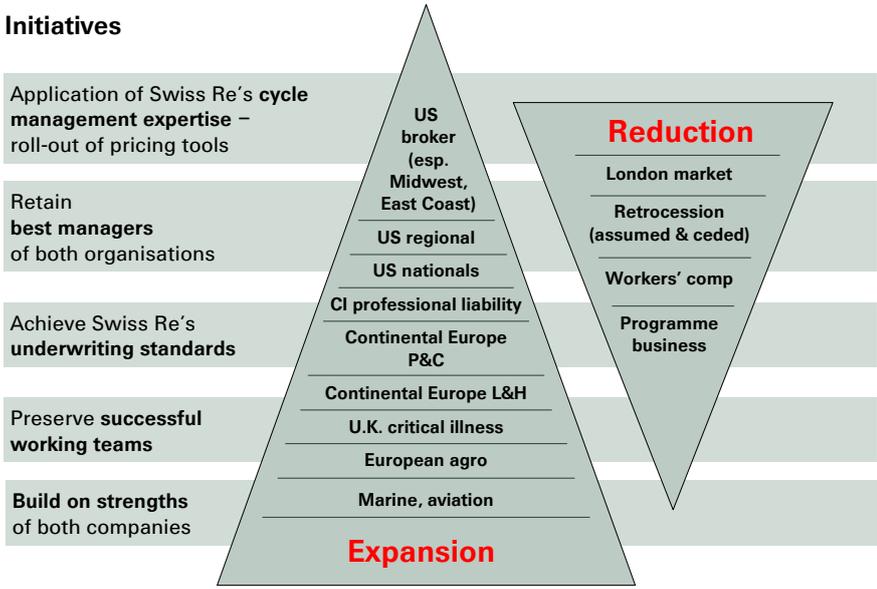
- Well established US regional franchise with strong client relationships; complements Swiss Re's strength in Global/National accounts
- GE Insurance Solutions typically takes smaller exposures with each client

➔ Little client overlap, Swiss Re has ability to selectively increase client share

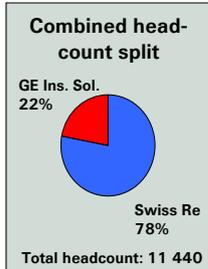
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(1) US unaffiliated premiums assumed based on schedule F, statutory accounts 2003; direct business only

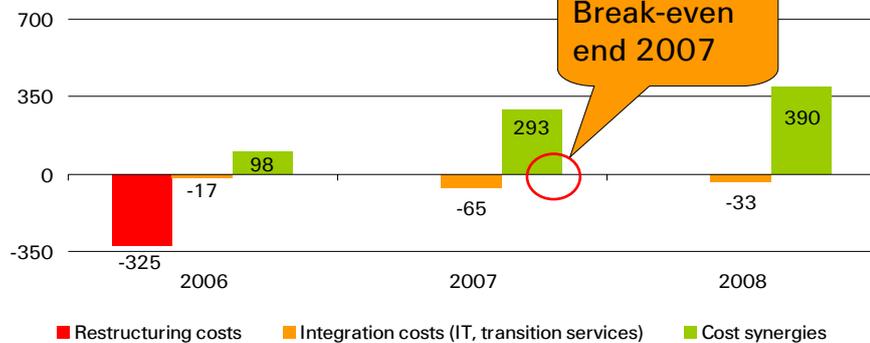
		 Powerful business fit in Europe and Asia	
		<b>Swiss Re (GPW)      GE Insurance Solutions</b>	
<b>Europe</b> (excl. GER, UK)  CHF 6.5bn	 + 10% <sup>(1)</sup>	<ul style="list-style-type: none"> <li>■ GE Insurance Solutions Continental Europe P&amp;C portfolio brings new products and client relationships to Swiss Re's portfolio</li> </ul>	
<b>Germany</b>  CHF 2.0bn	 + 24% <sup>(1)</sup>	<ul style="list-style-type: none"> <li>■ Addition of strong German L&amp;H client franchise adds to Swiss Re's leading European portfolio</li> </ul>	
<b>UK<sup>(2)</sup></b>  CHF 2.6bn	 + 63% <sup>(2)</sup>	<ul style="list-style-type: none"> <li>■ Allows re-entry into guaranteed UK critical illness market without market disruption</li> </ul>	
<b>Asia</b>  CHF 2.5bn	 + 15%	<ul style="list-style-type: none"> <li>■ Strengthens critical pillar of Swiss Re's growth strategy with the addition of over 100 GE Insurance Solutions experts in the region</li> </ul>	
Slide 23	(1) Increase indicative; GE Insurance Solutions numbers based on GE Frankona only (2) Increase indicative; GE Insurance Solutions numbers based on UK Group figures (NPW)		

		 Future strategy and business initiatives defined	
<b>Initiatives</b>  Application of Swiss Re's cycle management expertise – roll-out of pricing tools  Retain best managers of both organisations  Achieve Swiss Re's underwriting standards  Preserve successful working teams  Build on strengths of both companies			
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## Rapid capture of material cost synergies



### Estimated synergies (CHF million pre-tax)



- Estimated cost synergies of USD 300m (CHF 390m) pre-tax p.a., anticipated to be fully realised in 18 months after closing
- Total one-time restructuring cost USD 250m (CHF 325m) in addition to integration costs
- Swiss Re strong track record of delivering acquisition synergies

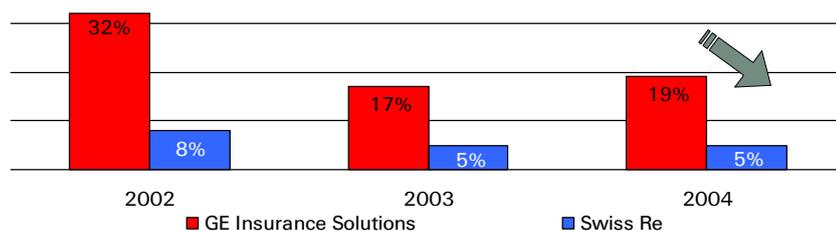
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## Tangible benefits by optimising retrocession policy

- GE Ins. Sol. has historically used substantial retrocession capacity
- Swiss Re has risk management capability and financial strength to optimise retrocession programme
- Benefits from reduced retrocessions: around 15% - 25% profit margin before tax on approx. USD 0.6bn lower retrocession anticipated by 2008
- Existing reinsurance recoverables will be actively managed and, to the extent practicable, commuted

### P&C retrocession - % of premiums ceded



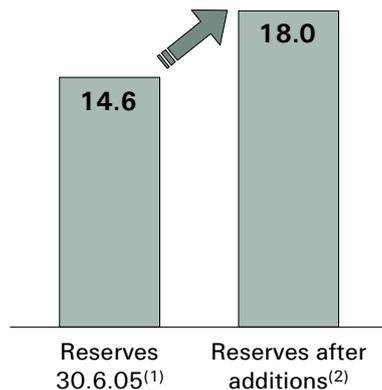
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## Swiss Re confident about reserve adequacy

### P&C reserve additions (USD bn)

approx 3.4 = +23%



- GE Insurance Solutions reserves have already been increased by USD 7.7bn (2000 - 2004)
- Swiss Re and its advisers conducted a thorough due diligence review of GE Insurance Solutions incl. its P&C reserves
- GE Insurance Solutions will provide approx. USD 3.4bn pre-tax in additional reserves<sup>(2)</sup> (to be implemented before closing)

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(1) Indicative; net reserves based on US GAAP 1H2005, claims and claim expenses (gross) of USD 22.1bn minus USD 0.3bn of A&H related reserves minus USD 7.2bn of recoverables; available at [www.geinsurancesolutions.com](http://www.geinsurancesolutions.com)  
 (2) Subject to applicable law and accounting rules

## Financially highly attractive

### Indicative targets for GE Ins. Sol. excl. synergies<sup>(1)</sup>

- Post closing, Swiss Re will implement its strict underwriting standards
- Swiss Re will seek similar over-the-cycle key profitability metrics for GE Insurance Solutions

### Indicative synergy targets<sup>(1)</sup>

- Annual estimated pre-tax cost synergies of USD 300m (CHF 390m)
- Benefits from reduced retrocessions: around 15 - 25% profit margin before tax on approx. USD 0.6bn lower retrocession anticipated by 2008

- High single digit EPS accretion already in 2007<sup>(1)</sup>
- Corresponding meaningful RoE enhancement

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## Conclusions

- Swiss Re has the financial strength, product knowledge and people skills to realise today's market opportunities
- Swiss Re successfully manages the cycle through its ability to diversify across products and markets
- Swiss Re's acquisition is a value creating transaction, strengthening the franchise
- Swiss Re has a proven record of successful integration of acquisitions

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## Questions & answers

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## Corporate calendar & contacts

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<b>January 2006</b>	Extraordinary General Meeting
<b>2 March 2006</b>	Annual results 2005, Analysts' meeting
<b>11 April 2006</b>	Life & Health embedded value 2005
<b>21 April 2006</b>	142th Annual General Meeting
<b>4 August 2006</b>	Interim results 2006, Analysts' meeting

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